

Comprehensive Annual Financial Report



The City of Lake Alfred, Florida

For The Year Ended
September 30, 2014

TABLE OF CONTENTS

Introductory Section

Principal City Officials	i
Organizational Chart	ii
Letter of Transmittal	iii-vi
Certificate of Achievement for Excellence in Financial Reporting	vii

Financial Section

Report of Independent Certified Public Accountant	1-2
Management's Discussion and Analysis (required supplementary information)	3-9

Basic Financial Statements

Government Wide Financial Statements

Statement of Net Position	10
Statement of Activities	11

Fund Financial Statements

Balance Sheet – Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15 16

Statement of Net Position – Proprietary Funds	
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	17

Statement of Cash Flows – Proprietary Funds	18
---	----

Statement of Fiduciary Net Position – Fiduciary Funds	19
---	----

Statement of Changes Fiduciary in Net Position – Fiduciary Funds	20
--	----

Notes to the Financial Statements	21-45
-----------------------------------	-------

Introductory Section



Comprehensive Annual Financial Report
For the City of Lake Alfred, Florida
For the fiscal year ending September 30, 2014

Prepared by the Finance Department of the
City of Lake Alfred

TABLE OF CONTENTS (continued...)

Required Supplemental Information

Budgetary Comparison Schedule – General Fund	46
Schedule of Funding Progress	47

Other Supplemental Information

Combining Statement of Fiduciary Net Position – Fiduciary Funds	48
Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds	49

Statistical Section

Table 1 – Net Position by Component	50
Table 2 – Change in Net Position	51-52
Table 3 – Fund Balance of Governmental Funds	53
Table 4 – Changes in Fund Balances of Governmental Funds	54
Table 5 – Assessed Value and Actual Value of Taxable Property	55
Table 6 – Property Tax Rates – Direct and Overlapping Governments	56
Table 7 – Principal Property Tax Payers	57
Table 8 – Property Tax Levies and Collections	58
Table 9 – Ratios of Outstanding Debt by Type	59
Table 10 – Ratios of General Bonded Debt Outstanding	60
Table 11 – Direct and Overlapping Governmental Activities Debt	61
Table 12 – Legal Debt Margin Information	62
Table 13 – Pledged-Revenue Coverage	63
Table 14 – Demographic and Economic Statistics	64
Table 15 – Principal Employers	65
Table 16 – Full-Time Equivalent City Government Employees by Function	66
Table 17 – Operating Indicators by Function	67
Table 18 – Capital Asset Statistics by Function	68

TABLE OF CONTENTS (continued...)

Compliance Section

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	69-70
Independent Accountant's Report on Compliance with Section 218.415, <i>Florida Statutes</i>	71
Management Letter	72-73

City of Lake Alfred, Florida
Principal City Officials
September 30, 2014

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 Ferrell

Finance Director

Amber Deaton

Fire Chief

Chris Costine

Parks & Recreation Manager

Richard Weed

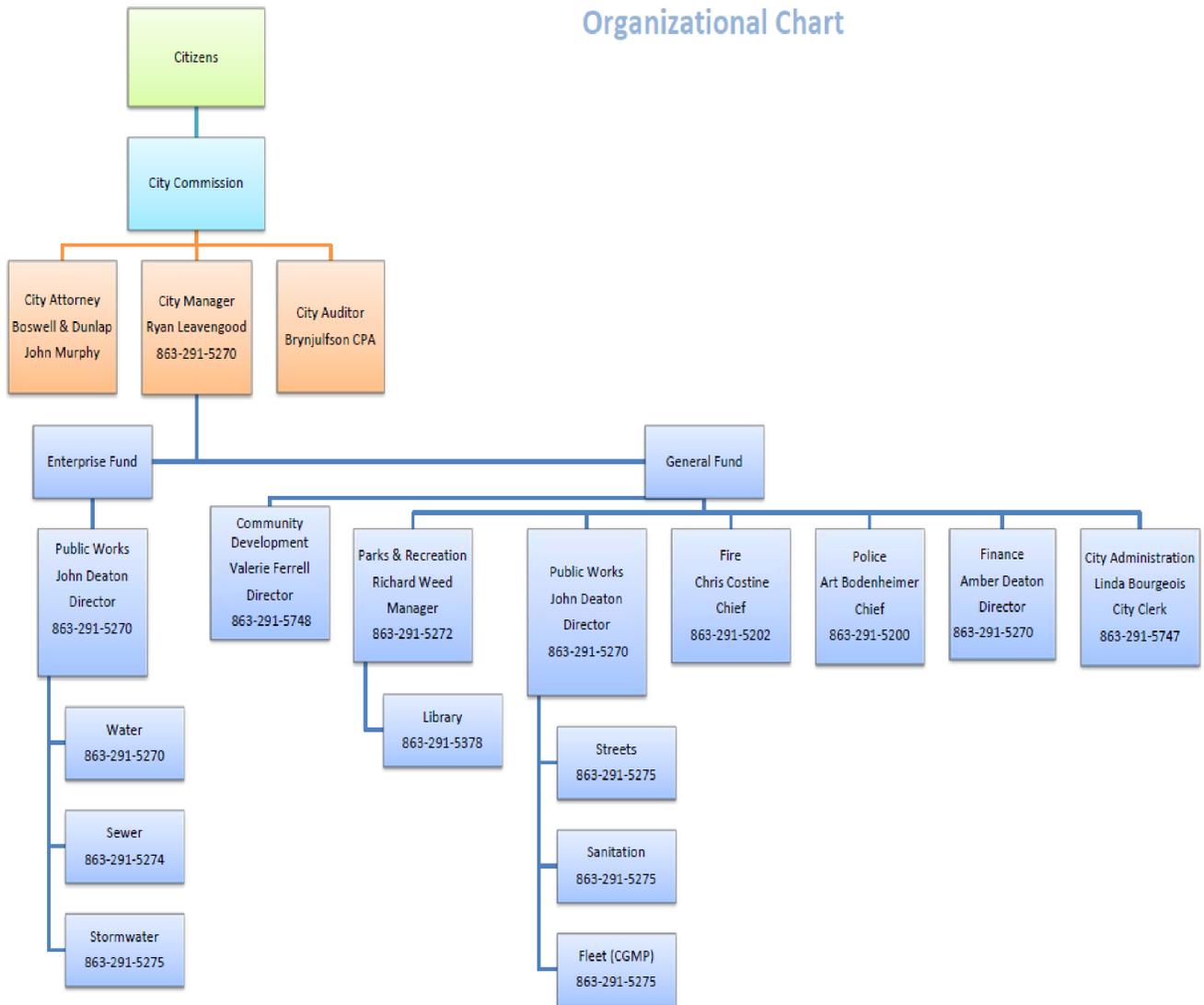
Police Chief

Art Bodenheimer

Public Works Director

John Deaton

City of Lake Alfred Organizational Chart





March 26, 2015

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, 2014. 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 Accounting Principles Generally Accepted in the United States of America (U.S. 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, 2014, were free of any material misstatements. The independent auditor concluded there was reasonable basis for rendering an unmodified opinion that the City of Lake Alfred's financial statements were fairly presented and in conformity with U.S. GAAP. The report of the independent certified public accountant is presented as the first component in the financial section of the report.

