

# Comprehensive Annual Financial Report



The City of Lake Alfred, Florida

For The Year Ended  
September 30, 2012

# Introductory Section



Comprehensive Annual Financial Report  
For the City of Lake Alfred, Florida  
For the fiscal year ending September 30, 2012

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City of Lake Alfred, Florida  
Principal City Officials  
September 30, 2012

**City Commission**

Mayor

Jack Dearmin

Vice Mayor

Nancy Daley

Commissioners

John Duncan

Charles Lake

Albertus Maultsby

**Administration**

City Manager

Ryan Leavengood

City Attorney

John Murphy

**Administration Staff**

City Clerk

Linda Bourgeois

Community Development Director

Valerie Way

Finance Director

Amber Deaton

Fire Chief

Chris Costine

Police Chief

Art Bodenheimer

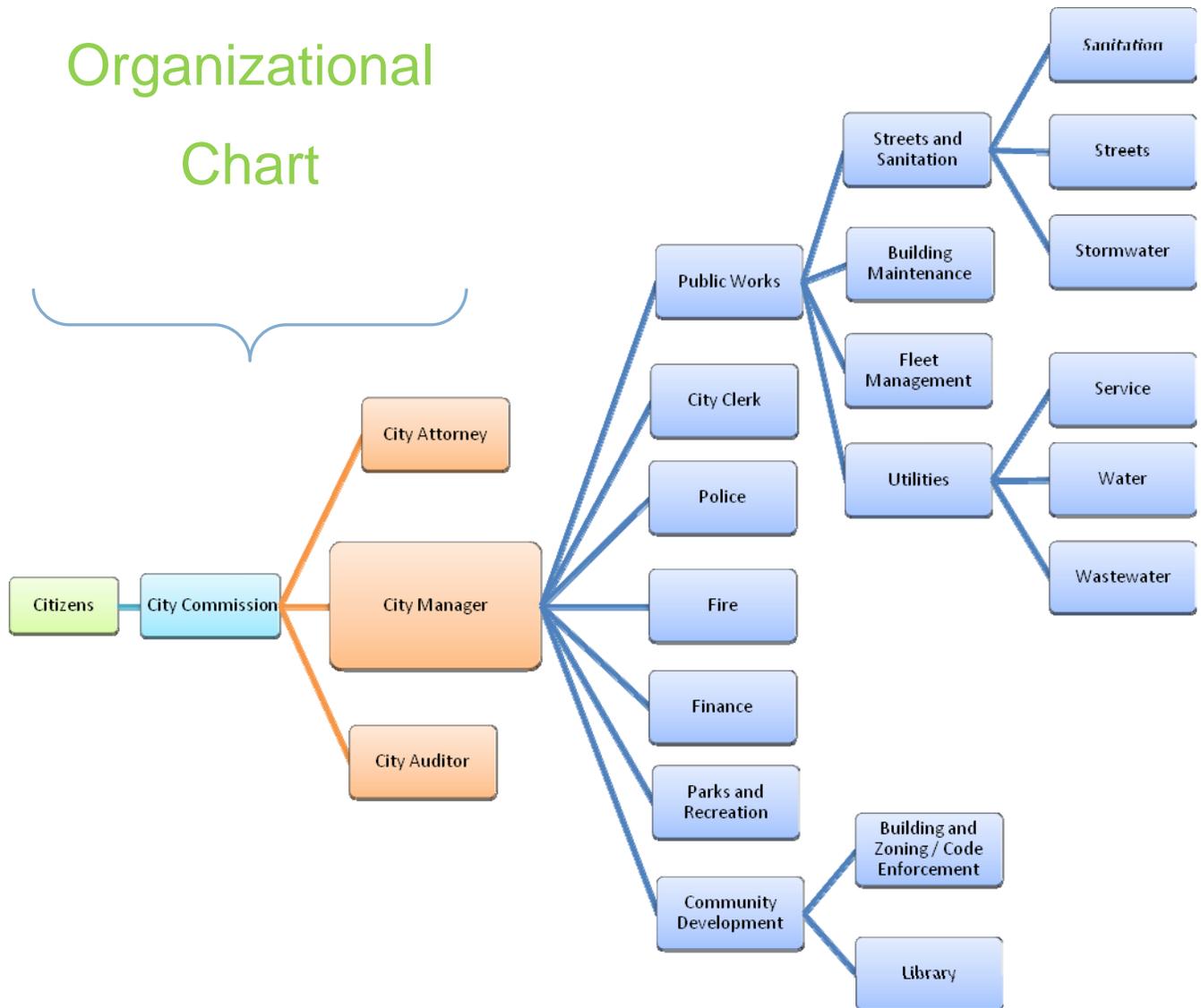
Public Works Director

John Deaton

# The City of Lake Alfred

2011/2012

## Organizational Chart





March 27, 2013

To the Honorable Mayor, Members of the City  
Commission and the Citizens of the  
City of Lake Alfred, Florida

It is our pleasure to submit this Comprehensive Annual Financial Report for the City of Lake Alfred, Florida for the fiscal year ended September 30, 2012. The organization, form and contents of this report plus the accompanying financial statements and statistical tables are prepared in accordance with the requirements of Governmental Accounting Standards Board, the American Institute of Certified Public Accountants, and the Governmental Finance Officers Association. In addition to meeting legal requirements, this report reflects the City of Lake Alfred's commitment to full financial disclosure. We encourage you to thoroughly read this report and some of the important items it addresses.

This report has been prepared by the Finance Department of the City of Lake Alfred, which assumes full responsibility for the completeness and accuracy of the information presented herein. To provide a reasonable basis for making these representations, management of the city has established a comprehensive internal control framework that is designed to both protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh its benefits, the City of Lake Alfred comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As part of management, we assert that, to the best of our knowledge and belief, the financial report is complete and reliable in all material respects.

State law requires that a complete set of financial statements reporting the City of Lake Alfred's financial position and results of activities be published within nine months of the fiscal year end. The City has contracted with Brynjulfson CPA a licensed public accountant to conduct the audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2012, are free of any material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in

the financial statements, assessing the accounting principles used and significant estimates made by management: and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Lake Alfred's financial statements for the fiscal year ended September 30, 2012, are fairly presented in conformity with GAAP. The report of the independent certified public accountants is presented as the first component of the financial section of the report.

GAAP required that management provide a narrative introduction, overview, and analysis to accompany the basis financial statements in the form of Management's Discussion and Analysis (MD & A). This letter of transmittal is designed to complement the MD& A and should be read in conjunction with it. The City of Lake Alfred's MD & A can be found following the report of the independent certified public accountant.

## **Profile of the Government**

The City of Lake Alfred, Florida is a municipal corporation of the State of Florida and was incorporated in 1915. The City is located in Central Florida in East Polk County. Population as of 2012 was 5,020. The City limits are approximately 12 square miles. The City is empowered to levy a property tax on real estate and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Commission.

The City operates under the commission-manager form of government. Policy-making and legislative authority are vested in the City Commission (Commission) consisting of the Mayor and four commissioners. The Commission is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager, Attorney and Auditor. The City Manager is responsible for carrying out the policies and ordinances of the Commission for overseeing the day-to-day operations of the City, and for appointing the heads of various departments. The Commission is elected on a non-partisan basis. Commission member serve four-year staggered terms. The mayor and commissioners are elected at large.

The services provided by the City of Lake Alfred are police and fire protection, parks and recreation, library services, solid waste collection and public works with utility services including water and wastewater. The citizens of Lake Alfred are averse to outsourcing any services the City provides, however a private firm is contracted to provide recycling services.

The annual budget serves as the foundation of the City's financial planning and control. All departments of the City submit requests for appropriation to the City Manager by the end of May. The City Manager uses these requests as a starting point for developing a proposed budget. A workshop is held to discuss funding needs and budgetary priorities. A proposed budget is presented to the Commission and a tentative millage is set in July. The Commission is required to hold two public hearing on the budget and

millage rate in September and adopt a final budget and millage rate by no later than September 30, the close of the City's fiscal year.

The appropriated budget is prepared by fund and department. Directors may make transfers of appropriations within their department with City Manager approval. There are two budget adjustments made on an annual basis: once at midyear and the other is within 60 days after end of the fiscal year per State Statute. Budget-to-Actual comparisons are provided in this report for each fund. For the General Fund this comparison is presented as required supplemental information.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment with which the City of Lake Alfred operates.

### **Local Economy**

The City of Lake Alfred's current economic environment and local indicators point to a continued slowdown. We are a primarily a residential community. House prices remain low, therefore reducing property taxes. This year there was a reduction of 10%. There was little to no commercial activity. This trend is expected to continue. The City is taking a conservative fiscal approach to financial decisions, and is also looking for ways to reduce dependence on property taxes.

### **Major Initiatives**

During the fiscal year 2012, the City of Lake Alfred achieved many significant accomplishments in furtherance of the goals and objectives established by the Commission without adding any debt.

- New library donated to the City through an endowment left by Edwin Moore to the Friends of the Library. Construction and purchase of property was processed through the Friends. The City invested approximately \$200,000 for interior needs. Staffing and operating expenditures were increased mid-year and in current budget. Old library space will be upgraded to provide more space for public safety.
- BB & T note was refinanced to produce a savings of approximately \$240,000 over the life of the note.
- Meter Change out program for utilities was completed. Total project cost was \$400,000. This project will reduce costs and increase revenue for the enterprise fund.
- Public Works administration office was moved the city administration building to centralize city offices. Office improvements of \$15,000 have improved communication between departments and reduce costs of duplicate services.

- Health reimbursement plan (HRA) implemented producing a savings of \$40,000.
- Fire department employees were moved to the Police pension to take advantage of the State premium tax to assist with future costs. Multiplier was also increased from 2.50 to 2.75.

## **Cash Management Policies and Practices**

The City of Lake Alfred maintains a pooled cash account for all funds excluding Pension funds. The cash management involves a mix on maintaining principle and earnings free from risk, maintaining adequate liquidity to meet the City's obligations, and maximizing investment returns. The City's investment policy is consistent with local government investment policy delineated in Chapter 218, Florida Statutes. Surplus cash is invested in Certificates of Deposits and Local Government Pool. The combined interest earnings from all investments totaled \$45,511.

## **Risk Management**

The City of Lake Alfred has traditionally financed loss exposures through conventional insurance. Coverage for workers compensation, property damage and general liability is purchased through the Florida League of Cities insurance program, which assumes all risk of loss up to the policy maximum. Insurance coverage is evaluated on an annual basis by management and adjusted as necessary to provide the most cost effective protection for the City of Lake Alfred.

## **Pensions**

There are two pension plans. Both are defined benefit pension plans one is for general fund employees and one for public safety employees. Each year, an independent actuary engaged by the pension plans calculates the amount of the annual contribution that the City must make to the pension plans to ensure that the plans will be able to fully meet their obligations to retired employees on a timely basis. The City fully funds each Plan's annual required contribution as determined by the actuary.

## **Other Post-Employment Benefits**

The City does not pay other post-employment benefits costs (OPEB), but the City is required by State law to allow retirees to remain on the City's health plan at the same costs as regular employees. The City has not established a trust for its OPEB benefits as the annual cost is not significant. OPEB benefits are funded on a pay-as-you-go basis. Additional information on this benefit is provided in Note 10 in the notes to financial statements.

## **Awards and Acknowledgements**

The City has received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning October 1, 2011. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and a communications device.

The in-house preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. The significant amount of year-end closing procedures required prior to the audit could not have been accomplished with the expertise of Tierso Nunez with GTN and Associates.

Other City departments, although not extensively involved in year-end audit activities, contributed significantly by ensuring the accuracy and integrity of accounting information compiled throughout the year. Without their diligence, the work of the Finance Department would have been considerably more difficult.

Appreciation must also be expressed to the City's auditors, Mike Brynjulfson and Jordan Ortiz of Brynjulfson CPA whose suggestions and attention to detail enhanced the quality of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Ryan Leavengood', with a large, sweeping flourish extending to the right.

Ryan Leavengood  
City Manager

A handwritten signature in black ink, appearing to read 'Amber Deaton', with a large, sweeping flourish extending to the right.

Amber Deaton  
Finance Director

## **CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lake Alfred for the fiscal year ended September 30, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lake Alfred  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Mouill*

President

*Jeffrey R. Emer*

Executive Director

## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Commission  
City of Lake Alfred, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Lake Alfred, Florida as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Lake Alfred, Florida's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of the City of Lake Alfred, Florida as of September 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2013 on our consideration of City of Lake Alfred, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting standards generally accepted in the United States of America require the required supplementary information, as listed in the accompanying table of contents, consisting of management's discussion and analysis, the budgetary comparison schedule and the schedule of funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Honorable Mayor and Members of the City Commission  
City of Lake Alfred, Florida

**INDEPENDENT AUDITOR'S REPORT**  
(cont...)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **City of Lake Alfred, Florida's** financial statements as a whole. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements. The introductory and statistical section sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Brynjulfson CPA, P.A.*

Brynjulfson CPA, P.A.  
Lakeland, Florida  
March 27, 2013

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **September 30, 2012**

As management of the City of Lake Alfred, Florida, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2012. We encourage readers to consider the information presented here in conjunction with the basic financial statements beginning on page 9.

