

Comprehensive Annual Financial Report



The City of Lake Alfred, Florida

For The Year Ended September 30, 2013

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Introductory Section



Comprehensive Annual Financial Report
For the City of Lake Alfred, Florida
For the fiscal year ending September 30, 2013

Prepared by the Finance Department of the
City of Lake Alfred

City of Lake Alfred, Florida
Principal City Officials
September 30, 2013

City Commission

Mayor

Nancy Daley

Vice Mayor

Charles Lake

Commissioners

Jack Dearmin

John Duncan

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

Parks & Recreation Manager

Jeff Tillman

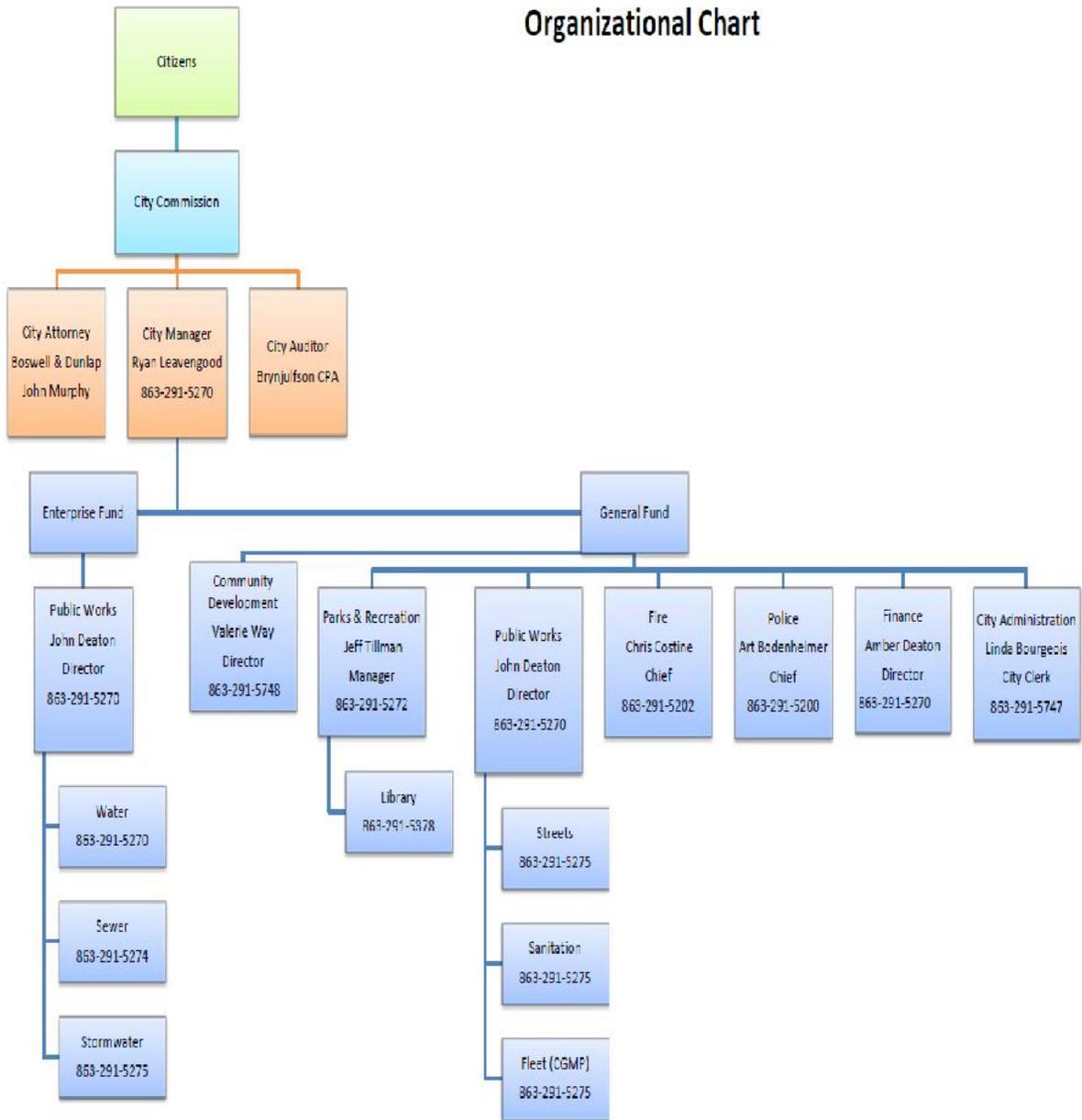
Police Chief

Art Bodenheimer

Public Works Director

John Deaton

City of Lake Alfred Organizational Chart





March 27, 2014

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 the Comprehensive Annual Financial Report for the City of Lake Alfred, Florida for the fiscal year end of September 30, 2013. The organization, form, and contents of this report, plus the accompanying financial statements and statistical tables, were 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 the requirements, this report also reflects the City's commitment to full financial disclosure. We encourage you to thoroughly read the report and 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 contained herein. To provide a reasonable basis for making these assertions, management had established a comprehensive internal control framework designed to protect the City's assets from loss, theft or misuse. Furthermore, the City compiled 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's comprehensive framework of internal controls have 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 a licensed public accountant, Brynjulfson, CPA, 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 ending September 30, 2013, were free of any material misstatements. The independent auditor concluded there was reasonable basis for rendering an unqualified opinion that the City of Lake Alfred's financial statements were fairly presented and in conformity with GAAP. The report of the independent certified public accountant is presented as the first component in the financial section of the report.

GAAP requires 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, incorporated on June 30, 1915. Located in East Polk County, the 2013 population of Lake Alfred was estimated to be near 5,023. Encompassing approximately 12 miles, the City has been empowered to levy a property tax on real estate and personal property located within its boundaries. It is also been granted authority by State Statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Commission.

The City of Lake Alfred operates under the Council/Manager form of local government, which combines strong political leadership of elected officials, in the form of a non-partisan City Commission, with the strong managerial experience of the City Manager. Additionally, the City Commission is considered the principal legislative and governmental body of the city. The citizens elect its governing body, consisting of five Commissioners, which are responsible for enacting ordinances, budget adoption, appointing committee members, and hiring the City Manager, Attorney, and Auditor. The Commissioners are also responsible to nominate and approve its Mayor and Vice Mayor on an annual basis and all commissioners are elected at large. The City Manager, who serves as Chief Executive Officer, is responsible for carrying out the policies and ordinances enacted by the Commission and for the oversight of the day-to-day operations of the City. Furthermore, the manager is tasked with hiring the department heads of the various city departments.

The City of Lake Alfred is a full service city and recognizes that a fundamental element to the overall quality of life is the health of the community's economy. Our community is a uniquely dynamic, attractive, and well-run municipality characterized by a combination of residential, industrial, and commercial developments. Services of the city include law enforcement, fire/rescue protection, solid waste management, water and wastewater service, roads and street maintenance, community development, cemetery operations, recreational and cultural activities, and general administrative services. Citizens enjoy the personalization of services provided by the city employees, the recycling services are the only contracted firm outsourced for any type of city service. Within the report, it includes all funds of the government.

The Biennial budget is formally adopted by the City Commission and the level of budgetary control is set at the fund level. Budget to actual comparison is provided in this report.

Local Economy

The current economic conditions, environment, and local indicators indicate a slow upswing in property values within the City of Lake Alfred. The housing market affects revenues greatly due to the tax base being mainly residential. Additionally, this year there was an increase of 2% in taxable value and this was the first increase since 2008. Permit activity has also increased and new houses are being built throughout the city. Furthermore, \$2,624,757 worth of commercial and residential permits were authorized and issued, which represents a 28% increase over last fiscal year.

Long Term Financial Planning

Long term financial planning requires the city to prepare a five year capital improvement plan that identifies both capital improvements and related revenue sources. Capital requirements of enterprise operations are financed from capital reserves and from the users of the services through the fees. Additionally, capital requirements of the general fund operations are financed from the general fund revenues or reserve funds. Areas of new construction or capital costs associated with growth are funded with impact fees

Currently, the unassigned fund balance in the General fund is \$1,391,295, which 34% of general fund expenditures, this is above the Government Finance Officers Association recommended minimum amount of 15%. The City Commission and City Manager continue to work on the needs of the community, while at the same time meeting the needs in a cost-effective and efficient manner. The following projects are planned for the next year and beyond:

- Street Resurfacing
- Fire Engine Replacement
- Tri-City Cooperative –Well
- Tennis Court Relocation
- Football Field Lighting

Major Initiatives

During the fiscal year 2013, the City of Lake Alfred achieved many significant accomplishments in furtherance of the goals and objectives established by the Commission without adding any debt.