U.S. 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 2014 population of Lake Alfred was estimated to be near 5,127. 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. A new Family Dollar store was constructed in downtown. Permit activity continues to grow, and new houses are being built throughout the city.

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 \$1,524,560 which 41% 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 using restricted transportation gas taxes to fund.
- Fire Engine Replacement will be paid for with the assigned Fundbalance for capital outlay. Management is allocation \$50,000 a year for this purchase.
- Tri- City Cooperative Well estimated at \$350,000 will be funded with enterprise unrestricted Fundbalance.

Major Initiatives

During the fiscal year 2014, 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 Community Redevelopment (CRA) was created, and the plan approved.
- Updated the Impact fee ordinance to allow for the City Manager to amortize the cost of the extension of water and sewer services.
- 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, 2013. This was the third 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 G.T. Nunez and Associates.

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

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

Respectfully submitted,

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

Ryan Leavengood
City Manager

A handwritten signature in black ink, appearing to read 'Amber Deaton', written in a cursive style.

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, 2013

Executive Director/CEO



(This page intentionally left blank)

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, 2014, 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, 2014, 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 46 through 47 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 26, 2015, 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.

Other Reporting Required by Chapter 10.550, Rules of the Auditor General

In accordance with *Chapter 10.550, Rules of the Auditor General*, we have also issued our report dated March 26, 2015 on our examination of compliance with requirements of Section 218.415, *Florida Statutes*. The purpose of that report is to describe the scope of our examination and the issuance of an opinion on the City of Lake Alfred, Florida's compliance with requirement of Section 218.415, *Florida Statutes*.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
March 26, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2014

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, 2014. We encourage readers to consider the information presented here in conjunction with the basic financial statements beginning on page 10.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$ 20,957,252 (net position). Of this amount, \$4,073,755 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$319,078 comprised of a total change in net position for the year ended September 30, 2014 of \$374,022 and a decrease of \$54,944 related to a restatement of previously reported net position due to the implementation of GASB 65.
- As of the close of the current fiscal year, the City's governmental fund (general fund) reported a combined ending fund balance of \$2,173,555 a decrease of \$159,342 in comparison with the prior year. Of this total amount \$1,524,560 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 46 to 49 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 45 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information on pages 46 and 47 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 Assets (Summary)
As of September 30,**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	2,456,248	2,589,600	5,024,915	4,940,931	7,481,163	7,530,531
Capital assets	9,079,417	8,548,957	11,851,045	12,354,026	20,930,462	20,902,983
Total assets	\$ 11,535,665	\$ 11,138,557	\$ 16,875,960	\$ 17,294,957	\$ 28,411,625	\$ 28,433,514
Long-term liabilities outstanding	178,883	144,228	5,450,304	5,863,318	5,629,187	6,007,546
Other liabilities	202,397	162,907	1,622,789	1,624,887	1,825,186	1,787,794
Total liabilities	\$ 381,280	\$ 307,135	\$ 7,073,093	\$ 7,488,205	\$ 7,454,373	\$ 7,795,340
Net Position:						
Net Investment in Capital Assets	9,079,417	8,548,958	6,442,795	6,520,782	15,522,212	15,069,740
Restricted	555,791	899,724	805,494	648,668	1,361,285	1,548,392
Unrestricted	1,519,177	1,382,740	2,554,578	2,637,302	4,073,755	4,020,042
Total net position	\$ 11,154,385	\$ 10,831,422	\$ 9,802,867	\$ 9,806,752	\$ 20,957,252	\$ 20,638,174

Seventy-four percent (74%) 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 (7%) 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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Charges for services	\$ 1,021,571	\$ 929,830	\$ 2,143,442	\$ 2,081,268	\$ 3,165,013	\$ 3,011,098
Operating grants and contributions	156,609	148,397	-	-	156,609	148,397
Capital grants and contributions	483,533	957,098	153,761	54,188	637,294	1,011,286
General revenues:						
Property taxes	956,105	926,120	-	-	956,105	926,120
Other Taxes	1,067,995	1,036,809	-	-	1,067,995	1,036,809
Other	575,455	584,791	13,684	16,544	589,139	601,335
Total revenues	4,261,268	4,583,045	2,310,887	2,152,000	6,572,155	6,735,045
Governmental Activities:						
General government	916,976	784,415	-	-	916,976	784,415
Police	940,496	941,577	-	-	940,496	941,577
Fire	678,182	658,036	-	-	678,182	658,036
Building and zoning	198,917	239,687	-	-	198,917	239,687
Sanitation	407,304	351,853	-	-	407,304	351,853
Public Works	60,023	74,194	-	-	60,023	74,194
Streets	472,854	453,656	-	-	472,854	453,656
Parks and recreation	592,818	520,781	-	-	592,818	520,781
Business Type Activities:						
Water	-	-	672,716	687,076	672,716	687,076
Sewer	-	-	1,187,302	1,177,667	1,187,302	1,177,667
Stormwater	-	-	70,545	62,768	70,545	62,768
Total expenses	4,267,570	4,024,199	1,930,563	1,927,511	6,198,133	5,951,710
Increase (decrease) in net position before transfers	(6,302)	558,846	380,324	224,489	374,022	783,335
Transfers	329,265	118,236	(329,265)	(118,236)	-	-
Increase (decrease) in net position	322,963	677,082	51,059	106,253	374,022	783,335
Net position - October 1	10,831,422	10,154,340	9,806,752	9,700,499	20,638,174	19,854,839
Adoption of GASB 65			(54,944)		(54,944)	-
Net position - September 30	11,154,385	10,831,422	9,802,867	9,806,752	20,957,252	20,638,174

Governmental activities increased the City's net position by \$322,963 compared to \$677,082 for 2013. The decrease of \$354,119 was due to the purchase of a new garbage truck and improvements to the public safety building. Business-type activities decreased the City's net position by \$51,095 compared to an increase of \$106,253 in 2013.

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 unrestricted cash and cash equivalents of \$1,546,427 compared to \$1,327,723 at the close of the prior year.

The enterprise fund's unrestricted cash and investments increased to \$2,425,581 compared to \$2,408,389 at the close of the prior year, a \$17,192 increase.

General Fund Budgetary Highlights

The original General fund's budget was amended at year end.