#### **Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$11,703,650 (net assets). Of this amount, \$4,125,824 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental fund (general fund) reported a combined ending fund balance of \$2,489,559 a decrease of \$5,822 in comparison with the prior year. Of this total amount \$1,582,491 is available for spending at the government's discretion.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves which can be found on pages 44 and 45 of this report.

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported in a manner similar to the approach used by private-sector business in that revenue are recognized when earned or established criteria are satisfied and expenses reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the year, and expenses are reported even though they may not have used cash during the current fiscal year.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, police department, streets and roads, maintenance, and culture and recreation. The business-type activities of the City include the water, sewer, and storm water and sanitation departments.

The government-wide financial statements can be found on pages 9 and 10 of this report.

## **Fund Financial Statements**

Funds are a group of self-balancing accounts. Funds are used to account for specific activities of the City, rather than reporting on the City as a whole. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

### **Governmental Fund**

Governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of appropriated resources, as well as on balances of appropriated resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains one individual governmental fund, the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund. The basic governmental fund financial statements can be found on pages 11 through 14 of this report.

### **Proprietary Fund**

The City utilizes one type of proprietary fund, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water, sewer, and storm water departments. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water and sewer operations. The basic proprietary fund financial statements can be found on pages 15 to 18 of this report.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 to 43 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's General Fund Budgetary Comparison. Required supplementary information can be found on pages 44 and 45 of this report.

## Government-Wide Financial Analysis

A comparative analysis of government-wide data is presented below:

### Statement of Net Assets (Summary) As of September 30, 2012

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	2,626,812	2,703,524	4,678,779	4,961,084	7,305,591	7,664,608
Capital assets	7,799,894	6,845,941	12,900,543	13,156,521	20,700,437	20,002,462
Total assets	\$ 10,426,706	\$ 9,549,465	\$ 17,579,322	\$ 18,117,605	\$ 28,006,028	\$ 27,667,070
Long-term liabilities outstanding	135,113	151,809	6,287,310	6,698,243	5,992,330	6,850,052
Other liabilities	137,253	126,113	1,591,513	1,624,887	2,158,859	1,751,000
Total liabilities	\$ 272,366	\$ 277,922	\$ 7,878,823	\$ 8,323,130	\$ 8,151,189	\$ 8,601,052
Net assets:						
Net of Depr.	7,714,984	6,836,176	6,578,397	6,411,861	14,293,381	13,248,037
Restricted	856,864	899,119	578,769	622,852	1,435,633	1,521,971
Unrestricted	1,582,492	1,536,249	2,543,333	2,759,762	4,125,825	4,296,011
Total net assets	\$ 10,154,340	\$ 9,271,544	\$ 9,700,499	\$ 9,794,475	\$ 19,854,839	\$ 19,066,019

Seventy-two percent (72%) of the City's net assets reflects its investment in capital assets (e.g., land, buildings, sewer and water system, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (21%) may be used to meet the government's ongoing obligations to citizens and creditors.

The following is a summary of the information presented in the Statement of Activities on page 10 of this report.

**Statement of Activities (Summary)**  
**For the year ended September 30, 2012**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Revenues</b>						
Charges for services	\$ 937,419	\$ 805,432	\$ 2,056,237	\$ 2,045,787	\$ 2,993,656	\$ 2,851,219
Operating grants and contributions	133,255	126,179			133,255	126,179
Capital grants and contributions	993,532	72,625	22,208	66,684	1,015,740	139,309
<b>General revenues:</b>						
Property taxes	920,201	996,810			920,201	996,810
Other Taxes	1,036,193	1,054,425			1,036,193	1,054,425
Other	569,888	518,108	61,307	48,553	631,195	566,661
Total revenues	4,590,488	3,573,579	2,139,752	2,161,024	6,730,240	5,734,603
<b>Governmental Activities:</b>						
General government	\$ 686,202	\$ 766,279			\$ 686,202	\$ 766,279
Police	896,655	882,166			896,655	882,166
Fire	550,019	566,230			550,019	566,230
Building and zoning	247,438	140,153			247,438	140,153
Sanitation	359,980	333,855			359,980	333,855
Public Works	100,501	123,297			-	123,297
Streets	457,010	397,951			457,010	397,951
Parks and recreation	409,886	406,791			409,886	406,791
Interest on long-term debt		851			-	851
<b>Business- Type Activities:</b>						
Water			865,434	1,019,692	865,434	1,019,692
Sewer			1,245,867	1,443,065	1,245,867	1,443,065
Stormwater			122,427	147,454	122,427	147,454
Total expenses	3,707,691	3,617,573	2,233,728	2,610,211	5,941,419	6,227,784
Increase (decrease) in net assets before transfers	882,797	(43,994)	(93,976)	(449,187)	788,821	(493,181)
Transfers	-	404,979	-	(404,979)	-	-
Increase (decrease) in net assets	882,797	360,985	(93,976)	(854,166)	788,821	(493,181)
Adjustments	-	-	-	(174,855)	-	(174,855)
Net assets - October 1	9,271,543	8,910,558	9,794,475	10,823,496	19,066,018	19,734,054
Net assets –September 30	\$ 10,154,340	\$ 9,271,543	\$ 9,700,499	\$ 9,794,475	\$ 19,854,839	\$19,066,018

Governmental activities increased the City's net assets by \$882,797 compared to \$360,985 for 2011. The increase of \$521,812 is related to capital donation of the new library. Business-type activities decreased the City's net assets by \$93,976 compared to a decrease of \$449,187 in 2011.

### **Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the close of the current year, the City's general fund had unrestricted cash and cash equivalents of \$1,495,122 compared to \$1,526,611 at the close of the prior year.

The enterprise fund's unrestricted cash and cash equivalents were reduced to \$2,284,576 compared to \$2,513,626 at the close of the prior year.

### **Budgetary Highlights**

The General Fund's budget was amended during the year. Budgeted revenues were \$3,929,495 and budgeted expenditures were \$3,929,495.

Actual revenues on the budgetary basis were more than budgeted by \$115,141, and actual expenditures were less than budgeted by \$8,679 resulting in an overall budget variance of a positive \$106,462. Additional information can be found on page 44 of this report.

### **Capital Assets and Debt Administration**

The City's investment in capital assets for its governmental and business type activities as of September 30, 2012, amounts to \$20,552,128 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, sewer and water systems, machinery and equipment, and construction in progress.

#### **Capital Assets Activity**

As of September 30, 2012

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Land	\$2,488,606	\$2,383,729	\$701,132	\$701,132	\$3,189,738	\$3,084,861
Construction in progress	-	-	4,793	-	4,793	-
Buildings and improvements	3,897,160	3,020,197	20,674,173	20,316,773	24,571,333	23,336,970
Vehicles and equipment	3,126,285	2,978,998	651,034	647,240	3,777,319	3,626,238
Road Network	1,923,696	1,923,696	-	-	1,923,696	1,923,696
Sidewalk Network	163,665	163,665	-	-	163,665	163,665
Less:						
Accumulated Depreciation	(3,884,428)	(3,624,344)	(9,193,988)	(8,580,939)	(13,078,416)	(12,205,283)
Total	\$7,714,984	\$6,845,941	\$12,837,144	\$13,084,206	\$20,552,128	\$19,930,147

Additional information on the City's capital assets can be found in note 6 on page 32 of this report.

## **Long-Term Debt**

At the end of the current fiscal year, the City had total long-term debt outstanding of \$6,285,747 all of which represents revenue notes.

### **Revenue Notes and Notes Payable** as of September 30, 2012

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Revenue notes	-	-	\$6,258,747	\$6,645,538	\$6,258,747	\$6,645,538
Notes payable	-	9,765	-	26,807	-	36,572
Total	-	\$9,765	\$6,258,747	\$6,672,345	\$6,258,747	\$6,682,110

During the year, the City added no new debt. Additional information on the City's long-term debt can be found in note 7 on pages 34 - 36 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

All of these were significant factors considered in preparing the City's budget for the 2012 fiscal year, and are expected to influence the City's fiscal year 2013 financial results.

- Continued lack of new construction and related building fee income
- Reduction of assessed values on homes
- Foreclosures
- Benefit costs increases

## **Requests for Information**

The financial report is designed to provide an overview of the City of Lake Alfred's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Lake Alfred, 155 E Pomelo Street, Lake Alfred, Florida, 33850.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF LAKE ALFRED, FLORIDA**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
as of September 30, 2012

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,495,122	\$ 2,284,576	\$ 3,779,698
Receivables, current:			
Customer accounts, net	54,573	266,236	320,809
Intergovernmental	125,377	797	126,174
Franchise and public service taxes	47,598		47,598
Prepaid expenses	43,191		43,191
Inter fund balances, net	4,086	(4,086)	
Restricted assets:			
Cash and cash equivalents	856,865	2,131,256	2,988,121
Capital assets:			
Non-depreciable	2,488,606	705,925	3,194,531
Depreciable, net	5,226,378	12,131,219	17,357,597
Net pension asset	84,910		84,910
Unamortized bond costs		63,399	63,399
<b>TOTAL ASSETS</b>	<b>10,426,706</b>	<b>17,579,322</b>	<b>28,006,028</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	65,071	27,883	92,954
Accrued payroll and employee benefits	72,182	7,262	79,444
Deferred revenue		1,196,600	1,196,600
Liabilities payable from restricted assets:			
Accrued interest payable		21,768	21,768
Customer deposits		338,000	338,000
Long-term obligations:			
Due within one year	4,590	425,503	430,093
Due in more than one year	130,523	5,861,807	5,992,330
<b>TOTAL LIABILITIES</b>	<b>272,366</b>	<b>7,878,823</b>	<b>8,151,189</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	7,714,984	6,578,397	14,293,381
Restricted (expendable) for:			
Law enforcement training	29,614		29,614
Law enforcement forfeitures	28,222		28,222
Public safety improvements	240,912		240,912
Recreation improvements	27,261		27,261
General government improvements	132,550		132,550
Parks	921		921
Debt service		47,873	47,873
Sanitation equipment	397,385		397,385
Sewer system improvements		202,240	202,240
Stormwater system improvements		139,354	139,354
Water system improvements		189,302	189,302
Unrestricted	1,582,491	2,543,333	4,125,824
<b>TOTAL NET ASSETS</b>	<b>\$ 10,154,340</b>	<b>\$ 9,700,499</b>	<b>\$ 19,854,839</b>

See Accompanying Notes to Financial Statements

**CITY OF LAKE ALFRED, FLORIDA**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
for the year ended September 30, 2012

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>PRIMARY GOVERNMENT:</b>							
<b>Governmental activities:</b>							
General government	\$ 686,202	\$ 13,776	\$ 1,225	\$ 46,898	\$ (624,303)	\$	\$ (624,303)
Building and zoning	247,438	34,254			(213,184)		(213,184)
Police	896,655	36,337	124,324	14,442	(721,552)		(721,552)
Fire	550,019	184,919	7,706		(357,394)		(357,394)
Sanitation	359,980	510,943			150,963		150,963
Public works	100,501				(100,501)		(100,501)
Roads and streets	457,010	57,152			(399,858)		(399,858)
Parks and recreation	409,886	100,038		932,192	622,344		622,344
<b>Total governmental activities</b>	<u>3,707,691</u>	<u>937,419</u>	<u>133,255</u>	<u>993,532</u>	<u>(1,643,485)</u>		<u>(1,643,485)</u>
<b>Business-type activities:</b>							
Water utility	865,434	831,170		6,426		(27,838)	(27,838)
Sewer utility	1,245,867	1,169,788		15,782		(60,297)	(60,297)
Stormwater utility	122,427	55,279				(67,148)	(67,148)
<b>Total business-type activities</b>	<u>2,233,728</u>	<u>2,056,237</u>		<u>22,208</u>		<u>(155,283)</u>	<u>(155,283)</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 5,941,419</u>	<u>\$ 2,993,656</u>	<u>\$ 133,255</u>	<u>\$ 1,015,740</u>	<u>(1,643,485)</u>	<u>(155,283)</u>	<u>(1,798,768)</u>
<b>GENERAL REVENUES:</b>							
Taxes:							
Property taxes, levied for general purposes					920,201		920,201
Franchise taxes					286,614		286,614
Public service taxes					511,314		511,314
Fuel taxes levied for transportation purposes					238,265		238,265
State shared revenue					366,651		366,651
Investment earnings					12,030	33,481	45,511
Miscellaneous					191,207	27,826	219,033
<b>Total general revenues, special items, and transfers</b>					<u>2,526,282</u>	<u>61,307</u>	<u>2,587,589</u>
<b>CHANGE IN NET ASSETS</b>					882,797	(93,976)	788,821
<b>NET ASSETS - beginning of year</b>					9,271,543	9,794,475	19,066,018
<b>NET ASSETS - end of year</b>					<u>\$ 10,154,340</u>	<u>\$ 9,700,499</u>	<u>\$ 19,854,839</u>