- A Downtown Master Plan was approved. This plan has been approved by the Lake Alfred commission and was a result of a collaborative effort between the residents, businesses, city staff, and the City Commission through a series of community workshops and outreach activities.
- Management is aggressively seeking commercial business, annexations and new utility customers.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lake Alfred, Florida for its Comprehensive Annual Financial Report (CAFR) for the fiscal year end of September 30, 2012. This was the second year the City received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, which satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is only valid for one year. We believe the current CAFR continues to meet the requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

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 without 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,



Ryan Leavengood
City Manager



Amber Deaton
Finance Director



Government Finance Officers Association

**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, 2012

Executive Director/CEO

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, each major fund, and the aggregate remaining fund information of the City of Lake Alfred, Florida, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules of funding progress on pages 3 through 9 and 45 through 46 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 to the required supplementary information 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lake Alfred, Florida's basic financial statements. The introductory section, combining financial statements of the fiduciary funds, and statistical section are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining financial statements of the fiduciary funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fiduciary fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2014, on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lake Alfred, Florida's internal control over financial reporting and compliance.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Lakeland, Florida
March 27, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2013

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, 2013. We encourage readers to consider the information presented here in conjunction with the basic financial statements beginning on page 10.

In 2013 the City implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement amends the existing net asset reporting requirements by incorporating deferred outflows and inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets as previously reported.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$ 20,638,174 (net position). Of this amount, \$4,020,042 (unrestricted net position) 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 \$2,332,897 a decrease of \$156,662 in comparison with the prior year. Of this total amount \$1,391,295 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 45 to 48 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 position presents information on all of the City's assets, liabilities, and deferred inflows and outflows of resources with the residual measure reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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, law enforcement, fire protection, roads and streets, public works, sanitation and culture and recreation. The business-type activities of the City include the water, sewer, and storm water departments.

The government-wide financial statements can be found on pages 10 and 11 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 Funds - Governmental funds are 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 12 through 15 of this report.

Proprietary Funds -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 basic proprietary fund financial statements can be found on pages 16 to 18 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on pages 19-20 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 21 to 44 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information on pages 45 and 46 of this report. Required supplementary information consists of the general fund budgetary comparison schedule and the schedules of funding progress for the City's general employees' retirement system and the police officers' and firefighters' retirement system.

Government-Wide Financial Analysis

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

Statement of Net Position (Summary) As of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	2,589,600	2,711,722	4,940,931	4,742,178	7,530,531	7,453,900
Capital assets	8,548,957	7,714,984	12,354,026	12,837,144	20,902,983	20,552,128
Total assets	\$ 11,138,557	\$ 10,426,706	\$17,294,957	\$17,579,322	\$ 28,443,514	\$ 28,006,028
Long-term liabilities outstanding	144,228	135,113	5,863,318	6,287,310	6,007,546	5,992,330
Other liabilities	162,907	137,253	1,624,887	1,591,513	1,787,794	2,158,859
Total liabilities	\$ 307,135	\$ 272,366	\$7,488,205	\$ 7,878,823	\$7,795,340	\$ 8,151,189
Net position:						
Net investment in capital assets	8,548,958	7,714,984	6,520,782	6,578,397	15,069,740	14,293,381
Restricted	899,724	856,865	648,668	578,769	1,548,392	1,435,634
Unrestricted	1,382,740	1,582,491	2,637,302	2,543,333	4,020,042	4,125,824
Total net position	\$ 10,831,422	\$ 10,154,340	\$9,806,752	\$ 9,700,499	\$20,638,174	\$ 19,854,839

Seventy-two percent (73%) of the City's net position 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 position (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (19%) 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 11 of this report.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
Charges for services	\$ 929,830	\$ 937,419	\$ 2,081,268	\$ 2,056,237	\$ 3,011,098	\$ 2,993,656
Operating grants and contributions	148,397	133,255			148,397	133,255
Capital grants and contributions	957,098	993,532	54,188	22,208	1,011,286	1,015,740
General revenues:						
Property taxes	926,120	920,201			926,120	920,201
Other Taxes	1,036,809	1,036,193			1,036,809	1,036,193
Other	584,791	569,888	16,544	61,307	601,335	631,195
Total revenues	4,583,045	4,590,488	2,152,000	2,139,752	6,735,045	6,730,240
Governmental Activities:						
General government	\$784,415	\$ 686,202			\$ 784,415	\$ 686,202
Police	941,577	896,655			941,577	896,655
Fire	658,036	550,019			658,036	550,019
Building and zoning	239,687	247,438			239,687	247,438
Sanitation	351,853	359,980			351,853	359,980
Public Works	74,194	100,501			74,194	-
Streets	453,656	457,010			453,656	457,010
Parks and recreation	520,781	409,886			520,781	409,886
Business- Type Activities:						
Water			687,076	865,434	836,698	865,434
Sewer			1,177,667	1,245,867	1,177,667	1,245,867
Stormwater			62,768	122,427	62,768	122,427
Total expenses	4,024,199	3,707,691	1,927,511	2,233,728	5,951,710	5,941,419
Increase (decrease) in net position before transfers	558,846	882,797	224,489	(93,976)	783,335	788,821
Transfers	118,236	-	(118,236)	-	-	-
Increase (decrease) in net position	677,082	882,797	106,253	(93,976)	783,335	788,821
Net position - October 1	10,154,340	9,271,543	9,700,499	9,794,475	19,854,839	19,066,018
Net position –September 30	\$10,831,422	\$ 10,154,340	\$9,806,752	\$ 9,700,499	\$20,638,174	\$ 19,854,839

Governmental activities increased the City's net position by \$667,082 compared to \$882,797 for 2012. The decrease of \$215,715 is related to Veterans Memorial project and increased spending in public safety. Business-type activities increased the City's net position by \$106,253 compared to a decrease of \$93,976 in 2012.

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, unassigned 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 unassigned cash and cash equivalents of \$1,327,723 compared to \$1,495,122 at the close of the prior year.

The enterprise fund's unrestricted cash and cash equivalents were increased to \$2,408,389 compared to \$2,284,576 at the close of the prior year.

General Fund Budgetary Highlights

During the year there was a \$101,656 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$20,000 supplemental appropriation for the Veterans Memorial Project
- \$63,000 supplemental appropriation for a FEMA Grant for the fire department for purchases of new Self Containing Breathing Apparatus.

Actual revenues on the budgetary basis were less than budgeted by \$59,088, and actual expenditures were more than budgeted by \$4,337 resulting in an overall budget variance of a negative \$63,424. Additional information can be found on page 45 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, 2013, amounts to \$20,902,983 (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.

Major capital asset events during the fiscal year included the following:

- Resurfacing project totaling \$123,750.
- New Lighting Loader purchased for \$114,730.
- Veteran's Memorial construction \$51,250.
- Water Interconnect Project with the City of Winter Haven totaling \$135,850.
- New Obrien Jetter Trailer purchased for \$49,300.

Capital Assets Activity

As of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$2,488,967	\$2,488,606	\$701,132	\$701,132	\$3,190,099	\$3,189,738
Construction in progress	26,274	-	-	4,793	26,274	4,793
Buildings and improvements	4,427,156	3,897,160	20,745,623	20,674,173	25,172,779	24,571,333
Vehicles and equipment	3,255,792	3,126,285	728,556	651,034	3,984,348	3,777,319
Road Network	2,045,045	1,923,696	-	-	2,045,045	1,923,696
Sidewalk Network	539,970	163,665	-	-	539,970	163,665
Less: Accumulated Depreciation	(4,234,247)	(3,884,428)	(9,821,285)	(9,193,988)	(14,055,532)	(13,078,416)
Total	8,548,957	\$7,714,984	\$ 12,354,026	\$12,837,144	\$20,902,983	\$20,552,128

Additional information on the City's capital assets can be found in note 6 on page 33 of this report.

Long-Term Debt

At the end of the current fiscal year, the City had total long-term debt outstanding of \$5,833,244 all of which represents revenue notes.

Revenue Notes and Notes Payable

as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	Total Primary Government
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenue notes	-	-	\$5,833,244	\$6,258,747	\$5,833,244	\$6,258,747
Total	-	-	\$5,833,244	\$6,258,747	\$5,833,244	\$6,258,747

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 35 - 37 of this report.