Beginning expenditure budget	\$4,116,595
Improvements to the Public Safety Building	264,500
FEMA Grant for compressor	36,587
Recycling Fees	46,400
IT repairs	15,000
Phone Upgrades	11,000
Ending General Fund expenditure budget	<u>\$4,490,082</u>

The Wayfinding signs project was budgeted to be completed in 2014, but was carried over into the 2015 budget. Additional information can be located on page 46 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, 2014, amounts to \$20,930,462 (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:

- Building improvements to the Public Safety building \$264,500
- Veteran's Trail - \$378,000
- New Sanitation Vehicle \$250,000
- New Sidewalks on Nekoma, Orange, and Winona \$376,300

Capital Assets Activity

(net of depreciation)

As of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$2,488,967	\$2,488,967	\$701,132	\$701,132	\$3,190,099	\$3,190,099
Construction in progress	-	26,274	-	-	-	26,274
Buildings and improvements	4,712,569	4,427,156	20,745,623	20,745,623	25,458,192	25,172,779
Vehicles and equipment	3,481,905	3,255,792	783,410	728,556	4,265,315	3,984,348
Road Network	2,045,045	2,045,045	-	-	2,045,045	2,045,045
Sidewalk Network	917,985	539,970	-	-	917,985	539,970
less: Accumulated Depreciation	(4,567,054)	(4,234,247)	(10,379,120)	(9,821,285)	(14,946,174)	(14,055,532)
Total	\$9,079,417	\$8,548,957	\$11,851,045	\$12,354,026	\$20,930,462	\$20,902,983

Additional information on the City's capital assets can be found in note 6 on page 34 of this report.

Long-Term Debt

At the end of the current fiscal year, the City had total long-term debt outstanding of \$5,408,250 all of which represents revenue notes.

Revenue Notes and Notes Payable

as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenue notes	-	-	\$5,408,250	\$5,833,244	\$5,408,250	\$5,833,244
Total	-	-	\$5,408,250	\$5,833,244	\$5,408,250	\$5,833,244

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 36 - 38 of this report.

Economic Factors and Next Year's Budgets and Rates

With the increase in residential construction there will be an estimated increase in several revenues: ad-valorem tax, electric utility tax and franchise fee. Each new residential customer adds approximately \$850 a year in enterprise revenue. Management will be reviewing water and sewer rates. Water rates have not increased since 2003. Wastewater rates for inside the city limits for a residential customer is a flat rate of \$40.54. This rate was established in 1990. There may be an opportunity, contingent upon a rate study, to change the rate structure to a "scaled use based" model instead of the more rigid "fixed rate" structure we currently have.

In conjunction with a rate study for water and sewer, the Stormwater fee should also be reviewed. Currently is it part of the utility bill, and there may be an opportunity to move the fee to the tax bill as a non-ad valorem assessment to more equitably distribute the cost of providing the service.

Local communications tax collected by the State, is being heavily lobby to be abolished. The loss of this revenue would have a \$125,800 impact on the General Fund.

Management has assigned \$50,000 a year to purchase a Fire Truck, and \$45,000 for 2015 to pay for a Backhoe.

Management initiated a renegotiation of the City's Electric Franchise Fee Agreement with Tampa Electric to remove "back out" and other "hedge" provisions that reduced the effective rate of our 6% franchise fee to approximately 4.78%. The restoration to the effective rate of 6% represents approximately an \$80,000 increase in annual unrestricted general fund revenue.

A land swap is being negotiated between the City and the University of Florida. The University inherited two commercial properties in Lake Alfred, and is interested in an exchange for some of the City's Grove. This transaction should be completed in 2015. The Buchanan building is a large parcel in the City's redevelopment district.

All of these were significant factors considered in preparing the City's budget for the 2015 fiscal year, and are expected to influence the City's fiscal year 2016 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, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,546,427	\$ 1,822,896	\$ 3,369,323
Investment securities		602,685	602,685
Receivables, current:			
Customer accounts, net	56,428	273,796	330,224
Intergovernmental	100,717		100,717
Franchise and public service taxes	73,385		73,385
Prepaid expenses	43,204		43,204
Restricted assets:			
Cash and cash equivalents	555,791	2,325,538	2,881,329
Capital assets:			
Non-depreciable	2,488,967	701,132	3,190,099
Depreciable, net	6,590,450	11,149,913	17,740,363
Net pension asset	80,296		80,296
TOTAL ASSETS	<u>11,535,665</u>	<u>16,875,960</u>	<u>28,411,625</u>
LIABILITIES			
Accounts payable and accrued expenses	150,254	81,343	231,597
Accrued payroll and employee benefits	52,143	9,698	61,841
Liabilities payable from restricted assets:			
Prepaid impact fees		1,147,000	1,147,000
Accrued interest payable		27,447	27,447
Customer deposits		357,301	357,301
Long-term obligations:			
Due within one year	17,888	438,941	456,830
Due in more than one year	160,995	5,011,363	5,172,357
TOTAL LIABILITIES	<u>381,280</u>	<u>7,073,093</u>	<u>7,454,373</u>
NET POSITION			
Net investment in capital assets	9,079,417	6,442,795	15,522,212
Restricted (expendable) for:			
Law enforcement training	26,748		26,748
Crime prevention	33,431		33,431
Public safety improvements	25,616		25,616
Recreation improvements	9,935		9,935
General government improvements	146,765		146,765
Transportation infrastructure	152,405		152,405
Parks	920		920
Debt service		50,016	50,016
Sanitation equipment and vehicles	159,971		159,971
Sewer system improvements		339,294	339,294
Stormwater system improvements		143,086	143,086
Water system improvements		273,098	273,098
Unrestricted	1,519,177	2,554,578	4,073,755
TOTAL NET POSITION	<u>\$ 11,154,385</u>	<u>\$ 9,802,867</u>	<u>\$ 20,957,252</u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
for the year ended September 30, 2014