See Accompanying Notes to Financial Statements

**CITY OF LAKE ALFRED, FLORIDA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
as of September 30, 2012

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	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,495,122
Receivables, net:	
Customers	54,573
Intergovernmental	125,377
Franchise and public service taxes	47,598
Prepaid expenses	43,191
Due from enterprise fund	4,086
Restricted assets:	
Cash and cash equivalents	<u>856,865</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,626,812</u></u>
<b>LIABILITIES AND FUND BALANCE</b>	
Accounts payable and accrued expenses	\$ 65,071
Accrued payroll and employee benefits	<u>72,182</u>
<b>TOTAL LIABILITIES</b>	<u>137,253</u>
<b>FUND BALANCE:</b>	
Nonspendable	43,191
Restricted for:	
Law enforcement education and training	29,614
Law enforcement forfeitures	28,222
Sanitation equipment	133,945
Sanitation vehicles	263,440
Public safety improvements (impact fees)	240,912
Recreation improvements (impact fees)	27,261
General government improvements (impact fees)	132,550
Parks	921
Unassigned	<u>1,589,503</u>
<b>TOTAL FUND BALANCE</b>	<u>2,489,559</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 2,626,812</u></u>

See Accompanying Notes to Financial Statements

**CITY OF LAKE ALFRED, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET TO THE**  
**STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS**  
as of September 30, 2012

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<b>FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	\$ 2,489,559
<b>Amounts reported for governmental activities in the statement of net assets are different because:</b>	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	7,714,984
Net pension assets are not current financial resources and therefore are not reported as assets in the governmental funds.	84,910
Long-term liabilities (including certain accounts payable and compensated absences) are not payable from current resources and therefore they are not reported in the governmental funds.	<u>(135,113)</u>
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 10,154,340</u></u>

See Accompanying Notes to Financial Statements

**CITY OF LAKE ALFRED, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
for the year ended September 30, 2012

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	<u>General Fund</u>
<b>REVENUES:</b>	
Taxes	\$ 1,918,812
Licenses and permits	52,029
Intergovernmental revenue	628,951
Charges for services	782,127
Fines and forfeitures	50,695
Other	<u>236,390</u>
Total revenues	<u>3,669,004</u>
<b>EXPENDITURES:</b>	
General government	656,099
Public safety	1,608,131
Physical environment	425,882
Transportation	347,346
Culture and recreation	292,765
Capital outlay	<u>344,603</u>
Total expenditures	<u>3,674,826</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(5,822)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(5,822)
<b>FUND BALANCE, beginning of year</b>	<u>2,495,381</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 2,489,559</u>

See Accompanying Notes to Financial Statements

**CITY OF LAKE ALFRED, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS**  
for the year ended September 30, 2012

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**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ (5,822)

**Amounts reported for governmental activities in the statement of activities are different because:**

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

This is the amount of capital assets recorded in the current period. 1,260,633

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. (391,590)

This is the change in the net pension asset during the year. 2,880

Long-term compensated absences and termination benefits are reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. This is the net change in the liability. 6,931

Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net assets. 9,765

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES** \$ 882,797

**CITY OF LAKE ALFRED, FLORIDA**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
as of September 30, 2012

	<u>Enterprise Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,284,576
Accounts receivable:	
Customer receivable, net	266,236
Intergovernmental	<u>797</u>
Total current assets	<u>2,551,609</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	2,131,256
Capital assets, net:	
Non-depreciable	705,925
Depreciable, net	12,131,219
Unamortized bond issue costs	<u>63,399</u>
Total noncurrent assets	<u>15,031,799</u>
<b>TOTAL ASSETS</b>	<u>17,583,408</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	27,883
Accrued payroll	7,262
Due to general fund	4,086
Bonds and notes payable, current portion	<u>425,503</u>
Total current liabilities	<u>464,734</u>
Noncurrent liabilities:	
Payable from restricted assets:	
Accrued interest payable	21,768
Customer deposits	338,000
Prepaid impact fees	1,196,600
Compensated absences	28,563
Bonds and notes payable, noncurrent portion	<u>5,833,244</u>
Total noncurrent liabilities	<u>7,418,175</u>
<b>TOTAL LIABILITIES</b>	<u>7,882,909</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	6,578,397
Restricted (expendable) for:	
Debt service	47,873
Sewer system improvements	202,240
Stormwater system maintenance	139,354
Water system improvements	189,302
Unrestricted	<u>2,543,333</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 9,700,499</u>

See Accompanying Notes to Financial Statements

**CITY OF LAKE ALFRED, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS**  
for the year ended September 30, 2012

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	<b>Enterprise Fund</b>
<b>OPERATING REVENUES:</b>	
Charges for services	\$ 2,056,237
Total operating revenues	<u>2,056,237</u>
<b>OPERATING EXPENSES:</b>	
Personal services	399,200
Operating expenses	1,002,969
Depreciation	635,243
Total operating expenses	<u>2,037,412</u>
<b>OPERATING INCOME (LOSS)</b>	<u>18,825</u>
<b>NONOPERATING REVENUE (EXPENSE):</b>	
Interest revenue	33,481
Interest expense	(196,316)
Other nonoperating income	27,826
Total nonoperating revenues (expenses)	<u>(135,009)</u>
Income (loss) before contributions and transfers	(116,184)
<b>CAPITAL CONTRIBUTIONS</b>	
Capital grants and contributions	3,102
Impact fees	19,106
Total capital contributions	<u>22,208</u>
Change in net assets	(93,976)
<b>TOTAL NET ASSETS - beginning of year</b>	<u>9,794,475</u>
<b>TOTAL NET ASSETS - end of year</b>	<u>\$ 9,700,499</u>

See Accompanying Notes to Financial Statements

**CITY OF LAKE ALFRED, FLORIDA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
for the year ended September 30, 2012

	<u>Enterprise Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers	\$ 2,036,342
Payments to suppliers	(1,015,639)
Payments for salaries and benefits	(393,723)
Net cash flows from operating activities	<u>626,980</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Increase (decrease) in customer deposits	11,968
Net cash flows from noncapital financing activities	<u>11,968</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition and construction of capital assets, net of related payables	(388,181)
Principal paid on notes, bonds and lease obligations	(413,598)
Interest paid on borrowings	(211,071)
Capital grants received, net of change in receivables	31,289
Impact fees received in cash	19,106
Proceeds from sales of assets	27,826
Net cash flows from capital and related financing activities	<u>(934,629)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest on invested funds	33,481
Net cash flows from investing activities	<u>33,481</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(262,200)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>4,678,032</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 4,415,832</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ 18,825
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	635,243
(Increase)/decrease in prepaid expenses	7,727
(Increase)/decrease in due to other funds	4,086
(Increase) decrease in accounts receivable	(19,895)
Increase (decrease) in accounts payable and accrued expenses	(24,483)
Increase (decrease) in accrued wages and comp absences	5,477
Net cash flows from operating activities	<u>\$ 626,980</u>
<b>Noncash financing and investing activities:</b>	<u>\$ None</u>

See Accompanying Notes to Financial Statements

**CITY OF LAKE ALFRED, FLORIDA**  
**STATEMENT OF NET ASSETS- FIDUCIARY FUNDS**  
as of September 30, 2012

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	<b>Pension Trust Funds</b>
<b>ASSETS</b>	
Receivables:	
Contributions	\$ 11,934
Accrued Income	4,298
Total receivables	<u>16,232</u>
Investments, at fair market value:	
Short-term money market investments	3,276,526
Common stocks and pooled equity funds	1,409,901
Bonds and pooled fixed income funds	853,083
Total investments	<u>5,539,510</u>
<b>Total assets</b>	<u>5,555,742</u>
 <b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	 <u>\$ 5,555,742</u>

See Accompanying Notes to Financial Statements

**CITY OF LAKE ALFRED, FLORIDA**  
**STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUNDS**  
for the year ended September 30, 2012

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	<b>Pension Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
City	\$ 211,671
Plan members	95,804
State of Florida	<u>38,581</u>
Total contributions	<u>346,056</u>
Investment income	<u>764,796</u>
Less investment expenses:	
Performance evaluation fees	26,000
Custodial fees	10,000
Investment management fees	<u>18,912</u>
Total investment expenses	<u>54,912</u>
Net investment income (loss)	<u>709,884</u>
Total additions	<u>1,055,940</u>
<b>DEDUCTIONS</b>	
Administrative expenses	42,100
Benefits and termination payments	<u>344,228</u>
Total deductions	<u>386,328</u>
<b>NET INCREASE (DECREASE)</b>	<u>669,612</u>
<b>NET ASSETS</b>	
Balance, beginning of year	<u>4,886,130</u>
Balance, end of year	<u>\$ 5,555,742</u>

See Accompanying Notes to Financial Statements

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

**A. REPORTING ENTITY**

**THE FINANCIAL REPORTING ENTITY** - The City of Lake Alfred, Florida (the "City") is a municipal corporation governed by a board of five (5) elected commissioners and was created in 1915. In 1925 the City adopted its charter under Florida law and was re-created in Polk County in 1973 by Chapter 73-514, Laws of Florida. These financial statements include all of the funds, organizations, agencies and departments of the City (the "primary government") and any "legally separate entities ("component units") required by generally accepted accounting principles to be included in the reporting entity.

The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). Certain component units, although legally separate, are presented in the financial statements as "blended" components. Blending refers to the fact that the component unit's funds are combined with those of the primary government for financial reporting purposes. These entities include: the City of Lake Alfred Police Officers' and Firefighters' Retirement System established pursuant to Florida Statute Chapters 175 and 185 and Ordinance No. 778, and the City's General Employees Retirement System which was created by City Ordinance No. 911.

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

**B. BASIC FINANCIAL STATEMENTS**

The basic financial statements consist of the government-wide financial statements and fund financial statements.

**Government-wide financial statements** - The required government-wide financial statements are the Statement of Net Assets and the Statement of Activities, which report information on all of the nonfiduciary activities of the City. The effects of interfund activity have been removed from these statements. Fiduciary funds are also excluded from the government-wide financial statements since by definition these assets are being held for the benefit of a third party and cannot be used to fund activities or obligations of the government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *Business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment, including depreciation. The City does not allocate the interest expense of governmental fund debt. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**Fund financial statements** - The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Non-major funds by category are summarized into a single column. Due to the City's fund structure, there were no non-major funds. The various funds are reported by type within the financial statements. The following describes the fund types and funds used and reported by the City.

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

**B. BASIC FINANCIAL STATEMENTS** (cont...)

**a) Governmental Funds:**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- **General fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**b) Proprietary Funds:**

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

- **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The City has one *Enterprise Fund* which accounts for the activities associated with providing water, sewer and stormwater services to area residents.

**c) Fiduciary Funds:**

- **Fiduciary funds** are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds. The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The City has two *Pension Trust Funds* which accumulate resources to provide retirement benefits to City employees. The two pension trust funds are the Lake Alfred Police Officers' and Firefighters' Retirement System and the General Employees' Retirement System.

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

**C. MEASUREMENT FOCUS, AND BASIS OF ACCOUNTING**

The government-wide financial statements, the proprietary fund financial statements and the fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Operating revenues shown for proprietary operations generally result from producing or providing goods and services such as water and sewer. Operating expenses for these operations include all costs related to providing the service or product. These costs include billing and collection, personnel and purchased services, repairs and maintenance, depreciation, materials and supplies, and other expenses directly related to costs of services.

All other revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, franchise and public service taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual as revenue of the current period. Grant revenues are considered earned and are accrued simultaneously with the grant expenditure. In applying the susceptibility-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and substantially irrevocable; i.e. revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criteria. All other revenue items are considered to be measurable and available only when cash is received by the government.

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

**D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY**

**CASH AND CASH EQUIVALENTS** - The City maintains a single cash account that is available for use by all operating funds of the City which utilizes a sweep feature for overnight investment of funds. In addition, deposits and investments are separately held by several of the City's funds and the pension trust funds. Amounts, if any, reported as deficits in cash and cash equivalents do not represent actual overdrawn balances in any bank account, but merely report a negative cash balance in the particular fund. For purposes of the statement of cash flows, the enterprise fund considers all cash, certificates of deposit and highly liquid investments, including overnight repurchase agreements, both restricted and unrestricted, to be cash equivalents.

**INVESTMENTS** - Investment securities are reported at fair value based on quoted market prices as determined by the accounts' custodian. Purchases and sales of investments are reflected on trade dates. Net realized gains or losses on sales of investments are based on the cost of investments applied on a first-in, first-out basis and are reflected in current operating results.

**CUSTOMER ACCOUNTS RECEIVABLE** - The City accrues the unbilled service of its enterprise fund which represents the estimated value of service from the last billing date to year end which totaled \$37,994 at September 30, 2012. A reserve for doubtful accounts is maintained in the enterprise fund equal to the value of the receivables at year end that are not expected to be collected. As of September 30, 2012, such reserves totaled \$1,226.

**INTERFUND RECEIVABLES AND PAYABLES** - To the extent any interfund balances exist, management anticipates they will be settled in cash as opposed to a permanent transfer.

**INVENTORIES** - Inventories in governmental and enterprise funds consist of expendable supplies held for consumption and are expensed when purchased.