Economic Factors and Next Year's Budgets and Rates

The implementation of the Affordable Healthcare Act has made management reduce part-time hours. This has affected the fire department and the library. With the extension of another year, the City has changed its administrative period to begin October 1, 2014.

Management is reviewing two proposals of moving fees to assessments. Stormwater fees and abatement costs will be posted to the tax bill. Stormwater fees are currently charged to utility bills, and moving to the tax bill should increase the revenue. Abatement costs are collected when house is sold, if added to the tax bill current owner will have to pay.

A change in how impact fees are calculated will allow for more hook ups to the City's utility system. A community with several units can have the actual usage flows used for the calculation of their impact on the system instead of being charged per unit.

All of these were significant factors considered in preparing the City's budget for the 2014 fiscal year, and are expected to influence the City's fiscal year 2015 financial results.

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.

CITY OF LAKE ALFRED, FLORIDA
GOVERNMENT-WIDE STATEMENT OF NET POSITION
as of September 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,327,723	\$ 2,408,389	\$ 3,736,112
Receivables, current:			
Customer accounts, net	51,865	270,428	322,293
Intergovernmental	121,595		121,595
Franchise and public service taxes	53,019		53,019
Prepaid expenses	41,878		41,878
Restricted assets:			
Cash and cash equivalents	899,724	2,207,170	3,106,894
Capital assets:			
Non-depreciable	2,515,241	701,132	3,216,373
Depreciable, net	6,033,716	11,652,894	17,686,610
Net pension asset	93,796		93,796
Unamortized bond costs		54,944	54,944
TOTAL ASSETS	11,138,557	17,294,957	28,433,514
LIABILITIES			
Accounts payable and accrued expenses	108,297	45,952	154,249
Accrued payroll and employee benefits	54,610	7,729	62,339
Prepaid impact fees		1,196,600	1,196,600
Liabilities payable from restricted assets:			
Accrued interest payable		29,649	29,649
Customer deposits		344,957	344,957
Long-term obligations:			
Due within one year	18,554	428,001	446,555
Due in more than one year	125,674	5,435,317	5,560,991
TOTAL LIABILITIES	307,135	7,488,205	7,795,340
NET POSITION			
Net invested in capital assets	8,548,958	6,520,782	15,069,740
Restricted (expendable) for:			
Law enforcement training	28,869		28,869
Crime prevention	33,431		33,431
Public safety improvements	247,527		247,527
Recreation improvements	29,947		29,947
General government improvements	136,376		136,376
Transportation infrastructure	72,999		72,999
Parks	920		920
Debt service		48,933	48,933
Sanitation equipment and vehicles	349,655		349,655
Sewer system improvements		242,567	242,567
Stormwater system improvements		149,043	149,043
Water system improvements		208,125	208,125
Unrestricted	1,382,740	2,637,302	4,020,042
TOTAL NET POSITION	\$ 10,831,422	\$ 9,806,752	\$ 20,638,174

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
for the year ended September 30, 2013

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$ 784,415	\$ 15,397	\$ 150	\$ 34,258	\$ (734,610)	\$	\$ (734,610)
Building and zoning	239,687	45,468			(194,219)		(194,219)
Police	941,577	25,420	124,534	16,991	(774,632)		(774,632)
Fire	658,036	184,807	23,713	59,850	(389,666)		(389,666)
Sanitation	351,853	516,043			164,190		164,190
Public works	74,194				(74,194)		(74,194)
Roads and streets	453,656	42,572		834,926	423,842		423,842
Parks and recreation	520,781	100,123		11,073	(409,585)		(409,585)
Total governmental activities	<u>4,024,199</u>	<u>929,830</u>	<u>148,397</u>	<u>957,098</u>	<u>(1,988,874)</u>		<u>(1,988,874)</u>
Business-type activities:							
Water utility	687,076	836,698		16,709		166,331	166,331
Sewer utility	1,177,667	1,188,762		37,479		48,574	48,574
Stormwater utility	62,768	55,808				(6,960)	(6,960)
Total business-type activities	<u>1,927,511</u>	<u>2,081,268</u>		<u>54,188</u>		<u>207,945</u>	<u>207,945</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 5,951,710</u>	<u>\$ 3,011,098</u>	<u>\$ 148,397</u>	<u>\$ 1,011,286</u>	<u>(1,988,874)</u>	<u>207,945</u>	<u>(1,780,929)</u>
GENERAL REVENUES:							
Taxes:							
Property taxes, levied for general purposes					926,120		926,120
Franchise taxes					276,797		276,797
Public service taxes					495,270		495,270
Fuel taxes levied for transportation purposes					264,742		264,742
State shared revenue					387,313		387,313
Investment earnings					10,130	10,492	20,622
Miscellaneous					187,348	6,052	193,400
Transfers					118,236	(118,236)	
Total general revenues, special items, and transfers					<u>2,665,956</u>	<u>(101,692)</u>	<u>2,564,264</u>
CHANGE IN NET POSITION					677,082	106,253	783,335
NET POSITION - beginning of year					<u>10,154,340</u>	<u>9,700,499</u>	<u>19,854,839</u>
NET POSITION - end of year					<u>\$ 10,831,422</u>	<u>\$ 9,806,752</u>	<u>\$ 20,638,174</u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
as of September 30, 2013

	General Fund
ASSETS	
Cash and cash equivalents	\$ 1,327,723
Receivables, net:	
Customers	51,865
Intergovernmental	121,595
Franchise and public service taxes	53,019
Prepaid expenditures	41,878
Restricted assets:	
Cash and cash equivalents	<u>899,724</u>
TOTAL ASSETS	<u>\$ 2,495,804</u>
LIABILITIES AND FUND BALANCE	
Accounts payable and accrued expenses	\$ 108,297
Accrued payroll and employee benefits	<u>54,610</u>
TOTAL LIABILITIES	<u>162,907</u>
FUND BALANCE:	
Nonspendable	41,878
Restricted for:	
Law enforcement education and training	28,869
Crime prevention	33,431
Sanitation equipment	37,980
Sanitation vehicles	311,675
Public safety improvements (impact fees)	247,527
Recreation improvements (impact fees)	29,947
General government improvements (impact fees)	136,376
Transportation infrastructure	72,999
Parks	920
Unassigned	<u>1,391,295</u>
TOTAL FUND BALANCE	<u>2,332,897</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,495,804</u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
as of September 30, 2013

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 2,332,897
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	8,548,957
Net pension assets are not current financial resources and therefore are not reported as assets in the governmental funds.	93,796
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>(144,228)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 10,831,422</u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
for the year ended September 30, 2013

	<u>General Fund</u>
REVENUES:	
Taxes	\$ 1,918,497
Licenses and permits	69,285
Intergovernmental revenue	667,460
Charges for services	776,539
Fines and forfeitures	30,278
Other	<u>286,060</u>
Total revenues	<u>3,748,119</u>
EXPENDITURES:	
General government	777,340
Public safety	1,713,537
Physical environment	381,812
Transportation	333,271
Culture and recreation	365,438
Capital outlay	<u>451,619</u>
Total expenditures	<u>4,023,017</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(274,898)</u>
OTHER FINANCING SOURCES (USES)	
Operating transfers in (out)	<u>118,236</u>
Total other financing sources	<u>118,236</u>
NET CHANGE IN FUND BALANCE	(156,662)
FUND BALANCE, beginning of year	<u>2,489,559</u>
FUND BALANCE, end of year	<u>\$ 2,332,897</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
for the year ended September 30, 2013

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (156,662)

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, 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. 1,297,540

Depreciation expense on capital assets is reported in the government-wide statement of activities, but they do not require the use of current financial resources. (463,567)

This is the change in the net pension assets during the year. 8,886

Long-term compensated absences and termination benefits are reported in the government-wide statement of activities, but they do not require the use of current financial resources. This is the net change in the liability. (9,115)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 677,082

CITY OF LAKE ALFRED, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
as of September 30, 2013