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
PRIMARY GOVERNMENT:						
Governmental activities:						
General government	\$ 916,976	\$ 12,586	\$	\$ 14,361	\$ (890,029)	\$ (890,029)
Building and zoning	198,917	100,035			(98,882)	(98,882)
Police	940,496	16,182	129,732	29,300	(765,282)	(765,282)
Fire	678,182	190,805	26,877		(460,500)	(460,500)
Sanitation	407,304	525,917			118,613	118,613
Public works	60,023				(60,023)	(60,023)
Roads and streets	472,854	53,823		378,015	(41,016)	(41,016)
Parks and recreation	592,818	122,223		61,857	(408,738)	(408,738)
Total governmental activities	<u>4,267,570</u>	<u>1,021,571</u>	<u>156,609</u>	<u>483,533</u>	<u>(2,605,857)</u>	<u>(2,605,857)</u>
Business-type activities:						
Water utility	672,716	867,514		56,777		251,575
Sewer utility	1,187,302	1,220,964		96,984		130,646
Stormwater utility	70,545	54,964			(15,581)	(15,581)
Total business-type activities	<u>1,930,563</u>	<u>2,143,442</u>		<u>153,761</u>		<u>366,640</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 6,198,133</u>	<u>\$ 3,165,013</u>	<u>\$ 156,609</u>	<u>\$ 637,294</u>	<u>(2,605,857)</u>	<u>(2,239,217)</u>
GENERAL REVENUES:						
Taxes:						
Property taxes, levied for general purposes					956,105	956,105
Franchise taxes					306,954	306,954
Public service taxes					481,847	481,847
Fuel taxes levied for transportation purposes					279,194	279,194
State shared revenue					412,098	412,098
Investment earnings					9,220	10,415
Miscellaneous					154,137	3,269
Transfers					329,265	(329,265)
Total general revenues, special items, and transfers					<u>2,928,820</u>	<u>(315,581)</u>
CHANGE IN NET POSITION					322,963	51,059
NET POSITION - beginning of year					10,831,422	9,806,752
Adoption of GASB 65						(54,944)
NET POSITION - end of year					<u>\$ 11,154,385</u>	<u>\$ 9,802,867</u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
as of September 30, 2014

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,546,427
Receivables, net:	
Customers	56,428
Intergovernmental	100,717
Franchise and public service taxes	73,385
Prepaid expenditures	43,204
Restricted assets:	
Cash and cash equivalents	<u>555,791</u>
TOTAL ASSETS	<u><u>\$ 2,375,952</u></u>
LIABILITIES AND FUND BALANCE	
Accounts payable and accrued expenditures	\$ 150,254
Accrued payroll and employee benefits	<u>52,143</u>
TOTAL LIABILITIES	<u>202,397</u>
FUND BALANCE:	
Nonspendable	43,204
Restricted for:	
Law enforcement education and training	26,748
Crime prevention	33,431
Sanitation equipment	49,688
Sanitation vehicles	110,283
Public safety improvements (impact fees)	25,616
Recreation improvements (impact fees)	9,935
General government improvements (impact fees)	146,765
Transportation infrastructure	152,405
Parks	920
Assigned for capital outlay	50,000
Unassigned	<u>1,524,560</u>
TOTAL FUND BALANCE	<u>2,173,555</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 2,375,952</u></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, 2014

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 2,173,555
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.	9,079,417
Net pension assets are not current financial resources and therefore are not reported as assets in the governmental funds.	80,296
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>(178,883)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 11,154,385</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, 2014

	General Fund
REVENUES:	
Taxes	\$ 1,975,110
Licenses and permits	116,518
Intergovernmental revenue	683,494
Charges for services	804,534
Fines and forfeitures	33,290
Other	<u>270,306</u>
Total revenues	<u>3,883,252</u>
EXPENDITURES:	
General government	850,293
Public safety	1,673,442
Physical environment	401,801
Transportation	335,978
Culture and recreation	418,152
Capital outlay	<u>692,193</u>
Total expenditures	<u>4,371,859</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(488,607)</u>
OTHER FINANCING SOURCES (USES)	
Transfers in (out)	<u>329,265</u>
Total other financing sources	<u>329,265</u>
NET CHANGE IN FUND BALANCE	(159,342)
FUND BALANCE, beginning of year	<u>2,332,897</u>
FUND BALANCE, end of year	<u>\$ 2,173,555</u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
for the year ended September 30, 2014

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (159,342)

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. 1,081,195

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. (550,735)

This is the change in the net pension assets during the year. (13,500)

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. (34,655)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 322,963

CITY OF LAKE ALFRED, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
as of September 30, 2014

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,822,896
Investment securities	602,685
Accounts receivable:	
Customer receivable, net	273,796
Total current assets	<u>2,699,377</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	2,325,538
Capital assets, net:	
Non-depreciable	701,132
Depreciable, net	11,149,913
Total noncurrent assets	<u>14,176,583</u>
TOTAL ASSETS	<u>16,875,960</u>
LIABILITIES	
Current liabilities:	
Accounts payable	81,343
Accrued payroll	9,698
Bonds and notes payable, current portion	438,941
Total current liabilities	<u>529,982</u>
Noncurrent liabilities:	
Payable from restricted assets:	
Accrued interest payable	27,447
Customer deposits	357,301
Prepaid impact fees	1,147,000
Compensated absences	42,054
Bonds and notes payable, noncurrent portion	4,969,309
Total noncurrent liabilities	<u>6,543,111</u>
TOTAL LIABILITIES	<u>7,073,093</u>
NET POSITION	
Net investment in capital assets	6,442,795
Restricted (expendable) for:	
Debt service	50,016
Sewer system improvements	339,294
Stormwater system maintenance	143,086
Water system improvements	273,098
Unrestricted	2,554,578
TOTAL NET POSITION	<u>\$ 9,802,867</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, 2014

	Enterprise Fund
OPERATING REVENUES:	
Charges for services	\$ 2,143,442
Total operating revenues	<u>2,143,442</u>
OPERATING EXPENSES:	
Personal services	496,814
Operating expenses	735,980
Depreciation	570,875
Total operating expenses	<u>1,803,669</u>
OPERATING INCOME (LOSS)	<u>339,773</u>
NONOPERATING REVENUE (EXPENSE):	
Interest revenue	10,415
Interest expense	(126,894)
Other nonoperating income	3,269
Total nonoperating revenues (expenses)	<u>(113,210)</u>
Income (loss) before contributions and transfers	226,563
CAPITAL CONTRIBUTIONS	
Impact fees	153,761
Total capital contributions	<u>153,761</u>
TRANSFERS IN (OUT)	<u>(329,265)</u>
Change in net position	51,059
TOTAL NET POSITION - beginning of year	9,806,752
Adoption of GASB 65	<u>(54,944)</u>
TOTAL NET POSITION - end of year	<u>\$ 9,802,867</u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
for the year ended September 30, 2014

	<u>Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 2,152,418
Payments to suppliers	(700,589)
Payments for salaries and benefits	(482,865)
Net cash flows from operating activities	<u>968,964</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer out	(329,265)
Net cash flows from noncapital financing activities	<u>(329,265)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets, net of related payables	(67,894)
Principal paid on notes, bonds and lease obligations	(424,994)
Interest paid on borrowings	(129,096)
Impact fees received in cash	104,161
Proceeds from sales of assets	3,269
Net cash flows from capital and related financing activities	<u>(514,554)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of investment securities	(602,685)
Interest on invested funds	10,415
Net cash flows from investing activities	<u>(592,270)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(467,125)
CASH AND CASH EQUIVALENTS, beginning of year	<u>4,615,559</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 4,148,434</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 339,773
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	570,875
(Increase) decrease in accounts receivable	(3,368)
Increase (decrease) in customer deposits	12,344
Increase (decrease) in accounts payable and accrued expenses	35,391
Increase (decrease) in accrued wages and comp absences	13,949
Net cash flows from operating activities	<u>\$ 968,964</u>
Noncash financing and investing activities:	<u>\$ None</u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION- FIDUCIARY FUNDS
as of September 30, 2014