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

**D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY** (cont...)

**CAPITAL ASSETS** - In the government-wide financial statements capital assets include land, buildings, improvements, utility plant, infrastructure and furniture and equipment. Governmental fund infrastructure assets (e.g., roads, bridges, sidewalks, streets, drainage systems and lighting systems) acquired prior to October 1, 2003, have not been reported. Capital assets are defined by City resolution as tangible property or improvements with an individual cost of \$1,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost, if purchased, and at fair market value at date of gift, if donated. Major additions are capitalized while maintenance and repairs which do not improve or extend the life of the respective assets are charged to expense.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Capital asset depreciation is recognized using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Utility plant in service	25-40
Buildings and improvements	15-40
Machinery and equipment	3-20
Infrastructure:	
Roads	20-75
Sidewalks	20

**RESTRICTED ASSETS** - Include cash and investments that are legally restricted to specific uses by external parties. The City generally uses unrestricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

**LONG-TERM OBLIGATIONS** - In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the bonds outstanding method. Bond issuance costs are reported as assets, net of amortization. Bond premiums and discounts are reported, net of amortization, in the related debt balances shown in the financial statements. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements; rather the debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

**D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY** (cont...)

**INTEREST DURING CONSTRUCTION** - Interest costs are capitalized when incurred on debt whose proceeds were used to finance the construction of enterprise fund capital assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. For the year ended September 30, 2012, no interest cost incurred in the enterprise fund was capitalized.

**CONNECTION FEES AND IMPACT FEES** - Connection fees represent reimbursement of the costs incurred to perform the connection of the respective utilities, and are recorded as operating revenue when received. Impact fees, which are not considered connection fees since they substantially exceed the cost of connection, are recorded as capital contributions when received. Prepaid impact fees received which reserve capacity in the City's future water or wastewater facilities are deferred and reported as capital contributions when the requirements of the Developer agreements are met by the City.

**COMPENSATED ABSENCES** - The City's policies permit employees to accumulate vacation and sick time up to certain limits and to be compensated for these upon termination of employment. The liability for these compensated absences is recorded as long-term in the government-wide statements and in the proprietary fund financial statement because the maturities are not determinable. In the fund financial statements, the governmental funds do not report the compensated absence liability because it is not payable from expendable available financial resources.

**INTERFUND TRANSFERS** - Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers.

**PENSION COSTS** - The provision for pension costs is recorded on an accrual basis equal to the actuarially determined annual pension cost. It is the City's policy is to fund pension costs as they accrue.

**ON-BEHALF PAYMENTS FOR FRINGE BENEFITS** - The City receives on-behalf payments from the State of Florida to be used for the Lake Alfred Police Officers' and Firefighters' Retirement System which totaled \$38,581 for the year ended September 30, 2012. Such payments are recorded as operating grants for the police and fire programs and public safety expenses/expenditures in the government-wide and general fund financial statements.

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

**D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY** (cont...)

**EQUITY CLASSIFICATIONS -**

**Government-wide Statements** - Equity is classified as net assets and displayed in three components:

- a) Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net assets - Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$1,435,633 of restricted net assets, of which \$1,386,840 is restricted by enabling legislation.
- c) Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**Net Assets** - In the government-wide financial statements, net assets are reported as restricted, only when restricted by outside parties.

**Fund Balance Classification in Governmental Fund Statements** - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Non spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form such as inventories, prepaid items and noncurrent receivables (including interfund due froms) or (b) are legally or contractually required to be maintained intact. The City has non spendable items consisting of prepaid expenses.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified police education fines and forfeitures as being restricted because their use is restricted by State Statute for police expenditures. The City has also classified its various impact fees and sanitation equipment fees as restricted as their use is restricted by local ordinances.

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

**D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY** (cont...)

**EQUITY CLASSIFICATIONS** - (cont...)

**Fund Balance Classification** - (cont...)

Debt service resources are to be used for future servicing of the revenue notes and are restricted through debt covenants. Resources provided for capital projects are classified as restricted when the resources for the projects are restricted by the grantor (eg. Federal, State or local governments) for funding of specific projects.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Commission. These amounts cannot be used for any other purpose unless the City Commission removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City did not have any committed resources as of September 30, 2012.

Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Commission or through the City Commission delegating this responsibility to the City Manager through the budgetary process. The City had no assigned resources as of September 30, 2012.

The details of the components of fund balances are included in the governmental fund balance sheet. The City uses restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

The City has established by resolution, a requirement to maintain a minimum level of unassigned fund balance equal to 25% or more of the general fund's annual operating expenditures. Should unassigned fund balance fall below this level, the City Manager is required to submit a plan to the City Commission to restore unassigned fund balance to the acceptable level within two years. The City met this requirement as of September 30, 2012.

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

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**NOTE 2 - PROPERTY TAX CALENDAR**

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The tax levy of the City is established by the City Commission prior to October 1 of each year and the Polk County Property Appraiser incorporates the millage into the total tax levy, which includes the municipalities, the County, independent districts and the County School Board tax requirements. State statutes permit cities to levy property taxes at a rate of up to 10 mills. The City's millage rate in effect for the fiscal year ended September 30, 2012 was 6.999.

All taxes are due and payable on November 1 (levy date) of each year and unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment as follows: 4% in of November, 3% in December, 2% in January, 1% in February. The taxes paid in March are without discount. Delinquent taxes on real and personal property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property.

**NOTE 3 - BUDGETARY LAW AND PRACTICE**

The budget is adopted by Ordinance on a City-wide basis for all City funds on or before October 1 of each year as required by State Statute. City Ordinance establishes the legal level of budgetary control at the individual fund level. Expenditures may not exceed appropriations at this level. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

- A. Compliance With Finance Related Legal and Contractual Provisions - The City has no material violations of finance related legal and contractual provisions including with respect to investment of funds and long-term debt covenants.
- B. Deficit Fund Balance or Net Assets of Individual Funds - As of September 30, 2012, no individual fund had a deficit fund balance or net assets deficit.
- C. Excess of Expenditures Over Budget Appropriations in Individual Funds - For the year ended September 30, 2012, no budgetary fund had an excess of expenditures over appropriations.

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

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**NOTE 5 - DEPOSITS AND INVESTMENTS**

**DEPOSITS IN FINANCIAL INSTITUTIONS** - Cities in Florida are required by State Statute Chapter 280 - "Security for Public Deposits Act", to deposit operating funds only with financial institutions who are members of the State of Florida collateral pool ("qualified public depositories"). The State of Florida collateral pool is a multiple financial institution collateral pool with the ability to make additional assessments to satisfy the claims of governmental entities if any member financial institution fails. This ability provides protection which is similar to depository insurance.

The captions on the government-wide statement of net assets for "cash and cash equivalents", both restricted and unrestricted, were comprised of the following:

Cash and cash equivalents:		
Cash on hand	\$	400
State Board of Administration-local government pool		1,098,807
Deposits in financial institutions:		
Insured or fully collateralized bank deposits		<u>5,668,612</u>
Total cash and cash equivalents	<u>\$</u>	<u>6,767,819</u>

**INVESTMENTS** - The types of investments in which the City may invest are governed by State Statutes and City policy. According to State Statutes, the City is authorized to invest in the following instruments: Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized through the Florida Inter-local Cooperation Act; S.E.C. registered money market funds with the highest credit quality rating from a nationally recognized rating company; interest-bearing time deposits and savings accounts in qualified public depositories; direct obligations of the U.S. Treasury and federal agencies and instrumentalities or repurchase agreements fully collateralized by such securities; and, interests in an entity registered under the Investment Company Act of 1940 whose investments are limited to obligations of the U.S. Government or any agency or instrumentality thereof.

In addition, City policy allows for investments in debt issued by the State of Florida or any political subdivision; money market mutual funds having an average maturity of 90 days or less and an equivalent investment rating of Aam or Aam-G by Standard & Poors; commercial paper of U.S. Corporations having an equivalent investment rating of at least A-1 by Standard & Poors; and bankers acceptances with maturities of not more than 180 days and an equivalent investment rating of at least A-1 by Standard & Poors. The City may also invest funds with the Florida State Board of Administration or other investments which are collateralized by the Security for Public Deposits Act. The City pension trust funds are also authorized by City Ordinances to invest in corporate stocks and bonds subject to certain limitations. There were no violations of legal or contractual provisions for deposits and investments during the year.

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

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**NOTE 5 - DEPOSITS AND INVESTMENTS** (cont...)

Information related to interest rate and credit risk for the City's fixed income investments is summarized below (information marked NA is not available):

<u>Issuer/Issue</u>	<u>S&amp;P Rating</u>	<u>Fair Value</u>	<u>Weighted Average Duration (WAD)/ Maturity (WAM)</u>
<b>City:</b>			
State Board of Administration			
Florida Prime	AAAm	\$ 1,085,300	WAM 39 days
Fund B	Not Rated	<u>13,507</u>	NA
		<u>\$ 1,098,807</u>	
<b>General Employees' Retirement System:</b>			
Cash and short term money market funds	Not Rated	\$ <u>3,225,766</u>	NA
		<u>\$ 3,225,766</u>	
<b>Police Officers' Retirement System:</b>			
Short term money market funds	Not Rated	\$ 50,760	WAD 0.1
Vanguard bond mutual fund	Not Rated	<u>853,083</u>	WAD 5.2
		<u>\$ 903,843</u>	

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

**NOTE 6 - CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2012, is summarized below:

	Balance October 1, 2011	Additions	Deletions	Balance September 30, 2012
<b><u>Governmental Activities:</u></b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 2,383,729	\$ 104,877	\$	\$ 2,488,606
Construction in process				
Total	<u>\$ 2,383,729</u>	<u>\$ 104,877</u>	<u>\$</u>	<u>\$ 2,488,606</u>
<b>Capital assets being depreciated:</b>				
Buildings and improvements	\$ 3,020,197	\$ 876,963	\$	\$ 3,897,160
Equipment	2,978,998	278,793	(131,506)	3,126,285
Infrastructure:				
Road network	1,923,696			1,923,696
Sidewalk network	163,665			163,665
Total capital assets being depreciated	<u>8,086,556</u>	<u>1,155,756</u>	<u>(131,506)</u>	<u>9,110,806</u>
Less accumulated depreciation for:				
Buildings and improvements	(887,180)	(140,990)		(1,028,170)
Equipment	(2,347,154)	(152,584)	131,506	(2,368,232)
Infrastructure:				
Road network	(349,835)	(89,833)		(439,668)
Sidewalk network	(40,175)	(8,183)		(48,358)
Total accumulated depreciation	<u>(3,624,344)</u>	<u>(391,590)</u>	<u>131,506</u>	<u>(3,884,428)</u>
Depreciable capital assets, net	<u>4,462,212</u>	<u>764,166</u>		<u>\$ 5,226,378</u>
Governmental activities capital assets, net	<u>\$ 6,845,941</u>	<u>\$ 869,043</u>	<u>\$</u>	<u>\$ 7,714,984</u>
 <b><u>Business-type activities:</u></b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 701,132	\$	\$	\$ 701,132
Construction in process		4,793		4,793
Total	<u>\$ 701,132</u>	<u>\$ 4,793</u>	<u>\$</u>	<u>\$ 705,925</u>
<b>Capital assets being depreciated:</b>				
Buildings and improvements	\$ 20,316,773	\$ 357,400	\$	\$ 20,674,173
Equipment	647,240	25,988	(22,194)	651,034
Total capital assets being depreciated	<u>20,964,013</u>	<u>383,388</u>	<u>(22,194)</u>	<u>21,325,207</u>
Less accumulated depreciation for:				
Buildings and improvements	(8,100,078)	(602,283)		(8,702,361)
Equipment	(480,861)	(32,960)	22,194	(491,627)
Total accumulated depreciation	<u>(8,580,939)</u>	<u>(635,243)</u>	<u>22,194</u>	<u>(9,193,988)</u>
Depreciable capital assets, net	<u>12,383,074</u>	<u>(251,855)</u>		<u>12,131,219</u>
Business-type capital assets, net	<u>\$ 13,084,206</u>	<u>\$ (247,062)</u>	<u>\$</u>	<u>\$ 12,837,144</u>

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

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**NOTE 6 - CAPITAL ASSETS** (cont...)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

General government	\$ 53,834
Law enforcement	56,498
Fire control	15,457
Building and zoning	7,315
Sanitation	34,114
Public works	505
Roads and streets	105,134
Parks and recreation	<u>118,733</u>
Total depreciation expense - governmental activities	<u>\$ 391,590</u>

Business-type Activities:

Water utility	\$ 200,038
Wastewater utility	412,819
Stormwater utility	<u>22,386</u>
Total depreciation expense - business-type activities	<u>\$ 635,243</u>