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,408,389
Accounts receivable:	
Customer receivable, net	270,428
Total current assets	<u>2,678,817</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	2,207,170
Capital assets, net:	
Non-depreciable	701,132
Depreciable, net	11,652,894
Unamortized bond issue costs	54,944
Total noncurrent assets	<u>14,616,140</u>
TOTAL ASSETS	<u>17,294,957</u>
LIABILITIES	
Current liabilities:	
Accounts payable	45,952
Accrued payroll	7,729
Bonds and notes payable, current portion	428,001
Total current liabilities	<u>481,682</u>
Noncurrent liabilities:	
Payable from restricted assets:	
Accrued interest payable	29,649
Customer deposits	344,957
Prepaid impact fees	1,196,600
Compensated absences	30,074
Bonds and notes payable, noncurrent portion	5,405,243
Total noncurrent liabilities	<u>7,006,523</u>
TOTAL LIABILITIES	<u>7,488,205</u>
NET POSITION	
Net investment in capital assets	6,520,782
Restricted (expendable) for:	
Debt service	48,933
Sewer system improvements	242,567
Stormwater system maintenance	149,043
Water system improvements	208,125
Unrestricted	2,637,302
TOTAL NET POSITION	<u>\$ 9,806,752</u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
for the year ended September 30, 2013

	<u>Enterprise Fund</u>
OPERATING REVENUES:	
Charges for services	\$ 2,081,268
Total operating revenues	<u>2,081,268</u>
OPERATING EXPENSES:	
Personal services	474,122
Operating expenses	681,170
Depreciation	627,297
Total operating expenses	<u>1,782,589</u>
OPERATING INCOME (LOSS)	<u>298,679</u>
NONOPERATING REVENUE (EXPENSE):	
Interest revenue	10,492
Interest expense	(144,922)
Other nonoperating income	6,052
Total nonoperating revenues (expenses)	<u>(128,378)</u>
Income (loss) before contributions and transfers	170,301
CAPITAL CONTRIBUTIONS	
Impact fees	54,188
Total capital contributions	<u>54,188</u>
TRANSFERS IN (OUT)	<u>(118,236)</u>
Change in net position	106,253
TOTAL NET POSITION - beginning of year	<u>9,700,499</u>
TOTAL NET POSITION - end of year	<u>\$ 9,806,752</u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
for the year ended September 30, 2013

	<u>Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 2,084,033
Payments to suppliers	(667,187)
Payments for salaries and benefits	(472,144)
Net cash flows from operating activities	<u>944,702</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer out	(118,236)
Net cash flows from noncapital financing activities	<u>(118,236)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets, net of related payables	(144,179)
Principal paid on notes, bonds and lease obligations	(425,503)
Interest paid on borrowings	(128,586)
Impact fees received in cash	54,188
Proceeds from sales of assets	6,849
Net cash flows from capital and related financing activities	<u>(637,231)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on invested funds	10,492
Net cash flows from investing activities	<u>10,492</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	199,727
CASH AND CASH EQUIVALENTS, beginning of year	<u>4,415,832</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 4,615,559</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 298,679
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	627,297
(Increase) decrease in accounts receivable	(4,192)
(Increase)/decrease in due to other funds	(4,086)
(Increase) decrease in customer deposits	6,957
Increase (decrease) in accounts payable and accrued expenses	18,069
Increase (decrease) in accrued wages and comp absences	1,978
Net cash flows from operating activities	<u><u>\$ 944,702</u></u>
Noncash financing and investing activities:	<u><u>\$ None</u></u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION- FIDUCIARY FUNDS
as of September 30, 2013

	Pension Trust Funds
ASSETS	
Receivables:	
Accrued Income	\$ 8,221
Total receivables	<u>8,221</u>
Investments, at fair market value:	
Short-term money market investments	82,246
Common stocks and pooled equity funds	3,918,164
Bonds and pooled fixed income funds	<u>2,288,321</u>
Total investments	<u>6,288,731</u>
Total assets	<u>6,296,952</u>
NET POSITION - restricted for pension benefits	<u>\$ 6,296,952</u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
for the year ended September 30, 2013

	Pension Trust Funds
ADDITIONS	
Contributions:	
City	\$ 271,757
Plan members	92,667
State of Florida	<u>54,514</u>
Total contributions	<u>418,938</u>
Investment income	<u>678,582</u>
Less investment expenses:	
Performance evaluation fees	11,750
Custodial fees	12,638
Investment management fees	<u>12,714</u>
Total investment expenses	<u>37,102</u>
Net investment income (loss)	<u>641,480</u>
Total additions	<u>1,060,418</u>
DEDUCTIONS	
Administrative expenses	42,853
Benefits and termination payments	<u>276,355</u>
Total deductions	<u>319,208</u>
NET INCREASE (DECREASE)	<u>741,210</u>
NET POSITION - beginning of year	<u>5,555,742</u>
NET POSITION - end of year	<u><u>\$ 6,296,952</u></u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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 statements (GASBS) and interpretations (GASBI). During the year, the City implemented GASBS 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which supersedes GASBS 20. GASBS 20 gave governments the choice to elect to follow only GASB's authoritative literature, or to follow FASB and AICPA pronouncements that did not conflict with GASB pronouncements. Upon adoption of GASB 62, all governmental accounting guidance is codified into the GASB literature. 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, 2013

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 Position 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, 2013

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 position, 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 position and changes in net position 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, 2013

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, 2013

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

D. ASSETS, LIABILITIES AND NET POSITION 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 \$38,996 at September 30, 2013. 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, 2013, such reserves totaled \$1,680.

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, 2013

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

D. ASSETS, LIABILITIES AND NET POSITION 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 position. 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, 2013

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

D. ASSETS, LIABILITIES AND NET POSITION 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, 2013, 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 \$54,514 for the year ended September 30, 2013. 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, 2013

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

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

EQUITY CLASSIFICATIONS -

Government-wide Statements - The City implemented the provisions of GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement amends the existing net asset reporting requirements by incorporating deferred outflows and inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets as previously reported. Accordingly, equity is classified as net position and displayed in three components:

- a) Net investment in capital assets - 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 position - Consists of net position 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 position reports \$1,548,392 of restricted net position, of which \$1,498,539 is restricted by enabling legislation.
- c) Unrestricted net position - Consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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.

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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

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

EQUITY CLASSIFICATIONS - (cont...)

Fund Balance Classification in Governmental Fund Statements - (cont...)

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 building fees and police education fines and forfeitures as being restricted because their use is restricted by State Statute. The City has also classified its various impact fees and sanitation equipment fees as restricted as their use is restricted by local ordinances. 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 (ordinance) 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) 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, 2013.

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, 2013.

Unassigned: All other spendable amounts.

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.

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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

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

EQUITY CLASSIFICATIONS - (cont...)

Fund Balance Classification in Governmental Fund Statements - (cont...)

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, 2013.

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, 2013 was 7.589.

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).

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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 Position of Individual Funds - As of September 30, 2013, no individual fund had a deficit fund balance or net position deficit.
- C. Excess of Expenditures Over Budget Appropriations in Individual Funds - For the year ended September 30, 2013, no budgetary fund had an excess of expenditures over appropriations.

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 position 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	1,101,201
Deposits in financial institutions:	
Insured or fully collateralized bank deposits	<u>5,741,405</u>
Total cash and cash equivalents	<u>\$ 6,843,006</u>

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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

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

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

Issuer/Issue	Fitch/ S&P Rating	Fair Value	Weighted Average Duration (WAD)/ Maturity (WAM)
City:			
State Board of Administration Florida Prime	S&P - AAm	\$ 1,101,201 <u>\$ 1,101,201</u>	WAM 44 days
General Employees' Retirement System:			
Short term money market funds	Not Rated	\$ 46,600	NA
FMIvT Bond Fund	Fitch - AA/V5	1,390,824 <u>\$ 1,437,424</u>	WAD 4.7
Police Officers' and Firefighters' Retirement System:			
Short term money market funds	S&P - AAm	\$ 35,646	NA
Fixed income mutual funds	Not Rated	897,497 <u>\$ 933,143</u>	WAD 4.4

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2013, is summarized below:

	Balance October 1, 2012	Additions	Deletions	Balance September 30, 2013
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 2,488,606	\$ 361	\$	\$ 2,488,967
Construction in process		26,274		26,274
Total	<u>\$ 2,488,606</u>	<u>\$ 26,635</u>	<u>\$</u>	<u>\$ 2,515,241</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 3,897,160	\$ 529,996	\$	\$ 4,427,156
Equipment	3,126,285	243,255	(113,748)	3,255,792
Infrastructure:				
Road network	1,923,696	121,349		2,045,045
Sidewalk network	163,665	376,305		539,970
Total capital assets being depreciated	<u>9,110,806</u>	<u>1,270,905</u>	<u>(113,748)</u>	<u>10,267,963</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,028,170)	(172,324)		(1,200,494)
Equipment	(2,368,232)	(180,759)	113,748	(2,435,243)
Infrastructure:				
Road network	(439,668)	(92,867)		(532,535)
Sidewalk network	(48,358)	(17,617)		(65,975)
Total accumulated depreciation	<u>(3,884,428)</u>	<u>(463,567)</u>	<u>113,748</u>	<u>(4,234,247)</u>
Depreciable capital assets, net	<u>5,226,378</u>	<u>807,338</u>		<u>\$ 6,033,716</u>
Governmental activities capital assets, net	<u>\$ 7,714,984</u>	<u>\$ 833,973</u>	<u>\$</u>	<u>\$ 8,548,957</u>
<u>Business-type activities:</u>				
Capital assets not being depreciated:				
Land	\$ 701,132	\$	\$	\$ 701,132
Construction in process	4,793	66,657	(71,450)	
Total	<u>\$ 705,925</u>	<u>\$ 66,657</u>	<u>\$ (71,450)</u>	<u>\$ 701,132</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 20,674,173	\$ 71,450	\$	\$ 20,745,623
Equipment	651,034	77,522		728,556
Total capital assets being depreciated	<u>21,325,207</u>	<u>148,972</u>		<u>21,474,179</u>
Less accumulated depreciation for:				
Buildings and improvements	(8,702,361)	(596,431)		(9,298,792)
Equipment	(491,627)	(30,866)		(522,493)
Total accumulated depreciation	<u>(9,193,988)</u>	<u>(627,297)</u>		<u>(9,821,285)</u>
Depreciable capital assets, net	<u>12,131,219</u>	<u>(478,325)</u>		<u>11,652,894</u>
Business-type capital assets, net	<u>\$ 12,837,144</u>	<u>\$ (411,668)</u>	<u>\$ (71,450)</u>	<u>\$ 12,354,026</u>

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 6 - CAPITAL ASSETS (cont...)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

General government	\$ 61,420
Law enforcement	63,309
Fire control	19,485
Building and zoning	8,497
Sanitation	39,850
Public works	806
Roads and streets	118,162
Parks and recreation	<u>152,038</u>
Total depreciation expense - governmental activities	<u>\$ 463,567</u>

Business-type Activities:

Water utility	\$ 192,036
Wastewater utility	411,280
Stormwater utility	<u>23,981</u>
Total depreciation expense - business-type activities	<u>\$ 627,297</u>

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 7 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2013:

	Balance October 1, 2012	Additions	Reductions	Balance September 30, 2013	Amounts Due within One Year
<u>Governmental Activities:</u>					
Long-term debt:					
Notes payable:					
None	\$	\$	\$	\$	\$
Total long-term debt					
Other liabilities:					
Accrued termination benefits	9,180		(4,590)	4,590	4,590
Compensated absences:					
Vacation and sick pay	125,933	149,025	(135,320)	139,638	13,964
Total other liabilities	135,113	149,025	(139,910)	144,228	18,554
Total long-term liabilities	<u>\$ 135,113</u>	<u>\$ 149,025</u>	<u>\$ (139,910)</u>	144,228	<u>\$ 18,554</u>
Less amount due in one year				(18,554)	
Net long-term liabilities due after one year				<u>\$ 125,674</u>	
<u>Business-type Activities:</u>					
Long-term debt:					
Notes payable:					
Series 2012 Revenue Refunding Note	\$ 2,358,620	\$	\$ (194,446)	\$ 2,164,174	\$ 188,823
WW719090 installment note to DEP	3,900,127		(231,057)	3,669,070	236,171
Total long-term debt	6,258,747		(425,503)	5,833,244	424,994
Other liabilities:					
Compensated absences					
Vacation and sick pay	28,563	32,130	(30,619)	30,074	3,007
Total other liabilities	28,563	32,130	(30,619)	30,074	3,007
Total long-term liabilities	<u>\$ 6,287,310</u>	<u>\$ 32,130</u>	<u>\$ (456,122)</u>	5,863,318	<u>\$ 428,001</u>
Less amount due in one year				(428,001)	
Net long-term liabilities due after one year				<u>\$ 5,435,317</u>	

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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:

- Governmental activities had no long-term debt as of September 30, 2013.

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.

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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	\$ 6,705,265	\$ 554,089	\$ 973,635	175.72%

Maturities:

Annual requirements to repay all long-term bonds and notes payable as of September 30, 2013, were as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$	\$	\$ 424,994	\$ 129,096
2015			434,736	119,353
2016			444,702	109,387
2017			454,897	99,192
2018			465,326	88,763
2019 - 2023			2,491,643	278,804
2024 - 2028			1,116,946	47,426
Total	\$	\$	\$ 5,833,244	\$ 872,021

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 8 - INTERFUND TRANSACTIONS

Interfund transactions are summarized below:

Receivable Fund	Payable Fund	Amount
None	None	\$

Interfund transfers for the year ending September 30, 2013, consisted of:

Receiving Fund	Paying Fund	Amount
General Fund	Enterprise Fund	\$ 118,236

The transfer from the enterprise fund to the general fund is a budgeted operating transfer.

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. 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, 2013

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 Officers and Firefighters</u>
Contribution rates		
City	15.30%	12.50%
Plan members	5.00%	5.00%
Annual pension cost	\$162,582	\$96,597
Contributions made	\$166,916	\$104,841

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 Officers and Firefighters</u>
Actuarial valuation date	October 1, 2011	October 1, 2011
Actuarial cost method	Entry Age Normal	Entry Age Normal
Mortality rate	RP 2000 Mortality Table	RP 2000 Mortality Table
Amortization period	30	30
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, 2013

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 position.

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)
General Employees' Retirement System:			
9/30/13	\$ 162,582	104%	\$ (63,822)
9/30/12	\$ 148,212	100%	\$ (59,488)
9/30/11	\$ 211,489	99%	\$ (61,695)
Police Officers' and Firefighters' Retirement System:			
9/30/13	\$ 96,597	104%	\$ (29,974)
9/30/12	\$ 67,058	100%	\$ (21,730)
9/30/11	\$ 62,452	100%	\$ (23,122)

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Actuarially determined contribution (A)	\$ 160,529	\$ 145,913	\$ 95,250	\$ 65,666
Interest on net pension asset (NPA)	(4,781)	(4,860)	(1,792)	(1,890)
Adjustment to (A)	6,834	7,159	3,139	3,282
Annual pension cost	162,582	148,212	96,597	67,058
Contributions made	166,916	146,005	104,841	65,666
Increase (decrease) in NPA	4,334	(2,207)	8,244	(1,392)
NPA, beginning of year	59,488	61,695	21,730	23,122
NPA, end of year	<u>\$ 63,822</u>	<u>\$ 59,488</u>	<u>\$ 29,974</u>	<u>\$ 21,730</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)
--------------------------------	--	--	------------------------------------	--------------------------	---------------------------	---

General Employees' Retirement System:

10/01/2012	\$ 3,221,178	\$ 3,799,701	\$ 578,523	84.77%	\$ 1,095,004	52.83%
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Police Officers' and Firefighters' Retirement System:

10/01/2012	\$ 2,274,445	\$ 2,486,607	\$ 212,162	91%	\$ 750,077	28.29%
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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.

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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.

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

Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net Pension Obligation (Asset)
9/30/13	\$ NA	NA	\$ NA
9/30/12	\$ NA	NA	\$ NA
9/30/11	\$ NA	NA	\$ NA

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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 position. Segment financial information that can be separately identified for the water and sewer operations as of and for the year ended September 30, 2013, is presented below:

	<u>Water & Sewer System</u>
Condensed statement of revenues, expenses and changes in net position:	
Charges for services	\$ 2,025,460
Operating expenses	(1,116,505)
Depreciation	(603,316)
Operating income (loss)	305,639
Interest income	10,492
Interest expense	(144,922)
Non-operating income	6,052
Impact fees and capital grants and contributions	54,188
Transfers out	(118,236)
Change in net position	\$ 113,213
 Condensed statement of net position:	
Capital assets, net	\$ 11,913,028
Long-term liabilities	\$ 5,833,244
Net investment in capital assets	\$ 6,079,784

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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, 2013 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.