	Pension Trust Funds
ASSETS	
Receivables:	
Accrued Income	\$ 1,869
Total receivables	<u>1,869</u>
Investments, at fair market value:	
Short-term money market investments	46,678
Common stocks and pooled equity funds	4,381,262
Bonds and pooled fixed income funds	<u>2,575,940</u>
Total investments	<u>7,003,880</u>
Total assets	<u>7,005,749</u>
NET POSITION - restricted for pension benefits	<u>\$ 7,005,749</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, 2014

	Pension Trust Funds
ADDITIONS	
Contributions:	
City	\$ 288,870
Plan members	92,687
State of Florida	<u>60,972</u>
Total contributions	<u>442,529</u>
Investment income	<u>658,773</u>
Less investment expenses:	
Performance evaluation fees	10,500
Custodial fees	13,680
Investment management fees	<u>7,587</u>
Total investment expenses	<u>31,767</u>
Net investment income (loss)	<u>627,006</u>
Total additions	<u>1,069,535</u>
DEDUCTIONS	
Administrative expenses	46,115
Benefits and termination payments	<u>314,623</u>
Total deductions	<u>360,738</u>
NET INCREASE (DECREASE)	<u>708,797</u>
NET POSITION - beginning of year	<u>6,296,952</u>
NET POSITION - end of year	<u>\$ 7,005,749</u>

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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). 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, 2014

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, deferred inflows and outflows of resources, 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 Code Section 2200 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, 2014

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, 2014

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. Imposed nonexchange resources (property taxes, fines) are reported as deferred inflows if received before the tax is levied or before the date when use is first permitted. Government mandated nonexchange transactions and voluntary nonexchange transactions resources are reported as liabilities until the eligibility requirements are met and as deferred inflows if received before time requirements are 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. Revenues received prior to meeting the available criterion are reported as deferred inflows. 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, sales 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. Property taxes are billed and collected within the same period in which the taxes are levied. Grant revenues are considered earned and are accrued simultaneously with the grant expenditure. 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, 2014

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

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY

CASH AND CASH EQUIVALENTS - The City maintains a pooled 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, 2014. 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, 2014, such reserves totaled \$1,490.

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, 2014

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, 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 and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Debt issuance costs are reported as expenses in the period incurred. Bond premiums and discounts are reported, net of amortization, in the related debt balances shown in the financial statements.

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

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

LONG-TERM OBLIGATIONS (cont...)

For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is the shorter. 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.

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, 2014, 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.

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

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

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 \$60,972 for the year ended September 30, 2014. 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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

EQUITY CLASSIFICATIONS -

Government-wide Statements - The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources 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 \$1,361,285 of restricted net position, of which \$1,310,349 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.

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

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

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified 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, 2014.

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 assigned resources of \$50,000 as of September 30, 2014 to be used for future capital outlay.

Unassigned: All other spendable amounts.

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

The City has established by resolution, a requirement to maintain a minimum level of unassigned fund balance equal to 25% or more of the general fund's annual operating expenditures. Should unassigned fund balance fall below this level, the City Manager is required to submit a plan to the City Commission to restore unassigned fund balance to the acceptable level within two years. The City met this requirement as of September 30, 2014.

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, 2014 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.

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 3 - BUDGETARY LAW AND PRACTICE

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

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Compliance With Finance Related Legal and Contractual Provisions - The City has no material violations of finance related legal and contractual provisions including with respect to investment of funds and long-term debt covenants.
- B. Deficit Fund Balance or Net Position of Individual Funds - As of September 30, 2014, 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, 2014, no budgetary fund had an excess of expenditures over appropriations.

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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	502,353
Deposits in financial institutions:	
Insured or fully collateralized bank deposits	<u>5,747,899</u>
Total cash and cash equivalents	<u><u>\$ 6,250,652</u></u>
Investment securities:	
FMIvT 0-2 Year High Quality Bond Fund	\$ 200,166
FMIvT 1-3 Year High Quality Bond Fund	200,310
FMIvT Intermediate HQ Bond Fund	<u>202,209</u>
Total investment securities	<u><u>\$ 602,685</u></u>

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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	\$ 502,353	WAM 89.6 days
FMIvT Pooled Fixed Income Funds:			
0-2 Year High Quality Bond Fund	Fitch - AAA/V1	200,166	WAM .75 years
1-3 Year High Quality Bond Fund	Fitch - AAA/V2	200,310	WAM 1.49 years
Intermediate HQ Bond Fund	Fitch - AAA/V3	202,209	WAM 3.96 years
		<u>\$ 1,105,038</u>	
General Employees' Retirement System:			
Short term money market funds	Not Rated	\$ 23,300	NA
FMIvT Core Plus fixed Income Fund	Not Rated	908,709	WAD 2.91
FMIvT Broad Market High Quality Bond Fund	Fitch - AA/V5	621,339	WAD 4.77
		<u>\$ 1,553,348</u>	
Police Officers' and Firefighters' Retirement System:			
Short term money market funds	S&P - AAm	\$ 23,378	NA
Dodge & Cox Income Fund	Not Rated	906,114	NA
Templeton Global Total Return Fund	Not Rated	139,778	WAD 1.6
		<u>\$ 1,069,270</u>	

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2014, is summarized below:

	Balance October 1, 2013	Reclasses and Transfers	Additions	Deletions	Balance September 30, 2014
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 2,488,967				\$ 2,488,967
Construction in process	26,274	(26,274)			
Total	<u>\$ 2,515,241</u>	<u>\$ (26,274)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,488,967</u>
Capital assets being depreciated:					
Buildings and improvements	\$ 4,427,156	\$ 26,274	\$ 289,624	\$ (30,485)	\$ 4,712,569
Equipment	3,255,792		413,556	(187,443)	3,481,905
Infrastructure:					
Road network	2,045,045				2,045,045
Sidewalk network	539,970		378,015		917,985
Total capital assets being depreciated	<u>10,267,963</u>	<u>26,274</u>	<u>1,081,195</u>	<u>(217,928)</u>	<u>11,157,504</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,200,494)		(190,939)	30,485	(1,360,948)
Equipment	(2,435,243)		(227,486)	187,443	(2,475,286)
Infrastructure:					
Road network	(532,535)		(95,861)		(628,396)
Sidewalk network	(65,975)		(36,449)		(102,424)
Total accumulated depreciation	<u>(4,234,247)</u>		<u>(550,735)</u>	<u>217,928</u>	<u>(4,567,054)</u>
Depreciable capital assets, net	<u>6,033,716</u>	<u>26,274</u>	<u>530,460</u>		<u>\$ 6,590,450</u>
Governmental activities capital assets, net	<u>\$ 8,548,957</u>	<u>\$</u>	<u>\$ 530,460</u>	<u>\$</u>	<u>\$ 9,079,417</u>
<u>Business-type activities:</u>					
Capital assets not being depreciated:					
Land	\$ 701,132				\$ 701,132
Construction in process					
Total	<u>\$ 701,132</u>		<u>\$</u>	<u>\$</u>	<u>\$ 701,132</u>
Capital assets being depreciated:					
Buildings and improvements	\$ 20,745,623				\$ 20,745,623
Equipment	728,556	(13,040)	67,894		783,410
Total capital assets being depreciated	<u>21,474,179</u>	<u>(13,040)</u>	<u>67,894</u>		<u>21,529,033</u>
Less accumulated depreciation for:					
Buildings and improvements	(9,298,792)		(534,168)		(9,832,960)
Equipment	(522,493)	13,040	(36,707)		(546,160)
Total accumulated depreciation	<u>(9,821,285)</u>	<u>13,040</u>	<u>(570,875)</u>		<u>(10,379,120)</u>
Depreciable capital assets, net	<u>11,652,894</u>		<u>(502,981)</u>		<u>11,149,913</u>
Business-type capital assets, net	<u>\$ 12,354,026</u>	<u>\$</u>	<u>\$ (502,981)</u>	<u>\$</u>	<u>\$ 11,851,045</u>

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 6 - CAPITAL ASSETS (cont...)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

General government	\$ 62,229
Law enforcement	75,289
Fire control	25,901
Building and zoning	8,497
Sanitation	71,304
Public works	928
Roads and streets	139,318
Parks and recreation	<u>167,269</u>
Total depreciation expense - governmental activities	<u>\$ 550,735</u>

Business-type Activities:

Water utility	\$ 194,501
Wastewater utility	350,830
Stormwater utility	<u>25,544</u>
Total depreciation expense - business-type activities	<u>\$ 570,875</u>

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 7 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2014:

	Balance October 1, 2013	Additions	Reductions	Balance September 30, 2014	Amounts Due within One Year
<u>Governmental Activities:</u>					
Long-term debt:					
Notes payable:					
None	\$	\$	\$	\$	\$
Total long-term debt					
Other liabilities:					
Accrued termination benefits	4,590		(4,590)		
Compensated absences:					
Vacation and sick pay	139,638	197,149	(157,904)	178,883	17,888
Total other liabilities	144,228	197,149	(162,494)	178,883	17,888
Total long-term liabilities	<u>\$ 144,228</u>	<u>\$ 197,149</u>	<u>\$ (162,494)</u>	178,883	<u>\$ 17,888</u>
Less amount due in one year				(17,888)	
Net long-term liabilities due after one year				<u>\$ 160,995</u>	
<u>Business-type Activities:</u>					
Long-term debt:					
Notes payable:					
Series 2012 Revenue Refunding Note	\$ 2,164,174	\$	\$ (188,823)	\$ 1,975,351	\$ 193,337
WW719090 installment note to DEP	3,669,070		(236,171)	3,432,899	241,399
Total long-term debt	5,833,244		(424,994)	5,408,250	434,736
Other liabilities:					
Compensated absences					
Vacation and sick pay	30,074	39,209	(27,229)	42,054	4,205
Total other liabilities	30,074	39,209	(27,229)	42,054	4,205
Total long-term liabilities	<u>\$ 5,863,318</u>	<u>\$ 39,209</u>	<u>\$ (452,223)</u>	5,450,304	<u>\$ 438,941</u>
Less amount due in one year				(438,941)	
Net long-term liabilities due after one year				<u>\$ 5,011,363</u>	

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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, 2014.

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, 2014

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	\$ 6,151,175	\$ 554,090	\$ 1,064,860	192.18%

Maturities:

Annual requirements to repay all long-term bonds and notes payable as of September 30, 2014, were as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	\$	\$	\$ 434,736	\$ 119,353
2016			444,702	109,387
2017			454,897	99,192
2018			465,326	88,763
2019			475,995	78,095
2020 - 2024			2,368,880	222,734
2025 - 2029			763,714	25,401
Total	\$	\$	\$ 5,408,250	\$ 742,925

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 8 - INTERFUND TRANSACTIONS

Interfund transactions are summarized below:

Receivable Fund	Payable Fund	Amount
None	None	\$

Interfund transfers for the year ending September 30, 2014, consisted of:

Receiving Fund	Paying Fund	Amount
General Fund	Enterprise Fund	\$ 329,265

The transfer from the enterprise fund to the general fund is a budgeted 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, 2014

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	13.40%	18.20%
Plan members	5.00%	5.00%
Annual pension cost	\$205,558	\$96,812
Contributions made, City only	\$198,995	\$89,875

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, 2012	October 1, 2012
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, 2014

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:			
9/30/14	\$ 205,558	97%	\$ (57,259)
9/30/13	\$ 162,582	103%	\$ (63,822)
9/30/12	\$ 148,212	100%	\$ (59,488)
Police Officers' and Firefighters' Retirement System:			
9/30/14	\$ 96,812	93%	\$ (23,037)
9/30/13	\$ 96,597	108%	\$ (29,974)
9/30/12	\$ 67,058	100%	\$ (21,730)

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Actuarially determined contribution (A)	\$ 204,413	\$ 160,529	\$ 95,898	\$ 95,250
Interest on net pension asset (NPA)	(4,438)	(4,781)	(1,612)	(1,792)
Adjustment to (A)	5,583	6,834	2,526	3,139
Annual pension cost	205,558	162,582	96,812	96,597
Contributions made	198,995	166,916	89,875	104,841
Increase (decrease) in NPA	(6,563)	4,334	(6,937)	8,244
NPA, beginning of year	63,822	59,488	29,974	21,730
NPA, end of year	<u>\$ 57,259</u>	<u>\$ 63,822</u>	<u>\$ 23,037</u>	<u>\$ 29,974</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%
Police Officers' and Firefighters' Retirement System:						
10/01/2012	\$ 2,274,445	\$ 2,486,607	\$ 212,162	91%	\$ 750,077	28.29%

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, 2014

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS

The basic premise of GASB Code Section P50, 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:

<u>Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net Pension Obligation (Asset)</u>
9/30/14	\$ NA	NA	\$ NA
9/30/13	\$ NA	NA	\$ NA
9/30/12	\$ NA	NA	\$ NA

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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, 2014, is presented below:

	Water & Sewer System
Condensed statement of revenues, expenses and changes in net position:	
Charges for services	\$ 2,088,478
Operating expenses	(1,187,794)
Depreciation	(545,331)
Operating income (loss)	355,353
Interest income	10,415
Interest expense	(126,893)
Other non-operating income	3,269
Impact fees and capital grants and contributions	153,761
Transfers out	(329,265)
Change in net position	\$ 66,640
 Condensed statement of net position:	
Capital assets, net	\$ 11,435,592
Long-term liabilities	\$ 5,408,250
Net investment in capital assets	\$ 6,027,342

CITY OF LAKE ALFRED, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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, 2014 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.