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

**NOTE 7 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended September 30, 2012:

	Balance October 1, 2011	Additions	Reductions	Balance September 30, 2012	Amounts Due within One Year
<b><u>Governmental Activities:</u></b>					
<b>Long-term debt:</b>					
Notes payable:					
Installment note for street sweeper	\$ 9,765	\$	\$ (9,765)	\$	\$
Total long-term debt	<u>9,765</u>		<u>(9,765)</u>		
<b>Other liabilities:</b>					
Accrued termination benefits	13,770		(4,590)	9,180	4,590
Compensated absences:					
Vacation and sick pay	<u>128,274</u>	<u>115,560</u>	<u>(117,901)</u>	<u>125,933</u>	
Total other liabilities	<u>142,044</u>	<u>115,560</u>	<u>(122,491)</u>	<u>135,113</u>	<u>4,590</u>
Total long-term liabilities	<u>\$ 151,809</u>	<u>\$ 115,560</u>	<u>\$ (132,256)</u>	<u>135,113</u>	<u>\$ 4,590</u>
Less amount due in one year				<u>(4,590)</u>	
Net long-term liabilities due after one year				<u>\$ 130,523</u>	
<b><u>Business-type Activities:</u></b>					
<b>Long-term debt:</b>					
Notes payable:					
Series 2008A Revenue Refunding Note	\$ 2,519,357	\$	\$ (2,519,357)	\$	\$
Series 2012 Revenue Refunding Note		2,358,620		2,358,620	194,446
WW719090 installment note to DEP	4,126,181		(226,054)	3,900,127	231,057
Installment note for street sweeper	<u>26,807</u>		<u>(26,807)</u>		
Total long-term debt	<u>6,672,345</u>	<u>2,358,620</u>	<u>(2,772,218)</u>	<u>6,258,747</u>	<u>425,503</u>
<b>Other liabilities:</b>					
Compensated absences:					
Vacation and sick pay	<u>25,898</u>	<u>21,305</u>	<u>(18,640)</u>	<u>28,563</u>	
Total other liabilities	<u>25,898</u>	<u>21,305</u>	<u>(18,640)</u>	<u>28,563</u>	
Total long-term liabilities	<u>\$ 6,698,243</u>	<u>\$ 2,379,925</u>	<u>\$ (2,790,858)</u>	<u>6,287,310</u>	<u>\$ 425,503</u>
Less amount due in one year				<u>(425,503)</u>	
Net long-term liabilities due after one year				<u>\$ 5,861,807</u>	

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

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**NOTE 7 - LONG-TERM OBLIGATIONS** (cont...)

**Notes to Long-Term Obligations Table**

Long term liabilities, including accumulated compensated absences, are typically liquidated by the individual fund to which the liability is directly associated.

**Governmental Activities:**

- Installment note for street sweeper (original principal \$38,266) - This note is secured by and was used to purchase a street sweeper shared by the general fund (27%) and enterprise fund (73%). The note bears interest at 4.45% and is payable principal and interest annually to maturity with the last payment on October 1, 2011.

**Business-type Activities:**

- Series 2012 and Series 2008A Notes - The Series 2012 notes were issued September 6, 2012 in the exact principal amount \$2,358,619 of the then outstanding balance of the Series 2008A notes, effectively replacing the 2008A notes with the 2012 notes. Both the lender and the maturity date of September 23, 2023, remained the same. The average interest rate on the 2012 notes is 2.37% and was 4.2% on the 2008A notes resulting in a cash flow savings to maturity of \$272,790 and a discounted cash flow savings to maturity (economic gain) of approximately \$238,000. The Series 2012 note is secured by a senior lien on the revenues of the water and sewer systems and contains a requirement to maintain a minimum debt service coverage ratio of 1.2. The retired 2008A note proceeds were used to retire debt whose proceeds were originally used to finance improvements primarily to the sewer system.
- Installment Note to DEP (WW 719090) - This note, in the original amount of \$5,143,530, is secured by a subordinate lien on the water and sewer revenues and bears interest at 2.205%, with semi-annual principal and interest payments of \$157,823 on July 15 and December 15, and continuing to maturity in January 2027. The note proceeds used to fund expansion of the wastewater treatment facility.
- Installment Note for Street Sweeper (original principal \$105,043) - this note is shared with the general fund with 73% of the debt service coming from the enterprise fund stormwater department. The note matured on October 1, 2011.

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

**NOTE 7 - LONG-TERM OBLIGATIONS** (cont...)

**Notes to Long-Term Obligations Table** (cont...)

**Pledged Revenues:**

The following table provides a summary of the pledged revenues for the City's outstanding debt issues. Additional information regarding the City's pledged revenue can be found in the preceding sections of this note:

Pledged Revenue	Revenue Pledged Through	Total Principal and Interest Outstanding	Current Year Principal and Interest Paid	Current Year Net Revenue	Percentage of Net Revenues to Principal and Interest Paid
Water and sewer revenues	01/15/2027	\$ 7,259,354	\$ 597,861	\$ 751,417	125.68%

**Maturities:**

Annual requirements to repay all long-term bonds and notes payable as of September 30, 2012, were as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	\$	\$	\$ 425,503	\$ 128,586
2014			424,994	129,096
2015			434,736	119,353
2016			444,702	109,387
2017			454,897	99,192
2018 - 2022			2,435,794	334,653
2023 - 2027			1,638,121	80,341
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$ 6,258,747</b>	<b>\$ 1,000,608</b>

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

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**NOTE 8 - INTERFUND TRANSACTIONS**

Interfund transactions are summarized below:

Receivable Fund	Payable Fund	Amount
General Fund	Enterprise Fund	\$ 4,086

Interfund transfers for the year ending September 30, 2012, consisted of:

Receiving Fund	Paying Fund	Amount
None	None	\$

**NOTE 9 - PENSION TRUST FUNDS**

Plan Descriptions - The City of Lake Alfred contributes to two single-employer defined benefit pension plans: The General Employees Retirement System and the Police Officers' and Firefighters' Retirement System. Each plan provides retirement and disability benefits to plan members and beneficiaries. The plans are established by City Ordinance and the benefits and contribution requirements can be amended by the City Commission through ordinance. Both plans are administered by separate boards of trustees who are either appointed by the City Commission or elected by plan members. It is the City's policy to annually fund the annual required contribution amount for each plan. Contributions are also provided to the Police and Fire plan by the State of Florida from a tax collected on insurance premiums. Effective October 1, 2011 the Police Plan was amended to include the firefighters, which were previously members of the General Employees' Plan, and the general plan transferred \$467,470 to the Police and Fire Plan representing the actuarial accrued liability of the firefighters. Each plan issues a publicly available financial report that includes financial statements and required supplementary information (RSI) for that plan. Those reports may be obtained by contacting the City of Lake Alfred Finance Department at 120 E. Pomelo Street, Lake Alfred, FL 33850.

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

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**NOTE 9 - PENSION TRUST FUNDS** (cont...)

Funding Policy and Annual Pension Cost - The City's annual pension cost for the current year and related information for each plan is as follows:

	<u>General Employees</u>	<u>Police &amp; Fire Participants</u>
Contribution rates		
City	12.40%	8.90%
Plan members	5.00%	5.00%
Annual pension cost	\$145,913	\$104,247
Contributions made	\$146,005	\$104,247

Actuarial methods and assumptions - The significant actuarial assumptions as of the current actuarial valuations for each respective plan are as follows:

	<u>General Employees</u>	<u>Police &amp; Fire Plan</u>
Actuarial valuation date	October 1, 2010	October 1, 2010
Actuarial cost method	Entry Age Normal	Entry Age Normal
Mortality rate	RP 2000 Mortality Table	RP 2000 Mortality Table
Remaining amortization period	26	26
Amortization method	Level percentage of pay	Level percentage of pay
Open or closed	Closed	Closed
Asset valuation method	4 year smooth	4 year smooth
Investment rate of return	7.75%	7.75%
Project salary increases	6.25%	5.75%
Inflation rate	3.00%	3.00%

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

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**NOTE 9 - PENSION TRUST FUNDS** (cont...)

Development of Net Pension Obligation (NPO) - The City's municipal defined benefit plans have been subject to the minimum funding standards since the adoption of the "Florida Protection of Public Employee Retirement Benefits Act" (Part VII of Chapter 112, Florida Statutes) in 1980. Accordingly, the sponsor has funded the actuarially determined required contributions for all years from October 1, 1987, through the transition date, October 1, 1997. Thus net pension obligations (NPO) on October 1997 is zero for all plans. Net pension obligations and assets are included in the government-wide statement of net assets.

Three Year Trend Information - Annual pension cost and contribution amounts for the current and two preceding years is shown below:

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
<b>General Employees' Retirement System:</b>			
9/30/12	\$ 145,913	100%	\$ (59,488)
9/30/11	\$ 211,489	99%	\$ (61,695)
9/30/10	\$ 188,507	99%	\$ (63,902)
<b>Police Officers' and Firefighters' Retirement System:</b>			
9/30/12	\$ 104,247	100%	\$ (21,730)
9/30/11	\$ 62,452	100%	\$ (23,122)
9/30/10	\$ 27,912	137%	\$ (24,514)

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

**NOTE 9 - PENSION TRUST FUNDS** (cont...)

The development of the net pension asset (NPA) of each plan is as follows:

	General Employees'		Police and Fire	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Actuarially determined contribution (A)	\$ 145,913	\$ 211,489	\$ 65,666	\$ 30,920
Interest on net pension asset (NPA)	(4,860)	(4,952)	(1,890)	(1,900)
Adjustment to (A)	7,159	7,067	3,282	3,292
Annual pension cost	148,212	213,604	67,058	32,312
Contributions made	146,005	211,397	65,666	30,920
Increase (decrease) in NPA	(2,207)	(2,207)	(1,392)	(1,392)
NPA, beginning of year	61,695	63,902	23,122	24,514
NPA, end of year	<u>\$ 59,488</u>	<u>\$ 61,695</u>	<u>\$ 21,730</u>	<u>\$ 23,122</u>

Funded Status and Funding Progress - The funded status information for each plan as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<b>General Employees' Retirement System:</b>						
10/01/2011	\$ 3,115,523	\$ 3,486,650	\$ 371,127	89.36%	\$ 1,202,118	30.87%
<b>Police Officers' Retirement System:</b>						
10/01/2011	\$ 2,101,313	\$ 2,274,364	\$ 173,051	92%	\$ 625,360	27.67%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Both Plans only present five years of information in the RSI because they changed their actuarial method from the aggregate method to the entry age method effective with the 10/01/06 valuation.

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

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**NOTE 10 - OTHER POST EMPLOYMENT BENEFITS**

The basic premise of GASB No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, is that Other Postemployment Benefits (OPEB) are earned by employees and should be recognized by the employer as the active employees provide their services. By State Statute, all of the City's retirees may, at the retiree's cost, elect to purchase health insurance at the rates currently offered by the City to its active employees. Because of this state mandate, there is an assumed implicit cost to the City by virtue of the fact that the cost to the retiree is a blended rate which presumably would be less than the rate the retiree would have to pay if private coverage were arranged. The City currently does not have, nor has it ever had, any retirees who have elected coverage under the City's plan and the City believes it is unlikely that any retirees will ever elect to take the City's coverage. Because of this and the fact that the City's current health insurance rates have never been impacted by the cost of having to insure its retirees, management believes there are no additional costs to be recorded as a result of the state requirement. It is possible that conditions could change whereby the City may have some cost in the future which would be evaluated at that time.

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

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**NOTE 11 - SEGMENT INFORMATION FOR ENTERPRISE FUND**

The City has outstanding debt secured by its water and sewer revenues. The water and sewer operations are accounted for in a single enterprise fund along with stormwater. Because many of the assets and liabilities of the enterprise fund are not separately identifiable with any one operating segment (e.g. cash, accounts receivable, accounts payable, etc.), it is not possible to present segment information disclosures for cash flows and some components of net assets. Segment financial information that can be separately identified for the water and sewer operations as of and for the year ended September 30, 2012, is presented below:

	Water & Sewer System
<b>Condensed statement of revenues,</b>	
<b>expenses and changes in net assets:</b>	
Charges for services	\$ 2,000,958
Operating expenses	(1,302,128)
Depreciation	(612,857)
Operating income (loss)	85,973
Interest income	33,481
Interest expense	(196,316)
Non-operating income	27,826
Impact fees	19,106
Capital contributions	3,102
Change in net assets	\$ (26,828)
 <b>Condensed statement of net assets:</b>	
Capital assets, net	\$ 12,379,497
Long-term liabilities	\$ 6,671,436
Invested in capital assets, net of debt	\$ 5,966,400

**CITY OF LAKE ALFRED, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012

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**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

**Risk Management** - Commercial insurance protection with normal deductibles is in place to limit the City's exposure from losses arising from liability and property and equipment damages. There have been no significant reductions in coverage nor have settlement amounts exceeded the City's coverage during the year ended September 30, 2012 or the previous two years. The City's workers compensation coverage is provided through a non-assessable program; in the event the insurance company were declared insolvent, the City would only be responsible for its own claims and not the claims of other insured entities under the program.

**Litigation** - The City is contingently liable with respect to lawsuits and other claims which arise in the ordinary course of carrying out its public service. Management believes that any losses not covered by insurance which may ultimately be incurred as a result of the suits and claims will not be material, with the exception of attorney's fees which are not determinable.