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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAKE ALFRED, FLORIDA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (unaudited)
for the year ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RESOURCES (inflows):				
Taxes	\$ 1,947,458	\$ 1,918,505	\$ 1,918,497	\$ (8)
Licenses and permits	65,100	69,288	69,285	(3)
Intergovernmental revenue	580,017	667,460	667,460	
Charges for services	679,135	685,757	681,768	(3,989)
Fines and forfeitures	50,500	25,075	30,278	5,203
Other	198,470	273,130	286,060	12,930
Amounts available for appropriation	<u>3,520,680</u>	<u>3,639,215</u>	<u>3,653,348</u>	<u>14,133</u>
CHARGES TO APPROPRIATIONS (outflows):				
General government	1,062,141	1,089,995	1,085,901	4,094
Public safety	1,414,684	1,511,155	1,511,065	90
Physical environment	327,152	286,165	286,137	28
Transportation	294,186	292,110	292,079	31
Culture/recreation	328,044	349,750	349,667	83
Capital outlay	452,942	451,630	451,619	11
Total charges to appropriations	<u>3,879,149</u>	<u>3,980,805</u>	<u>3,976,468</u>	<u>4,337</u>
EXCESS (DEFICIENCY) OF RESOURCES				
OVER CHARGES TO APPROPRIATIONS	<u>(358,469)</u>	<u>(341,590)</u>	<u>(323,120)</u>	<u>9,796</u>
Inter-fund transfers	118,236	118,235	118,236	1
Prior year fund balance reappropriated to current year				
General reserve	122,000	101,912		
Public safety impact fee reserve		25,475		
LEET fund reserve	2,000			
Sanitation equipment reserve	116,233	95,968		
NET CHANGE IN FUND BALANCE	<u>\$</u>	<u>\$</u>	<u>\$ (204,884)</u>	<u>\$ 9,797</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP

Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 3,653,348
Differences - budget to GAAP:	
Sanitation vehicle reserve revenue is not budgeted	48,222
Gross up recycling revenue and expense for GAAP reporting	46,549
Total revenues and other sources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,748,119</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule	\$ 3,976,468
Gross up recycling revenue and expense for GAAP reporting	46,549
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 4,023,017</u>

Notes to Budgetary Comparison Schedule:

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

See Independent Auditor's Report

CITY OF LAKE ALFRED, FLORIDA
SCHEDULE OF FUNDING PROGRESS (unaudited)
September 30, 2013

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)
General Employees' Retirement System:						
10/01/2012	\$ 3,221,178	\$ 3,799,701	\$ 578,523	84.77%	\$ 1,095,004	52.83%
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%
Police Officers' and Firefighters' Retirement System:						
10/01/2012	\$ 2,274,445	\$ 2,486,607	\$ 212,162	91%	\$ 750,077	28.29%
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%

See Independent Auditor's Report



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OTHER SUPPLEMENTARY INFORMATION

CITY OF LAKE ALFRED, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
As of September 30, 2013

	Pension Trust Funds		
	General Employees	Police & Fire Pension	Total
ASSETS			
Receivables:			
Accrued income	\$	8,221	\$ 8,221
Total receivables		8,221	8,221
Investments, at fair market value:			
Short-term money markets	46,600	35,646	82,246
Common stocks and pooled equity funds	2,147,173	1,770,991	3,918,164
Bonds and fixed income funds	1,390,824	897,497	2,288,321
Total investments	3,584,597	2,704,134	6,288,731
Total assets	3,584,597	2,712,355	6,296,952
NET POSITION - restricted for pension benefits	\$ 3,584,597	\$ 2,712,355	\$ 6,296,952

See Independent Auditor's Report

CITY OF LAKE ALFRED, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION - FIDUCIARY FUNDS
For the year ended September 30, 2013

	Pension Trust Funds		
	General Employees	Police & Fire Pension	Total
ADDITIONS			
Contributions:			
City	\$ 166,916	\$ 104,841	\$ 271,757
Plan members	54,494	38,173	92,667
State of Florida	<u>54,514</u>	<u>54,514</u>	<u>54,514</u>
Total contributions	221,410	197,528	418,938
Investment income (loss)	395,884	282,698	678,582
Less investment expenses:			
Performance evaluation fees	3,875	7,875	11,750
Custodial fees	8,888	3,750	12,638
Investment management fees	<u>1,600</u>	<u>11,114</u>	<u>12,714</u>
Total investment expenses	14,363	22,739	37,102
Net investment income (loss)	<u>381,521</u>	<u>259,959</u>	<u>641,480</u>
Total additions	<u>602,931</u>	<u>457,487</u>	<u>1,060,418</u>
DEDUCTIONS			
Administrative expenses	18,371	24,482	42,853
Benefits and termination payments	<u>233,255</u>	<u>43,100</u>	<u>276,355</u>
Total deductions	<u>251,626</u>	<u>67,582</u>	<u>319,208</u>
NET INCREASE (DECREASE)	<u>351,305</u>	<u>389,905</u>	<u>741,210</u>
NET POSITION - beginning of year	<u>3,233,292</u>	<u>2,322,450</u>	<u>5,555,742</u>
NET POSITION - end of year	<u>\$ 3,584,597</u>	<u>\$ 2,712,355</u>	<u>\$ 6,296,952</u>

See Independent Auditor's Report



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STATISTICAL SECTION

Lake Alfred, Florida
Schedule of Net Position - By Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Governmental Activities</u>										
Net investment in capital assets	\$ 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	\$ 8,548,958
Restricted	55,971	321,458	679,011	699,063	841,801	724,154	629,545	899,119	856,865	899,724
Unrestricted	237,660	473,666	494,151	861,893	1,176,673	1,748,304	1,953,086	1,536,249	1,582,491	1,382,740
Total governmental activities net position	\$ 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	\$ 10,831,422
<u>Business-type activities</u>										
Net investment in capital assets	\$ 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	\$ 6,520,782
Restricted	785,510	851,217	2,141,589	799,888	1,141,366	1,352,857	1,167,613	622,852	578,769	648,668
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	2,637,302
Total Business-type activities net position	\$ 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	\$ 9,806,752
<u>Primary Government</u>										
Net investment in capital assets	\$ 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	\$ 15,069,740
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	1,548,392
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	4,020,042
Total primary government net position	\$ 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	\$ 20,638,174

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

Lake Alfred, Florida
Schedule of
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Expenses</u>										
Governmental Activities:										
General Government	\$ 715,428	\$ 713,494	\$ 832,242	\$ 775,461	\$ 917,303	\$ 929,709	\$ 783,251	\$ 766,279	\$ 686,202	\$ 784,415
Building & Zoning	-	142,091	182,375	194,624	154,324	125,831	109,644	140,153	247,438	239,687
Police	702,092	728,541	733,807	778,689	857,193	806,590	804,869	882,166	896,655	941,577
Fire	414,267	451,934	486,859	458,745	495,129	492,389	493,600	566,230	550,019	658,036
Sanitation	-	-	-	-	-	-	-	333,855	359,980	351,853
Transportation	567,407	428,049	476,178	383,022	462,318	606,197	443,834	521,248	557,511	74,194
Culture and Recreation	232,558	249,546	305,135	321,572	366,738	408,397	401,027	406,791	409,886	453,656
Interest on long term debt	17,275	18,441	5,117	31,631	20,137	-	1,249	851	-	520,781
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	4,024,199
Business-type activities:										
Water Utility	780,338	656,518	682,880	876,435	793,477	946,531	885,029	1,019,692	865,434	687,076
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	1,177,667
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	62,768
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	1,927,511
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	\$ 5,951,710
<u>Program revenues</u>										
Governmental activities:										
Charges for services	\$ 401,361	\$ 950,159	\$ 1,096,810	\$ 863,904	\$ 477,240	\$ 312,890	\$ 305,079	\$ 805,432	\$ 937,419	\$ 929,830
Operating grants and contributions	36,788	250,099	63,898	26,356	115,264	125,952	127,434	126,179	133,255	148,397
Capital grants and contributions	157,084	224,613	921,873	453,384	832,556	163,536	202,364	72,625	993,532	957,098
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	2,035,325
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	2,081,268
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	54,188
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	2,135,456
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	\$ 4,170,781
<u>Net(expenses)/revenue</u>										
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)	(1,988,874)
Business-type activities	544,892	714,637	2,951,005	501,339	1,632,261	520,259	(24,081)	(497,740)	(155,283)	207,945
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)	\$ (1,780,929)