NOTE 13 - RESTATEMENT OF NET POSITION

For the current year, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities". GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expenses or expenditures) or inflows of resources (revenues), certain items that were previously reported as assets and liabilities.

Beginning net position for the Business-type Activities and the Enterprise Fund as previously reported, was reduced by \$54,944 for debt issuance costs that had been reported as an asset and amortized over the life of the debt. With the exception of prepaid insurance costs, costs related to the issuance of debt will be recognized as an expense in the period incurred rather than recorded as an asset and amortized over the life of the debt.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAKE ALFRED, FLORIDA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (unaudited)
for the year ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RESOURCES (inflows):				
Taxes	\$ 1,930,790	\$ 1,975,111	\$ 1,975,110	\$ (1)
Licenses and permits	67,125	116,519	116,518	(1)
Intergovernmental revenue	602,730	683,495	683,494	(1)
Charges for services	947,810	809,048	804,534	(4,514)
Fines and forfeitures	46,000	33,291	33,290	(1)
Other	222,870	257,809	270,306	12,497
Amounts available for appropriation	<u>3,817,325</u>	<u>3,875,273</u>	<u>3,883,252</u>	<u>7,979</u>
CHARGES TO APPROPRIATIONS (outflows):				
General government	1,483,220	850,293	850,293	
Public safety	1,405,465	1,673,444	1,673,442	2
Physical environment	280,455	401,799	401,801	(2)
Transportation	266,155	335,979	335,978	1
Culture/recreation	331,635	418,154	418,152	2
Capital outlay	349,665	810,413	692,193	118,220
Total charges to appropriations	<u>4,116,595</u>	<u>4,490,082</u>	<u>4,371,859</u>	<u>118,223</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS				
	<u>(299,270)</u>	<u>(614,809)</u>	<u>(488,607)</u>	<u>(110,244)</u>
Inter-fund transfers	406,870	329,265	329,265	
Current year (surplus)/deficit carried forward	<u>(107,600)</u>	<u>285,544</u>		
NET CHANGE IN FUND BALANCE	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ (159,342)</u>	<u>\$ (110,244)</u>

Notes to Budgetary Comparison Schedule:

The budget is prepared on the GAAP basis of accounting.

See Independent Auditor's Report

CITY OF LAKE ALFRED, FLORIDA
SCHEDULE OF FUNDING PROGRESS (unaudited)
September 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	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	91.47%	\$ 750,077	28.29%
10/01/2011	\$ 2,101,313	\$ 2,274,364	\$ 173,051	92.39%	\$ 625,360	27.67%
10/01/2010	\$ 1,638,657	\$ 1,691,532	\$ 52,875	96.87%	\$ 368,264	14.36%
10/01/2009	\$ 1,628,555	\$ 1,618,217	\$ (10,338)	100.64%	\$ 338,687	-3.05%
10/01/2008	\$ 1,579,437	\$ 1,496,197	\$ (83,240)	105.56%	\$ 373,911	-22.26%
10/01/2007	\$ 1,511,372	\$ 1,382,351	\$ (129,021)	109.33%	\$ 357,545	-36.09%

See Independent Auditor's Report



(This page intentionally left blank)

OTHER SUPPLEMENTARY INFORMATION

CITY OF LAKE ALFRED, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
As of September 30, 2014

	Pension Trust Funds		
	General Employees	Police & Fire Pension	Total
ASSETS			
Receivables:			
Accrued income	\$	\$ 1,869	\$ 1,869
Total receivables		1,869	1,869
Investments, at fair market value:			
Short-term money markets	23,300	23,378	46,678
Common stocks and pooled equity funds	2,330,022	2,051,240	4,381,262
Bonds and fixed income funds	1,530,048	1,045,892	2,575,940
Total investments	3,883,370	3,120,510	7,003,880
Total assets	3,883,370	3,122,379	7,005,749
NET POSITION - restricted for pension benefits	\$ 3,883,370	\$ 3,122,379	\$ 7,005,749

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, 2014

	Pension Trust Funds		
	General Employees	Police & Fire Pension	Total
ADDITIONS			
Contributions:			
City	\$ 198,995	\$ 89,875	\$ 288,870
Plan members	56,427	36,260	92,687
State of Florida		60,972	60,972
Total contributions	<u>255,422</u>	<u>187,107</u>	<u>442,529</u>
Investment income (loss)	315,709	343,064	658,773
Less investment expenses:			
Performance evaluation fees		10,500	10,500
Custodial fees	7,680	6,000	13,680
Investment management fees		7,587	7,587
Total investment expenses	<u>7,680</u>	<u>24,087</u>	<u>31,767</u>
Net investment income (loss)	<u>308,029</u>	<u>318,977</u>	<u>627,006</u>
Total additions	<u>563,451</u>	<u>506,084</u>	<u>1,069,535</u>
DEDUCTIONS			
Administrative expenses	27,085	19,030	46,115
Benefits and termination payments	<u>237,593</u>	<u>77,030</u>	<u>314,623</u>
Total deductions	<u>264,678</u>	<u>96,060</u>	<u>360,738</u>
NET INCREASE (DECREASE)	<u>298,773</u>	<u>410,024</u>	<u>708,797</u>
NET POSITION - beginning of year	<u>3,584,597</u>	<u>2,712,355</u>	<u>6,296,952</u>
NET POSITION - end of year	<u>\$ 3,883,370</u>	<u>\$ 3,122,379</u>	<u>\$ 7,005,749</u>

See Independent Auditor's Report



(This page intentionally left blank)

STATISTICAL SECTION

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>Governmental Activities</u>										
Net investment										
in capital assets										
Restricted	\$ 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	\$ 9,079,417
Unrestricted	321,458	679,011	699,063	841,801	724,154	629,545	899,119	856,865	899,724	555,791
Total governmental activities net position	\$ 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	\$ 11,154,385
<u>Business-type activities</u>										
Net investment										
in capital assets										
Restricted	\$ 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	\$ 6,442,795
Unrestricted	851,217	2,141,589	799,888	1,141,366	1,352,857	1,167,613	622,852	578,769	648,668	805,494
Total Business-type activities net position	\$ 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	\$ 9,802,867
<u>Primary Government</u>										
Net investment										
in capital assets										
Restricted	\$ 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	\$ 15,522,212
Unrestricted	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	1,361,285
Total primary government net position	\$ 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	\$ 20,957,252