**Unemployment Compensation** - The City has elected to reimburse the State directly for its unemployment claims rather than participate in the State insurance fund for this purpose. As a result, the cost for unemployment claims is deducted when paid. Such costs have been insignificant in the past and no provision for potential claims has been made in the financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF LAKE ALFRED, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (unaudited)**  
for the year ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts (GAAP Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>RESOURCES (inflows):</b>				
Taxes	\$ 1,990,045	\$ 1,918,963	\$ 1,918,812	\$ (151)
Licenses and permits	68,400	52,175	52,029	(146)
Intergovernmental revenue	562,774	630,150	628,951	(1,199)
Charges for services	653,718	670,280	782,127	111,847
Fines and forfeitures	47,698	49,323	50,695	1,372
Other	177,942	232,972	236,390	3,418
Amounts available for appropriation	<u>3,500,577</u>	<u>3,553,863</u>	<u>3,669,004</u>	<u>115,141</u>
<b>CHARGES TO APPROPRIATIONS (outflows):</b>				
General government	672,139	641,625	656,099	(14,474)
Public safety	1,727,688	1,608,330	1,608,131	199
Physical environment	442,591	380,275	425,882	(45,607)
Transportation	336,672	347,415	347,346	69
Culture/recreation	299,459	293,280	292,765	515
Capital outlay	382,134	412,580	344,603	67,977
Total charges to appropriations	<u>3,860,683</u>	<u>3,683,505</u>	<u>3,674,826</u>	<u>8,679</u>
<b>EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS</b>			<u>\$ (5,822)</u>	<u>\$ 106,462</u>
Prior year fund balance reappropriated to current year	<u>360,106</u>	<u>129,642</u>		
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$</u>	<u>\$</u>		

See Independent Auditor's Report

**CITY OF LAKE ALFRED, FLORIDA**  
**SCHEDULE OF FUNDING PROGRESS (unaudited)**  
September 30, 2012

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<b>General Employees' Retirement System:</b>						
10/01/2011	\$ 3,115,523	\$ 3,486,650	\$ 371,127	89.36%	\$ 1,202,118	30.87%
10/01/2010	\$ 3,692,803	\$ 3,872,676	\$ 179,873	95.36%	\$ 1,419,705	12.67%
10/01/2009	\$ 3,523,037	\$ 3,859,364	\$ 336,327	91.29%	\$ 1,307,723	25.72%
10/01/2008	\$ 3,339,187	\$ 3,566,659	\$ 227,472	93.62%	\$ 1,424,547	15.97%
10/01/2007	\$ 3,129,688	\$ 3,349,206	\$ 219,518	93.45%	\$ 1,276,386	17.20%
10/01/2006	\$ 2,725,990	\$ 3,229,118	\$ 503,128	84.42%	\$ 1,310,691	38.39%
<b>Police Officers' and Firefighters' Retirement System:</b>						
10/01/2011	\$ 2,101,313	\$ 2,274,364	\$ 173,051	92%	\$ 625,360	27.67%
10/01/2010	\$ 1,638,657	\$ 1,691,532	\$ 52,875	97%	\$ 368,264	14.36%
10/01/2009	\$ 1,628,555	\$ 1,618,217	\$ (10,338)	101%	\$ 338,687	-3.05%
10/01/2008	\$ 1,579,437	\$ 1,496,197	\$ (83,240)	106%	\$ 373,911	-22.26%
10/01/2007	\$ 1,511,372	\$ 1,382,351	\$ (129,021)	109%	\$ 357,545	-36.09%
10/01/2006	\$ 1,371,969	\$ 1,351,468	\$ (20,501)	102%	\$ 329,591	-6.22%

See Independent Auditor's Report

## **STATISTICAL SECTION**

# Statistical Section

(Unaudited)

This part of the City of Lake Alfred's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being has changed over time.	46-50
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	51-54
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	55-59
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities takes place.	60-62
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report related to the services the government provides and the activities it performs.	63-64

**Lake Alfred, Florida**  
**Schedule of Net Assets - By Component**  
**Last Nine Fiscal Years**  
**(accrual basis of accounting)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b><u>Governmental Activities</u></b>									
Invested in Capital Assets net of related debt	\$ 1,235,454	\$ 4,020,859	\$ 4,817,371	\$ 5,158,120	\$ 6,199,191	\$ 6,050,045	\$ 6,327,927	\$ 6,836,176	\$ 7,714,984
Restricted	55,971	321,458	679,011	699,063	841,801	724,154	629,545	899,119	856,865
Unrestricted	237,660	473,666	494,151	861,893	1,176,673	1,748,304	1,953,086	1,536,249	1,582,491
Total governmental activities net assets	\$ 1,529,085	\$ 4,815,983	\$ 5,990,533	\$ 6,719,076	\$ 8,217,665	\$ 8,522,503	\$ 8,910,558	\$ 9,271,544	\$ 10,154,340
<b><u>Business-type activities</u></b>									
Invested in capital assets net of related debt	\$ 4,104,499	\$ 3,974,636	\$ 4,892,363	\$ 5,301,057	\$ 6,194,701	\$ 6,777,173	\$ 7,029,944	\$ 6,411,861	\$ 6,578,397
Restricted	785,510	851,217	2,141,589	799,888	1,141,366	1,352,857	1,167,613	622,852	578,769
Unrestricted	733,185	1,308,324	1,974,203	2,334,137	2,808,636	2,644,754	2,625,939	2,759,762	2,543,333
Total Business-type activities net assets	\$ 5,623,194	\$ 6,134,177	\$ 9,008,155	\$ 8,435,082	\$ 10,144,703	\$ 10,774,784	\$ 10,823,496	\$ 9,794,475	\$ 9,700,499
<b><u>Primary Government</u></b>									
Invested in capital assets net of related debt	\$ 5,339,953	\$ 7,995,495	\$ 9,709,734	\$ 10,459,177	\$ 12,393,892	\$ 12,827,218	\$ 13,357,871	\$ 13,248,037	\$ 14,293,381
Restricted	841,481	1,172,675	2,820,600	1,498,951	1,983,167	2,077,011	1,797,158	1,521,971	1,435,634
Unrestricted	970,845	1,781,990	2,468,354	3,196,030	3,985,309	4,393,058	4,579,025	4,296,011	4,125,824
Total primary government net assets	\$ 7,152,279	\$ 10,950,160	\$ 14,998,688	\$ 15,154,158	\$ 18,362,368	\$ 19,297,287	\$ 19,734,054	\$ 19,066,019	\$ 19,854,839

Sources: Information derived from the annual financial reports for the relevant year.

The City implemented GASB statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

**Lake Alfred, Florida**  
**Schedule of**  
**Changes in Net Assets**  
**Last Nine Fiscal Years**  
**(accrual basis of accounting)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b><u>Expenses</u></b>									
Governmental Activities:									
General Government	\$ 715,428	\$ 713,494	\$ 832,242	\$ 775,461	\$ 917,303	\$ 929,709	\$ 783,251	\$ 766,279	\$ 686,202
Building & Zoning	-	142,091	182,375	194,624	154,324	125,831	109,644	140,153	247,438
Police	702,092	728,541	733,807	778,689	857,193	806,590	804,869	882,166	896,655
Fire	414,267	451,934	486,859	458,745	495,129	492,389	493,600	566,230	550,019
Sanitation	-	-	-	-	-	-	-	333,855	359,980
Transportation	567,407	428,049	476,178	383,022	462,318	606,197	443,834	521,248	557,511
Culture and Recreation	232,558	249,546	305,135	321,572	366,738	408,397	401,027	406,791	409,886
Interest on long term debt	17,275	18,441	5,117	31,631	20,137	-	1,249	851	-
Total governmental activities expenses	2,649,027	2,732,096	3,021,713	2,943,744	3,273,142	3,369,113	3,037,474	3,617,573	3,707,691
Business-type activities:									
Water Utility	780,338	656,518	682,880	876,435	793,477	946,531	885,029	1,019,692	865,434
Sewer Utility	573,172	875,971	844,434	969,868	1,099,435	1,392,260	1,303,420	1,443,065	1,245,867
Sanitation	378,849	396,075	448,041	516,312	515,033	505,112	439,759	-	-
Stormwater Utility	13,723	52,282	35,080	72,801	44,646	42,413	56,369	147,454	122,427
Total business-type activities expenses	1,746,082	1,980,846	2,010,435	2,435,416	2,452,591	2,886,316	2,684,577	2,610,211	2,233,728
Total primary government expenses	\$ 4,395,109	\$ 4,712,942	\$ 5,032,148	\$ 5,379,160	\$ 5,725,733	\$ 6,255,429	\$ 5,722,051	\$ 6,227,784	\$ 5,941,419
<b><u>Program revenues</u></b>									
Governmental activities:									
Charges for services	\$ 401,361	\$ 950,159	\$ 1,096,810	\$ 863,904	\$ 477,240	\$ 312,890	\$ 305,079	\$ 805,432	\$ 937,419
Operating grants and contributions	36,788	250,099	63,898	26,356	115,264	125,952	127,434	126,179	133,255
Capital grants and contributions	157,084	224,613	921,873	453,384	832,556	163,536	202,364	72,625	993,532
Total governmental activities program rev.	595,233	1,424,871	2,082,581	1,343,644	1,425,060	602,378	634,877	1,004,236	2,064,206
Business-type activities:									
Charges for services	2,178,652	2,201,878	2,383,035	2,444,251	2,541,888	2,494,194	2,511,380	2,045,787	2,056,237
Operating grants and contributions	-	69,174	-	-	-	-	-	-	-
Capital grants and contributions	112,322	424,431	2,578,405	492,504	1,542,964	912,381	149,116	66,684	22,208
Total business-type program revenues	2,290,974	2,695,483	4,961,440	2,936,755	4,084,852	3,406,575	2,660,496	2,112,471	2,078,445
Total primary government program revenues	\$ 2,886,207	\$ 4,120,354	\$ 7,044,021	\$ 4,280,399	\$ 5,509,912	\$ 4,008,953	\$ 3,295,373	\$ 3,116,707	\$ 4,142,651
<b><u>Net(expenses)/revenue</u></b>									
Governmental activities	(2,053,794)	(1,307,225)	(939,132)	(1,600,100)	(1,848,082)	(2,766,735)	(2,402,597)	(2,613,337)	(1,643,485)
Business-type activities	544,892	714,637	2,951,005	501,339	1,632,261	520,259	(24,081)	(497,740)	(155,283)
Total primary government net expenses	\$ (1,508,902)	\$ (592,588)	\$ 2,011,873	\$ (1,098,761)	\$ (215,821)	\$ (2,246,476)	\$ (2,426,678)	\$ (3,111,077)	\$ (1,798,768)

Sources: Information derived from the annual financial reports for the relevant year.

**Lake Alfred, Florida**  
**Schedule of**  
**Changes in Net Assets**  
**Last Nine Fiscal Years**  
**(accrual basis of accounting)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Revenues and Other Changes in Net Assets</b>									
Governmental Activities:									
Taxes									
Property Taxes	\$ 713,048	\$ 741,661	\$ 811,547	\$ 970,995	\$ 1,570,257	\$ 1,462,058	\$ 1,196,681	\$ 996,810	\$ 920,201
Franchise Taxes	293,527	321,097	352,165	413,061	429,833	307,722	309,977	296,006	286,614
Public Service Taxes	269,327	277,322	279,526	293,074	308,223	502,042	528,408	517,937	511,314
Fuel Taxes	-	-	-	-	242,577	244,157	242,138	240,482	238,265
State shared revenue	591,699	406,265	383,958	378,586	363,131	321,067	314,667	328,161	366,651
Investment earnings	10,218	37,136	73,286	99,428	56,764	34,483	19,263	16,289	12,030
Miscellaneous	143,553	64,954	-	1,892	162,772	200,044	144,518	173,658	191,207
Historical preservation grant	-	2,530,180	-	-	-	-	-	-	-
Interfund transfer	155,000	215,508	213,200	220,000	113,300	-	35,000	404,979	-
<b>Total governmental activities</b>	<b>2,176,372</b>	<b>4,594,123</b>	<b>2,113,682</b>	<b>2,377,036</b>	<b>3,246,857</b>	<b>3,071,573</b>	<b>2,790,652</b>	<b>2,974,322</b>	<b>2,526,282</b>
Business-type Activities:									
Investment earnings	6,530	11,854	129,048	228,126	165,748	109,132	55,012	39,362	33,481
Miscellaneous	-	-	7,125	2,462	9,290	690	2,417	9,191	27,826
Interfund transfer	(155,000)	(215,508)	(213,200)	(220,000)	(113,300)	-	(35,000)	(404,979)	-
<b>Total business-type activities</b>	<b>(148,470)</b>	<b>(203,654)</b>	<b>(77,027)</b>	<b>10,588</b>	<b>61,738</b>	<b>109,822</b>	<b>22,429</b>	<b>(356,426)</b>	<b>61,307</b>
<b>Total primary government</b>	<b>\$ 2,027,902</b>	<b>\$ 4,390,469</b>	<b>\$ 2,036,655</b>	<b>\$ 2,387,624</b>	<b>\$ 3,308,595</b>	<b>\$ 3,181,395</b>	<b>\$ 2,813,081</b>	<b>\$ 2,617,896</b>	<b>\$ 2,587,589</b>
<b>Change in Net Assets</b>									
Governmental activities	\$ 122,578	\$ 3,286,898	\$ 1,174,550	\$ 776,936	\$ 1,398,775	\$ 304,838	\$ 388,055	\$ 360,985	\$ 882,797
Business-type activities	396,422	510,983	2,873,978	511,927	1,693,999	630,081	(1,652)	(854,166)	(93,976)
<b>Total Primary Government</b>	<b>\$ 519,000</b>	<b>\$ 3,797,881</b>	<b>\$ 4,048,528</b>	<b>\$ 1,288,863</b>	<b>\$ 3,092,774</b>	<b>\$ 934,919</b>	<b>\$ 386,403</b>	<b>\$ (493,181)</b>	<b>\$ 788,821</b>

Sources: Information derived from the annual financial reports for the relevant year.