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

Lake Alfred, Florida
Schedule of
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
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	\$ 926,120
Franchise Taxes	293,527	321,097	352,165	413,061	429,833	307,722	309,977	296,006	286,614	276,797
Public Service Taxes	269,327	277,322	279,526	293,074	308,223	502,042	528,408	517,937	511,314	495,270
Fuel Taxes	-	-	-	-	242,577	244,157	242,138	240,482	238,265	264,742
State shared revenue	591,699	406,265	383,958	378,586	363,131	321,067	314,667	328,161	366,651	387,313
Investment earnings	10,218	37,136	73,286	99,428	56,764	34,483	19,263	16,289	12,030	10,130
Miscellaneous	143,553	64,954	-	1,892	162,772	200,044	144,518	173,658	191,207	187,348
Historical preservation grant	-	2,530,180	-	-	-	-	-	-	-	-
Interfund transfer	155,000	215,508	213,200	220,000	113,300	-	35,000	404,979	-	118,236
Total governmental activities	2,176,372	4,594,123	2,113,682	2,377,036	3,246,857	3,071,573	2,790,652	2,974,322	2,526,282	2,665,956
Business-type Activities:										
Investment earnings	6,530	11,854	129,048	228,126	165,748	109,132	55,012	39,362	33,481	10,492
Miscellaneous	-	-	7,125	2,462	9,290	690	2,417	9,191	27,826	6,052
Interfund transfer	(155,000)	(215,508)	(213,200)	(220,000)	(113,300)	-	(35,000)	(404,979)	-	(118,236)
Total business-type activities	(148,470)	(203,654)	(77,027)	10,588	61,738	109,822	22,429	(356,426)	61,307	(101,692)
Total primary government	\$ 2,027,902	\$ 4,390,469	\$ 2,036,655	\$ 2,387,624	\$ 3,308,595	\$ 3,181,395	\$ 2,813,081	\$ 2,617,896	\$ 2,587,589	\$ 2,564,264
Change in Net Position										
Governmental activities	\$ 122,578	\$ 3,286,898	\$ 1,174,550	\$ 776,936	\$ 1,398,775	\$ 304,838	\$ 388,055	\$ 360,985	\$ 882,797	\$ 677,082
Business-type activities	396,422	510,983	2,873,978	511,927	1,693,999	630,081	(1,652)	(854,166)	(93,976)	106,253
Total Primary Government	\$ 519,000	\$ 3,797,881	\$ 4,048,528	\$ 1,288,863	\$ 3,092,774	\$ 934,919	\$ 386,403	\$ (493,181)	\$ 788,821	\$ 783,335

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

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

	2004	2005	2006	2007	2008
General Fund					
Reserved	\$ 93,627	\$ 540,636	\$ 728,564	\$ 699,063	\$ 841,801
Unreserved	321,308	286,521	540,372	967,915	1,248,019
Total General Fund	<u>\$ 414,935</u>	<u>\$ 827,157</u>	<u>\$ 1,268,936</u>	<u>\$ 1,666,978</u>	<u>\$ 2,089,820</u>
	2009	2010	2011	2012	2013
General Fund					
Reserved	\$ 740,032	\$ 629,545	\$ -	\$ -	\$ -
Unreserved	1,765,632	1,993,690	-	-	-
Nonspendable	-	-	-	43,191	41,878
Restricted	-	-	899,119	856,865	899,724
Unassigned	-	-	1,596,262	1,589,503	1,391,295
Total General Fund	<u>\$ 2,505,664</u>	<u>\$ 2,623,235</u>	<u>\$ 2,495,381</u>	<u>\$ 2,489,559</u>	<u>\$ 2,332,897</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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 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	\$ 1,918,497
Licenses and Permits	65,842	245,732	373,432	123,082	202,689	56,533	60,967	65,781	52,029	69,285
Intergovernmental	604,998	658,161	611,472	943,363	774,286	643,918	675,000	554,527	628,951	667,460
Charges for services	146,640	162,990	182,691	200,995	204,100	182,975	180,385	661,388	782,127	776,539
Fines and forfeitures	68,627	65,523	24,631	50,387	46,877	45,494	38,021	53,796	50,695	30,278
Other	231,200	419,626	217,162	257,017	239,341	217,221	190,193	221,038	236,390	286,060
Total revenues	\$ 2,616,607	\$ 3,120,276	\$ 3,079,522	\$ 3,477,587	\$ 3,988,187	\$ 3,629,836	\$ 3,389,358	\$ 3,573,579	\$ 3,669,004	\$ 3,748,119
Expenditures										
Current										
General Government	\$ 713,138	\$ 694,043	\$ 776,575	\$ 717,471	\$ 882,672	\$ 902,568	\$ 850,833	\$ 707,055	\$ 656,099	\$ 777,340
Public Safety	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	1,713,537
Physical environment	112,594	121,802	138,044	93,174	111,121	122,095	142,686	429,123	425,882	381,812
Transportation	318,080	262,610	276,206	203,374	217,962	211,115	228,576	258,864	347,346	333,271
Culture & Recreation	191,720	191,385	238,090	252,905	296,219	323,821	311,853	307,810	292,765	365,438
Debt Service										
Principal retirement	55,049	43,329	45,117	44,486	419,193	8,951	8,951	8,951	-	-
Interest	17,276	18,440	5,118	31,631	20,137	1,249	1,249	1,249	-	-
Debt issue costs	-	-	-	-	-	-	-	-	-	-
Capital Outlay	260,818	529,436	220,792	654,613	533,159	368,970	464,466	823,025	344,603	451,619
Total expenditures	\$ 2,748,823	\$ 3,080,122	\$ 3,004,206	\$ 3,290,932	\$ 3,799,075	\$ 3,258,107	\$ 3,307,957	\$ 4,007,008	\$ 3,674,826	\$ 4,023,017
Excess(deficiency) of revenues over(under) expenditures	\$ (132,216)	\$ 40,154	\$ 75,316	\$ 186,655	\$ 189,112	\$ 371,729	\$ 81,401	\$ (433,429)	\$ (5,822)	\$ (274,898)
Other financing sources(uses)										
Transfers in	155,000	215,508	213,200	220,000	113,300	-	35,000	305,575	-	118,236
Impact Fees	-	131,560	153,263	39,780	77,220	5,850	1,170	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-
Capital grants	-	25,000	-	-	-	-	-	-	-	-
Proceeds from Borrowing	-	-	-	-	-	38,265	-	-	-	-
Total other financing sources (uses)	\$ 155,000	\$ 372,068	\$ 366,463	\$ 259,780	\$ 190,520	\$ 44,115	\$ 36,170	\$ 305,575	\$ -	\$ 118,236
Net change in fund balance	\$ 22,784	\$ 412,222	\$ 441,779	\$ 446,435	\$ 379,632	\$ 415,844	\$ 117,571	\$ (127,854)	\$ (5,822)	\$ (156,662)
Debt service as percentage of non-capital expenditures	2.9%	2.4%	1.8%	2.9%	13.5%	0.4%	0.4%	0.3%	0.0%	0.0%

**Lake Alfred, Florida
Schedule of
Assessed Value and Estimated 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
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
2013	109,009,276	20,421,028	902,536	130,332,840	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
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
2013	7.589	6.867	7.547	0.492	0.1685	22.663

**Lake Alfred, Florida
Schedule of
Principal Property Tax Payers
September 30, 2013 For the Current Year and Ten Years Prior**

Taxpayer	2013		2003	
	Taxable Assessed Valuation	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Percentage of Total Taxable Assessed Value
Mizkan Americas Inc	8,355,203	6.57%	*	*
Cax Cypress Gardens	6,951,562	5.47%	*	*
Caribbean Distillers LLC	4,426,196	3.48%	*	*
Tampa Electric	3,833,854	3.01%	*	*
Verizon	2,233,474	1.76%	*	*
Ash Street Group LLC	1,731,164	1.36%	*	*
The Florida LP	1,598,046	1.26%		
Growers Fertilizer	1,550,319	1.22%	*	*
1792BT LLC	1,523,513	1.20%	*	*
MLA Income Properties II LLC	1,290,500	1.01%	*	*
	<u>33,493,831</u>	<u>26.33%</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
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	952,946	98.73%	3,280	956,225	99.07%
2013	989,096	*	*	*	*	*

* 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				
2004	552,125	-	3,772,847	262,969	-	4,587,941	130,990,700	3.50%	1,146
2005	508,796	-	3,574,543	387,811	-	4,471,150	141,419,652	3.16%	1,106
2006	463,679	-	3,368,480	1,016,518	-	4,848,677	157,993,931	3.07%	1,144
2007	419,193	-	3,154,356	4,703,730	-	8,277,279	174,907,229	4.73%	1,832
2008	-	-	2,991,470	5,111,891	-	8,103,361	181,681,650	4.46%	1,776
2009	-	28,066	2,821,323	4,873,970	77,044	7,800,403	174,626,404	4.47%	1,686
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	185,364,430	3.60%	1,332
2012	-	-	2,358,620	3,900,127	-	6,258,747	185,866,069	3.37%	1,246
2013	-	-	2,164,174	3,669,070	-	5,833,244	191,747,780	3.04%	1,151