The City implemented GASB statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

**Lake Alfred, Florida**  
**Schedule of**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	2003	2004	2005	2006	2007
General Fund					
Reserved	\$ 70,183	\$ 93,627	\$ 540,636	\$ 728,564	\$ 699,063
Unreserved	236,791	321,308	286,521	540,372	967,915
Total General Fund	<u>\$ 306,974</u>	<u>\$ 414,935</u>	<u>\$ 827,157</u>	<u>\$ 1,268,936</u>	<u>\$ 1,666,978</u>
	2008	2009	2010	2011	2011
General Fund					
Reserved	\$ 841,801	\$ 740,032	\$ 629,545	\$ -	\$ -
Unreserved	1,248,019	1,765,632	1,993,690	-	-
Nonspendable	-	-	-	-	43,191
Restricted	-	-	-	899,119	856,865
Unassigned	-	-	-	1,596,262	1,589,503
Total General Fund	<u>\$ 2,089,820</u>	<u>\$ 2,505,664</u>	<u>\$ 2,623,235</u>	<u>\$ -</u>	<u>\$ 2,489,559</u>

The City implemented GASB statement 54 in 2011 changing the classifications of fund balance information beginning in that year.

**Lake Alfred, Florida**  
**Schedule of Changes in**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Taxes	\$ 1,466,318	\$ 1,499,300	\$ 1,568,244	\$ 1,670,134	\$ 1,902,743	\$ 2,520,894	\$ 2,483,695	\$ 2,244,792	\$ 2,017,049	\$ 1,918,812
Licenses and Permits	48,509	65,842	245,732	373,432	123,082	202,689	56,533	60,967	65,781	52,029
Intergovernmental	490,470	604,998	658,161	611,472	943,363	774,286	643,918	675,000	554,527	628,951
Charges for services	149,307	146,640	162,990	182,691	200,995	204,100	182,975	180,385	661,388	782,127
Fines and forfeitures	61,713	68,627	65,523	24,631	50,387	46,877	45,494	38,021	53,796	50,695
Other	139,328	231,200	419,626	217,162	257,017	239,341	217,221	190,193	221,038	236,390
<b>Total revenues</b>	<b>\$ 2,355,645</b>	<b>\$ 2,616,607</b>	<b>\$ 3,120,276</b>	<b>\$ 3,079,522</b>	<b>\$ 3,477,587</b>	<b>\$ 3,988,187</b>	<b>\$ 3,629,836</b>	<b>\$ 3,389,358</b>	<b>\$ 3,573,579</b>	<b>\$ 3,669,004</b>
<b>Expenditures</b>										
Current										
General Government	\$ 846,916	\$ 713,138	\$ 694,043	\$ 776,575	\$ 717,471	\$ 882,672	\$ 902,568	\$ 850,833	\$ 707,055	\$ 656,099
Public Safety	1,099,065	1,080,148	1,219,077	1,304,264	1,293,278	1,318,612	1,319,338	1,299,343	1,470,931	1,608,131
Physical environment	31,763	112,594	121,802	138,044	93,174	111,121	122,095	142,686	429,123	425,882
Transportation	321,813	318,080	262,610	276,206	203,374	217,962	211,115	228,576	258,864	347,346
Culture & Recreation	207,120	191,720	191,385	238,090	252,905	296,219	323,821	311,853	307,810	292,765
Debt Service										
Principal retirement	647,968	55,049	43,329	45,117	44,486	419,193	8,951	8,951	8,951	-
Interest	38,736	17,276	18,440	5,118	31,631	20,137	1,249	1,249	1,249	-
Debt issue costs	-	-	-	-	-	-	-	-	-	-
Capital Outlay	38,754	260,818	529,436	220,792	654,613	533,159	368,970	464,466	823,025	344,603
<b>Total expenditures</b>	<b>\$ 3,232,135</b>	<b>\$ 2,748,823</b>	<b>\$ 3,080,122</b>	<b>\$ 3,004,206</b>	<b>\$ 3,290,932</b>	<b>\$ 3,799,075</b>	<b>\$ 3,258,107</b>	<b>\$ 3,307,957</b>	<b>\$ 4,007,008</b>	<b>\$ 3,674,826</b>
<b>Excess(deficiency) of revenues over(under) expenditures</b>	<b>\$ (876,490)</b>	<b>\$ (132,216)</b>	<b>\$ 40,154</b>	<b>\$ 75,316</b>	<b>\$ 186,655</b>	<b>\$ 189,112</b>	<b>\$ 371,729</b>	<b>\$ 81,401</b>	<b>\$ (433,429)</b>	<b>\$ (5,822)</b>
<b>Other financing sources(uses)</b>										
Transfers in	328,400	155,000	215,508	213,200	220,000	113,300	-	35,000	305,575	-
Impact Fees	-	-	131,560	153,263	39,780	77,220	5,850	1,170	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-
Capital grants	-	-	25,000	-	-	-	-	-	-	-
Proceeds from Borrowing	543,115	-	-	-	-	-	38,265	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ 871,515</b>	<b>\$ 155,000</b>	<b>\$ 372,068</b>	<b>\$ 366,463</b>	<b>\$ 259,780</b>	<b>\$ 190,520</b>	<b>\$ 44,115</b>	<b>\$ 36,170</b>	<b>\$ 305,575</b>	<b>\$ -</b>
Net change in fund balance	\$ (4,975)	\$ 22,784	\$ 412,222	\$ 441,779	\$ 446,435	\$ 379,632	\$ 415,844	\$ 117,571	\$ (127,854)	\$ (5,822)
Debt service as percentage of non-capital expenditures	21.5%	2.9%	2.4%	1.8%	2.9%	13.5%	0.4%	0.4%	0.3%	0.0%

**Lake Alfred, Florida**  
**Schedule of**  
**Assessed Value and Actual Value of Taxable Property (1)**  
**Last Ten Fiscal Years**

Fiscal Year	Real Property	Assessed Value of Personal Property	Centrally Assessed Property	Taxable Assessed Valuation	Total Direct Tax Rate
2003	73,353,752	27,394,073	687,457	101,435,282	7.058
2004	81,764,211	25,730,485	692,280	108,186,976	7.058
2005	91,495,009	24,268,901	440,745	116,204,655	7.058
2006	118,030,998	23,895,167	441,973	142,368,138	7.058
2007	219,432,278	23,865,517	280,499	243,578,294	7.058
2008	210,357,081	19,287,227	563,807	230,208,115	6.580
2009	167,734,213	14,970,120	550,260	183,254,593	6.580
2010	134,191,758	20,680,285	546,215	155,418,258	6.580
2011	118,618,882	20,102,135	587,360	139,308,377	6.990
2012	106,670,468	19,917,742	598,433	127,186,643	7.589

(1) The State of Florida, by statute, requires property appraisers to assess all property within the State at 100% of market value. Therefore, the assessed valuation and estimated actual value is the same.

Source: Polk County Property Appraiser

Note: Property in the city is assessed each year. Tax rates are per \$1,000 of assessed value.

**Lake Alfred, Florida  
Schedule of  
Property Tax Rates - Direct and Overlapping Governments  
Last Ten Fiscal Years**

Fiscal Year	Lake Alfred	Polk County (BOCC)	Polk County School Board	Lakes Management	Southwest Florida Water Management District	Total
2003	7.058	7.727	8.578	0.377	0.0422	23.782
2004	7.058	7.727	8.317	0.377	0.0422	23.521
2005	7.058	7.727	8.206	0.377	0.0422	23.410
2006	7.058	8.727	8.078	0.363	0.0422	24.268
2007	7.058	8.333	7.770	0.364	0.0422	23.567
2008	6.580	6.866	7.512	0.313	0.3860	21.657
2009	6.580	6.866	7.586	0.383	0.2540	21.669
2010	6.580	6.866	7.792	0.447	0.3370	22.022
2011	6.990	6.866	7.792	0.447	0.3370	22.432
2012	7.589	6.867	7.492	0.500	0.3928	22.840

**Lake Alfred, Florida**  
**Schedule of**  
**Principal Property Tax Payers**  
**September 30, 2012 For the Current Year and Ten Years Prior**

<b>Taxpayer</b>	<b>2012</b>		<b>2002</b>	
	<b>Taxable Assessed Valuation</b>	<b>Percentage of Total Taxable Assessed Value</b>	<b>Taxable Assessed Valuation</b>	<b>Percentage of Total Taxable Assessed Value</b>
Mizkan Americas Inc	7,223,558	5.68%	*	*
Cax Cypress Gardens	6,428,686	5.05%	*	*
Caribbean Distillers LLC	4,753,554	3.74%	*	*
Tampa Electric	3,658,010	2.88%	*	*
Verizon	2,191,585	1.72%	*	*
PERM 4 LLC	2,083,037	1.64%	*	*
Ash Street Group LLC	1,734,051	1.36%	*	*
Growers Fertilizer	1,515,164	1.19%	*	*
1792BT LLC	1,511,667	1.19%	*	*
MLA Income Properties II LLC	1,236,250	0.97%	*	*
	<u>32,335,562</u>	<u>25.42%</u>		

\* Data not available  
Source: Polk County Tax Collector

**Lake Alfred, Florida  
Schedule of  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Prior Year Tax Collections	Total Tax Collections	Ratio of Levy to Collections
2003	715,930	*	*	*	*	*
2004	763,584	741,660	97.13%	*	*	*
2005	820,172	811,547	98.95%	*	*	*
2006	1,004,834	970,995	96.63%	*	*	*
2007	1,719,176	1,570,257	91.34%	*	*	*
2008	1,514,769	1,462,058	96.52%	*	*	*
2009	1,205,815	1,193,553	98.98%	2,077	1,195,630	99.16%
2010	1,022,652	993,603	97.16%	3,207	996,810	97.47%
2011	973,766	917,089	94.18%	3,112	920,201	94.50%
2012	965,219	*	*	*	*	*

\* Data not available

**Lake Alfred, Florida  
Schedule of  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities		Business - Type Activities			Total Primary Government	Lake Alfred Personal Income	Percentage of Income	Per Capita
	Notes Payable	Capital Lease	Notes Payable	State Revolving Loans	Capital Lease				
2003	607,174	-	3,898,454	106,563	-	4,612,191	122,507,950	3.76%	1,141
2004	552,125	-	3,772,847	262,969	-	4,587,941	130,990,700	3.50%	1,082
2005	508,796	-	3,574,543	387,811	-	4,471,150	141,419,652	3.16%	990
2006	463,679	-	3,368,480	1,016,518	-	4,848,677	157,993,931	3.07%	1,063
2007	419,193	-	3,154,356	4,703,730	-	8,277,279	174,907,229	4.73%	1,789
2008	-	-	2,991,470	5,111,891	-	8,103,361	181,681,650	4.46%	1,616
2009	-	28,066	2,821,323	4,873,970	77,044	7,800,403	174,626,404	4.47%	1,555
2010	-	19,115	2,673,501	4,347,340	52,472	7,092,428	189,651,954	3.74%	1,414
2011	-	9,765	2,519,357	4,126,181	26,807	6,682,110	197,666,977	3.38%	1,332
2012	-	-	2,358,620	3,900,127	-	6,258,747	167,837,046	3.73%	1,248

Sources      Personal Income derived from State of Florida Personal Income using Lake Alfred Population from University of Florida BEBR

**Lake Alfred, Florida**  
**Schedule of**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

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General Bonded Debt Outstanding

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The City has not had any general bonded debt in the past ten fiscal years.

Source: City of Lake Alfred Finance Department

**Lake Alfred, Florida**  
**Schedule of**  
**Direct and Overlapping Governmental Activities Debt**  
**September 30, 2012**

Jurisdiction	Total Bonded Debt Outstanding	Percentage Applicable to Lake Alfred	Amount Applicable to Lake Alfred
District School Board of Polk County	555,342,552	0.43% (1)	2,379,959
Total Overlapping Debt			2,379,959
Total Direct Debt			-
Total Direct and Overlapping Debt			<u>\$ 2,379,959</u>

(1) The percentage of overlapping debt applicable is calculated as a ratio of taxable assessed property values in the City of Lake Alfred to total taxable valuation of property in Polk County

(2) Lake Alfred currently does not currently have any general obligation debt which is being repaid through general property taxes.

Source: Polk County School Board

**Lake Alfred, Florida  
Schedule of  
Legal Debt Margin Information  
Last Ten Fiscal Years**

The City Charter and Florida State Statute 200.181 does not provide for legal debt limit.

Source: City of Lake Alfred Finance Department

**Lake Alfred, Florida  
Schedule of  
Pledged-Revenue Coverage  
Last Ten Fiscal Years**

Fiscal Year	Gross Water and Sewer Revenue (1)	Less: Operating Expenses (2)	Net Revenues (3)	Senior Bond service Requirements (4)	Senior Debt Svc Coverage Test 1 (5)	Required Debt Svc Coverage Test 1 (6)	Net Revenues Less: Senior Bond Service Requirements	Junior Bond Service Requirements	Debt Svc Coverage Test 2	Required Debt Svc Coverage Test 2
2003	*	*	*	*	*	*	*	*	*	*
2004	1,700,336	760,651.00	939,685	342,608	2.74	1.20	N/A	N/A	N/A	N/A
2005	2,287,155	940,609.00	1,346,546	342,608	3.93	1.20	1,003,938	30,900	32.49	1.15
2006	2,073,485	993,590.00	1,079,895	342,608	3.15	1.20	737,287	31,471	23.43	1.15
2007	2,274,363	1,274,946.00	999,417	342,608	2.92	1.20	656,809	198,688	3.31	1.15
2008	2,444,484	1,119,340.00	1,325,144	264,306	5.01	1.20	1,060,838	351,842	3.02	1.15
2009	2,099,498	1,433,708.00	665,790	264,306	2.52	1.20	401,484	351,842	1.14	1.15
2010	2,040,934	1,295,607.00	745,327	264,306	2.82	1.20	481,021	315,646	1.52	1.15
2011	2,035,072	1,501,986.00	533,086	264,306	2.02	1.20	268,780	315,646	0.85	1.15
2012	2,056,647	1,302,128.00	754,519	282,215	2.67	1.20	472,304	315,646	1.50	1.15

(1) Gross revenues include all money received from rates, fees, rentals or other charges received by the City or accrued to it in the management and operation of the water and sewer system

(2) Operating expenses include all costs of operating the water and sewer system but does not include depreciation expense and renewal and replacement reserve payments, the annual bond service requirement or transfers to other funds

(3) Net revenues is equal to gross revenue less operating expenses

(4) Senior bond service requirement is the amount required to pay the interest and principal due in each bond year on all senior debt obligations.

(5) Net revenues divided by senior bond service requirements.

(6) Test 1 is net revenues divided by the senior bond service requirements.

(7) Test 2 is net revenues less the senior bond service requirements divided by the junior bond service requirements

\* Information not available

N/A Not Applicable

**Lake Alfred, Florida  
Schedule of  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

Fiscal Year	Population (1)	Per Capita Personal Income (2)	Personal Income	Median Age (2)	School Enrollment (3)	Unemployment Rate for Polk County (4)
2012	5,018	33,447	167,837,046	39.8	2,682	8.6
2011	5,015	39,415	197,666,977	37.8	2,614	10.7
2010	5,015	37,817	189,651,954	37.8	2,766	13.3
2009	4,627	37,741	174,626,404	39.9	2,603	11.4
2008	4,562	39,825	181,681,650	39.6	2,499	6.7
2007	4,517	38,722	174,907,229	39.3	2,408	4.5
2006	4,239	37,272	157,993,931	39.5	*	3.7
2005	4,043	34,979	141,419,652	39.4	*	4
2004	4,004	32,715	130,990,700	39.5	*	4.9
2003	3,981	30,773	122,507,950	39.5	*	5.5

\* Information not available

(1) University of Florida BEBR

(2) Office of Economic & Demographic Research - State of Florida

(3) Polk County Data, University of Florida BEBR Statistical Abstracts

(4) Polk County School Board

(5) Florida Agency for Workforce Innovation

**Lake Alfred, Florida  
Schedule of  
Principal Employers  
Current Year**

<b>Employer</b>	<b>Type of Business</b>	<b>2012</b>		<b>Percentage of Total City Employment</b>
		<b>Employees</b>	<b>Rank</b>	
IFAS/ University of Florida	Research Center	246	1	25%
Polk County School Board	Education	225	2	23%
City of Lake Alfred	Government	75	3	8%
Florida Distillers	Manufacturer	50	4	5%
Growers Fertilizer	Manufacturer	49	5	5%
Mizkan	Manufacturer	45	6	5%
Southern Gardens	Assisted Living	42	7	4%
Lake Alfred Assisted Living	Assisted Living	25	8	3%
W E Jones	Manufacturer	15	9	2%
Cypress Greens	Retirement Community/Golf Course	12	10	1%
		784		

Estimated Total City Employment 1,000

(1) Principal employers for nine years ago is not available.

(2) Source: Survey of Employers

**Lake Alfred, Florida  
Schedule  
Full Time Equivalent City Government Employees by Function  
Last Ten Fiscal Years**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>GENERAL FUND</b>										
City Commission	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
City Administration	4.0	4.0	4.0	4.0	4.0	4.0	4.5	4.0	4.0	3.0
Finance	5.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Public Safety										
Police	18.5	15.5	15.5	15.5	16.0	15.0	15.0	16.0	16.0	16.0
Fire	6.0	6.0	6.0	10.5	10.5	12.0	12.0	12.0	13.0	14.0
Building & Zoning	1.5	2.0	3.0	4.0	5.9	4.5	3.0	2.0	2.0	3.0
Library	2.0	2.0	1.5	1.5	1.5	1.5	1.5	1.5	2.0	2.0
Parks & Recreation	4.0	3.0	3.5	4.0	2.5	4.5	3.0	3.0	4.5	4.5
DPW Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.7	2.5	4.0
Building Maintenance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.5	1.0	1.0
CGMP	2.0	1.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Sanitation	6.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0	4.0	4.0
Roads & Streets	6.0	6.1	4.6	4.5	3.0	4.0	3.0	3.0	3.7	6.0
<b>Total General Fund</b>	<b>60.5</b>	<b>53.1</b>	<b>53.6</b>	<b>57.5</b>	<b>57.9</b>	<b>60.0</b>	<b>56.5</b>	<b>57.2</b>	<b>58.2</b>	<b>63.0</b>
<b>ENTERPRISE FUND</b>										
Utilities (Water & Wastewater)	9.0	11.0	11.0	12.0	12.0	12.5	12.5	12.5	12.5	11.5
Stormwater	0.0	0.4	0.4	0.5	0.6	0.5	0.5	0.3	0.3	0.0
<b>Total Enterprise Fund</b>	<b>9.0</b>	<b>11.4</b>	<b>11.4</b>	<b>12.5</b>	<b>12.6</b>	<b>13.0</b>	<b>13.0</b>	<b>12.8</b>	<b>12.8</b>	<b>11.5</b>
<b>TOTAL STAFF</b>	<b>69.5</b>	<b>64.5</b>	<b>65.0</b>	<b>70.0</b>	<b>70.5</b>	<b>73.0</b>	<b>69.5</b>	<b>70.0</b>	<b>71.0</b>	<b>74.5</b>

(1) Source: City of Lake Alfred payroll

**Lake Alfred, Florida  
Schedule  
Operating Indicators by Function  
Last Ten Fiscal Years**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Public Safety</b>										
Calls for Service	*	6,360	6,008	5,562	5,570	5,695	4,770	5,446	6,063	6,026
Traffic Crashes	*	*	125	101	134	134	82	117	126	114
Traffic Violations	*	*	2,291	1,201	1,676	1,733	1,961	1,201	1,803	1,630
<b>Fire Control</b>										
Number of Calls	886	1,128	1,410	1,312	1,130	912	796	1,121	1,204	1,210
<b>Building Department</b>										
Permits Issued	*	*	*	388	279	296	188	217	197	234
Inspections	*	*	*	36	212	798	239	194	267	179
<b>Leisure Services</b>										
Summer Attendees	*	*	*	35	33	47	25	25	32	50
Library Visitations	*	*	*	*	18,855	20,629	22,772	17,499	27,399	28,400
Circulation	*	*	*	*	20,998	19,360	18,068	11,683	18,820	19,753
Facility Rentals	*	*	*	40	54	64	64	57	62	60
<b>Human Services</b>										
Cemetery plots sold	*	*	*	11	19	14	13	16	23	14
Business Tax Receipts	*	*	*	250	262	287	273	247	218	261
<b>Solid Waste</b>										
Refuse collected ( Tons)	*	*	*	*	-	3,220	3,014	2,778	2,018	1,937
Brush collected (Tons)	*	*	*	*	-	1,090	1,217	1,299	1,217	1,193
Commercial Customers	*	*	*	101	104	110	104	109	70	70
Residential Customers	*	*	*	1,645	1,727	1,733	1,733	1,758	1,720	1,781
<b>Public Works</b>										
Street Resurfacing (Miles)	*	*	*	*	*	*	*	4	10	-
<b>Water</b>										
New Connections	*	91	73	119	149	7	77	95	3	4
Number of Customers	2,222	2,313	2,386	2,505	2,654	2,661	2,738	2,833	2,836	2,883
<b>Wastewater</b>										
New Connections	*	84	62	95	164	5	22	68	1	2
Number of Customers	1,681	1,765	1,827	1,922	2,086	2,091	2,113	2,156	2,208	2,247
Avg Daily Sewage Treatment	*	*	*	*	*	*	*	375,000	375,000	375,000

\* : Information not available

**Lake Alfred, Florida**  
**Schedule**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Public Safety</b>										
Station	1	1	1	1	1	1	1	1	1	1
Patrol Cars	7	7	8	8	8	8	8	8	8	8
Fire Trucks	3	4	4	4	4	4	4	4	4	4
<b>Solid Waste</b>										
Collection Trucks	3	3	3	3	3	3	3	3	3	3
<b>Transportation</b>										
Street Miles	*	*	*	*	*	*	38.55	38.55	38.55	48.00
Traffic Signals	1	1	1	1	1	1	1	3	3	3
<b>Leisure Services</b>										
Parks	8	8	8	8	9	10	10	10	10	10
Parks Acreage	54	54	54	166	166	166	166	166	166	166
Rental Facilities	2	2	2	2	3	3	3	3	3	3
Playgrounds	3	3	3	3	4	4	4	4	4	4
Boat Ramps	6	6	6	6	6	6	6	6	6	6
Library	1	1	1	1	1	1	1	1	1	1
Tennis Courts	2	2	2	2	2	2	2	2	2	2
Baseball Fields	3	3	3	3	3	3	3	3	3	3
Basketball Courts	2	2	2	2	2	2	2	2	2	2
Football Field	1	1	1	1	1	1	1	1	1	1
<b>General Government</b>										
Number of Buildings	4	4	4	4	4	4	4	5	5	6
Cemeteries	2	2	2	2	2	2	2	2	2	2
<b>Water</b>										
Water Treatment Plants	2	2	2	2	2	2	2	2	2	2
Fire Hydrants	*	*	*	*	*	*	*	*	190	190
Water Main Miles	*	*	*	*	*	*	*	*	30	30
<b>Wastewater</b>										
Waster Treatment Plan	1	1	1	1	1	1	1	1	1	1
Lift Stations	22	22	22	22	26	30	30	30	30	30
Sanitary Sewer Miles	*	*	*	*	*	*	*	19	19	19

\* : Information not available

## **COMPLIANCE SECTION**

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**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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Honorable Mayor and Members of the City Commission  
City of Lake Alfred, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Lake Alfred, Florida, as of and for the year ended September 30, 2012, and have issued our report thereon dated March 27, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Lake Alfred, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Lake Alfred, Florida's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Lake Alfred, Florida's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Lake Alfred, Florida's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the City of Lake Alfred, Florida's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Lake Alfred, Florida's financial statements that is more than inconsequential will not be prevented or detected by the City of Lake Alfred, Florida's internal control.

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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(cont...)

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Lake Alfred, Florida's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted certain matters that we reported to management of City of Lake Alfred, Florida in the accompanying management letter dated March 27, 2013.

This report is intended solely for the information and use of the City Commission, management, others within the organization, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Brynjulfson CPA, P.A.*

Brynjulfson CPA, P.A.  
Lakeland, Florida  
March 27, 2013

## MANAGEMENT LETTER

Honorable Mayor and Members of the City Commission  
**City of Lake Alfred, Florida**

We have audited the financial statements of the **City of Lake Alfred, Florida**, as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated March 27, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* which is dated March 27, 2013. Disclosures in those reports should be considered and have not been duplicated in this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports.

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City of Lake Alfred, Florida complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. For the legal authority of the **City of Lake Alfred, Florida**, see footnote A of the summary of significant accounting policies in the notes to the financial statements of the basic financial statements.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the **City of Lake Alfred, Florida** for the fiscal year ended September 30, 2012, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2012. In connection with our audit, we determined that these two reports were in agreement.

Honorable Mayor and Members of the City Commission  
**City of Lake Alfred, Florida**

- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City of Lake Alfred, Florida has not met any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City of Lake Alfred, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

We would like to take this opportunity to thank the City Commissioners for allowing us the privilege to be of service, and the City's staff and management for the courtesies and cooperation extended to us during our audit

Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the City Commission, management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Brynjulfson CPA, P.A.*

Brynjulfson CPA, P.A.  
Lakeland, Florida  
March 27, 2013