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**

General Bonded Debt Outstanding

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, 2013

Jurisdiction	Total Bonded Debt Outstanding	Percentage Applicable to Lake Alfred	Amount Applicable to Lake Alfred
District School Board of Polk County	501,989,487	0.67% (1)	3,351,381
Total Overlapping Debt			3,351,381
Total Direct Debt			-
Total Direct and Overlapping Debt			<u>\$ 3,351,381</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
2004	1,700,336	760,651	939,685	342,608	2.74	1.20	N/A	N/A	N/A	N/A
2005	2,287,155	940,609	1,346,546	342,608	3.93	1.20	1,003,938	30,900	32.49	1.15
2006	2,073,485	993,590	1,079,895	342,608	3.15	1.20	737,287	31,471	23.43	1.15
2007	2,274,363	1,274,946	999,417	342,608	2.92	1.20	656,809	198,688	3.31	1.15
2008	2,444,484	1,119,340	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	665,790	264,306	2.52	1.20	401,484	351,842	1.14	1.15
2010	2,040,934	1,295,607	745,327	264,306	2.82	1.20	481,021	315,646	1.52	1.15
2011	2,035,072	1,501,986	533,086	264,306	2.02	1.20	268,780	315,646	0.85	1.15
2012	2,056,237	1,402,169	654,068	264,286	2.47	1.20	389,782	315,646	1.23	1.15
2013	2,090,139	1,116,504	973,635	238,443	4.08	1.20	735,190	315,646	2.33	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)
2013	5,068	37,835	191,747,780	39.8	2,745	6.8
2012	5,023	37,003	185,866,069	39.8	2,682	8.6
2011	5,015	36,962	185,364,430	37.8	2,614	10.7
2010	5,015	36,400	189,651,954	37.8	2,766	13.3
2009	4,627	37,024	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

* Information not available

(1) University of Florida BEBR

(2) Florida Department of Economic Opportunity

(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**

Employer	Type of Business	2013		
		Employees	Rank	Percentage of Total City Employment
IFAS/ University of Florida	Research Center	246	1	25%
Polk County School Board	Education	206	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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GENERAL FUND										
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	4.5	4.0	4.0	3.0	3.0
Finance	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.5
Public Safety										
Police	15.5	15.5	15.5	16.0	15.0	15.0	16.0	16.0	16.0	16.0
Fire	6.0	6.0	10.5	10.5	12.0	12.0	12.0	13.0	14.0	14.0
Building & Zoning	2.0	3.0	4.0	5.9	4.5	3.0	2.0	2.0	3.0	3.0
Library	2.0	1.5	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.5
Parks & Recreation	3.0	3.5	4.0	2.5	4.5	3.0	3.0	4.5	4.5	5.5
DPW Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.7	2.5	4.0	3.0
Building Maintenance	1.0	1.0	1.0	1.0	1.0	1.0	1.5	1.0	1.0	1.0
CGMP	1.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Sanitation	5.0	5.0	5.0	6.0	6.0	6.0	6.0	4.0	4.0	4.0
Roads & Streets	6.1	4.6	4.5	3.0	4.0	3.0	3.0	3.7	6.0	6.0
Total General Fund	53.1	53.6	57.5	57.9	60.0	56.5	57.2	58.2	63.0	65.0
ENTERPRISE FUND										
Utilities (Water & Wastewater)	11.0	11.0	12.0	12.0	12.5	12.5	12.5	12.5	11.5	9.5
Stormwater	0.4	0.4	0.5	0.6	0.5	0.5	0.3	0.3	0.0	0.0
Total Enterprise Fund	11.4	11.4	12.5	12.6	13.0	13.0	12.8	12.8	11.5	9.5
TOTAL STAFF	64.5	65.0	70.0	70.5	73.0	69.5	70.0	71.0	74.5	74.5

(1) Source: City of Lake Alfred payroll

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Calls for Service	6,360	6,008	5,562	5,570	5,695	4,770	5,446	6,063	6,026	5,712
Traffic Crashes	*	125	101	134	134	82	117	126	114	126
Traffic Violations	*	2,291	1,201	1,676	1,733	1,961	1,201	1,803	1,630	671
Fire Control										
Number of Calls	1,128	1,410	1,312	1,130	912	796	1,121	1,204	1,301	1,402
Building Department										
Permits Issued	*	*	388	279	296	188	217	197	188	235
Inspections	*	*	36	212	798	239	194	267	179	274
Leisure Services										
Summer Attendees	*	*	35	33	47	25	25	32	50	64
Library Visitations	*	*	*	18,855	20,629	22,772	17,499	27,399	24,647	36,818
Circulation	*	*	*	20,998	19,360	18,068	11,683	18,820	19,753	26,400
Facility Rentals	*	*	40	54	64	64	57	62	60	85
Human Services										
Cemetery plots sold	*	*	11	19	14	13	16	23	14	13
Business Tax Receipts	*	*	250	262	287	273	247	218	261	224
Solid Waste										
Refuse collected (Tons)	*	*	*	-	3,220	3,014	2,778	2,018	1,937	1,827
Brush collected (Tons)	*	*	*	-	1,090	1,217	1,299	1,217	1,193	1,164
Commercial Customers	*	*	101	104	110	104	109	70	70	66
Residential Customers	*	*	1,645	1,727	1,733	1,733	1,758	1,720	1,781	1,752
Public Works										
Street Resurfacing (Miles)	*	*	*	*	*	*	4	10	-	7
Water										
New Connections	91	73	119	149	7	77	95	10	7	24
Number of Customers	2,313	2,386	2,505	2,654	2,661	2,738	2,833	2,836	2,883	2,754
Wastewater										
New Connections	84	62	95	164	5	22	68	1	2	1
Number of Customers	1,765	1,827	1,922	2,086	2,091	2,113	2,156	2,208	2,247	1,966
Avg Daily Sewage Treatment	*	*	*	*	*	*	375,000	375,000	375,000	443,000

* : Information not available
Source - Individual City Departments

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Station	1	1	1	1	1	1	1	1	1	1
Patrol Cars	7	8	8	8	8	8	8	8	8	8
Fire Trucks	4	4	4	4	4	4	4	4	4	4
Solid Waste										
Collection Trucks	3	3	3	3	3	3	3	3	3	3
Transportation										
Street Miles	*	*	*	*	*	38.55	38.55	38.55	48.00	48.00
Traffic Signals	1	1	1	1	1	1	3	3	3	3
Leisure Services										
Parks	8	8	8	9	10	10	10	10	10	10
Parks Acreage	54	54	166	166	166	166	166	166	166	166
Rental Facilities	2	2	2	3	3	3	3	3	3	3
Playgrounds	3	3	3	4	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
General Government										
Number of Buildings	4	4	4	4	4	4	5	5	6	6
Cemeteries	2	2	2	2	2	2	2	2	2	2
Water										
Water Treatment Plants	2	2	2	2	2	2	2	2	2	2
Fire Hydrants	*	*	*	*	*	*	*	190	190	190
Water Main Miles	*	*	*	*	*	*	*	30	30	30
Wastewater										
Waster Treatment Plant	1	1	1	1	1	1	1	1	1	1
Lift Stations	22	22	22	26	30	30	30	30	30	30
Sanitary Sewer Miles	*	*	*	*	*	*	19	19	19	19

* : Information not available

Source - Individual City Departments

COMPLIANCE SECTION

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

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

We have audited, in accordance with the 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, 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, 2013, and the related notes to the financial statements, which collectively comprise City of Lake Alfred, Florida's basic financial statements, and have issued our report thereon dated March 27, 2014.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Lake Alfred, Florida's financial statements are free from 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 of the financial statements, we considered City of Lake Alfred, Florida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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. Accordingly, we do not express an opinion on the effectiveness of City of Lake Alfred, Florida's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Lakeland, Florida
March 27, 2014

MANAGEMENT LETTER

Honorable Mayor and City Commissioners
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, 2013, and have issued our report thereon dated March 27, 2014.

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 as required by these standards which should be considered in conjunction with this management letter. Disclosures in those reports, which are dated March 27, 2014, should be considered in conjunction with 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 or schedule:

- 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 audit 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)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 noncompliance with provisions of contracts or grant agreements, 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., 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.

Honorable Mayor and City Commissioners
City of Lake Alfred, Florida

- Section 10.554(1)(i)6.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 did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)6.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, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.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.

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.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management 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, 2014