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)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>Expenses</u>										
Governmental Activities:										
General Government	\$ 713,494	\$ 832,242	\$ 775,461	\$ 917,303	\$ 929,709	\$ 783,251	\$ 766,279	\$ 686,202	\$ 784,415	\$ 860,296
Building & Zoning	142,091	182,375	194,624	154,324	125,831	109,644	140,153	247,438	239,687	255,597
Police	728,541	733,807	778,689	857,193	806,590	804,869	882,166	896,655	941,577	940,496
Fire	451,934	486,859	458,745	495,129	492,389	493,600	566,230	550,019	658,036	678,182
Sanitation	-	-	-	-	-	-	333,855	359,980	351,853	407,304
Transportation	428,049	476,178	383,022	462,318	606,197	443,834	521,248	557,511	527,850	532,877
Culture and Recreation	249,546	305,135	321,572	366,738	408,397	401,027	406,791	409,886	520,781	592,818
Interest on long term debt	18,441	5,117	31,631	20,137	-	1,249	851	-	-	-
Total governmental activities expenses	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	4,267,570
Business-type activities:										
Water Utility	656,518	682,880	876,435	793,477	946,531	885,029	1,019,692	865,434	687,076	672,716
Sewer Utility	875,971	844,434	969,868	1,099,435	1,392,260	1,303,420	1,443,065	1,245,867	1,177,667	1,187,302
Sanitation	396,075	448,041	516,312	515,033	505,112	439,759	-	-	-	-
Stormwater Utility	52,282	35,080	72,801	44,646	42,413	56,369	147,454	122,427	62,768	70,545
Total business-type activities expenses	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	1,930,563
Total primary government expenses	\$ 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	\$ 6,198,133
<u>Program revenues</u>										
Governmental activities:										
Charges for services	\$ 950,159	\$ 1,096,810	\$ 863,904	\$ 477,240	\$ 312,890	\$ 305,079	\$ 805,432	\$ 937,419	\$ 929,830	\$ 1,021,571
Operating grants and contributions	250,099	63,898	26,356	115,264	125,952	127,434	126,179	133,255	148,397	156,609
Capital grants and contributions	224,613	921,873	453,384	832,556	163,536	202,364	72,625	993,532	957,098	483,533
Total governmental activities program rev.	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	1,661,713
Business-type activities:										
Charges for services	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	2,143,442
Operating grants and contributions	69,174	-	-	-	-	-	-	-	-	-
Capital grants and contributions	424,431	2,578,405	492,504	1,542,964	912,381	149,116	66,684	22,208	54,188	153,761
Total business-type program revenues	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	2,297,203
Total primary government program revenues	\$ 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	\$ 3,958,916
<u>Net(expenses)/revenue</u>										
Governmental activities	(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)	(2,605,857)
Business-type activities	714,637	2,951,005	501,339	1,632,261	520,259	(24,081)	(497,740)	(155,283)	207,945	366,640
Total primary government net expenses	\$ (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)	\$ (2,239,217)

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property Taxes	\$ 741,661	\$ 811,547	\$ 970,995	\$ 1,570,257	\$ 1,462,058	\$ 1,196,681	\$ 996,810	\$ 920,201	\$ 926,120	\$ 956,105
Franchise Taxes	321,097	352,165	413,061	429,833	307,722	309,977	296,006	286,614	276,797	306,954
Public Service Taxes	277,322	279,526	293,074	308,223	502,042	528,408	517,937	511,314	495,270	481,847
Fuel Taxes	-	-	-	242,577	244,157	242,138	240,482	238,265	264,742	279,194
State shared revenue	406,265	383,958	378,586	363,131	321,067	314,667	328,161	366,651	387,313	412,098
Investment earnings	37,136	73,286	99,428	56,764	34,483	19,263	16,289	12,030	10,130	9,220
Miscellaneous	64,954	-	1,892	162,772	200,044	144,518	173,658	191,207	187,348	154,137
Historical preservation grant	2,530,180	-	-	-	-	-	-	-	-	-
Interfund transfer	215,508	213,200	220,000	113,300	-	35,000	404,979	-	118,236	329,265
Total governmental activities	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	2,928,820
Business-type Activities:										
Investment earnings	11,854	129,048	228,126	165,748	109,132	55,012	39,362	33,481	10,492	10,415
Miscellaneous	-	7,125	2,462	9,290	690	2,417	9,191	27,826	6,052	3,269
Interfund transfer	(215,508)	(213,200)	(220,000)	(113,300)	-	(35,000)	(404,979)	-	(118,236)	(329,265)
Total business-type activities	(203,654)	(77,027)	10,588	61,738	109,822	22,429	(356,426)	61,307	(101,692)	(315,581)
Total primary government	\$ 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	\$ 2,613,239
Change in Net Position										
Governmental activities	\$ 3,286,898	\$ 1,174,550	\$ 776,936	\$ 1,398,775	\$ 304,838	\$ 388,055	\$ 360,985	\$ 882,797	\$ 677,082	\$ 322,963
Business-type activities	510,983	2,873,978	511,927	1,693,999	630,081	(1,652)	(854,166)	(93,976)	106,253	51,059
Total Primary Government	\$ 3,797,881	\$ 4,048,528	\$ 1,288,863	\$ 3,092,774	\$ 934,919	\$ 386,403	\$ (493,181)	\$ 788,821	\$ 783,335	\$ 374,022

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	2013	2014
General Fund					
Reserved	\$ 740,032	\$ 629,545	\$ -	\$ -	\$ -
Unreserved	1,765,632	1,993,690	-	-	-
Nonspendable	-	-	-	43,191	43,204
Restricted	-	-	899,119	856,865	555,791
Assigned	-	-	-	-	50,000
Unassigned	-	-	1,596,262	1,589,503	1,524,560
Total General Fund	<u>\$ 2,505,664</u>	<u>\$ 2,505,664</u>	<u>\$ 2,495,381</u>	<u>\$ 2,489,559</u>	<u>\$ 2,173,555</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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 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	\$ 1,975,110
Licenses and Permits	245,732	373,432	123,082	202,689	56,533	60,967	65,781	52,029	69,285	116,518
Intergovernmental	658,161	611,472	943,363	774,286	643,918	675,000	554,527	628,951	667,460	683,494
Charges for services	162,990	182,691	200,995	204,100	182,975	180,385	661,388	782,127	776,539	804,534
Fines and forfeitures	65,523	24,631	50,387	46,877	45,494	38,021	53,796	50,695	30,278	33,290
Other	419,626	217,162	257,017	239,341	217,221	190,193	221,038	236,390	286,060	270,306
Total revenues	\$ 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	\$ 3,883,252
Expenditures										
Current										
General Government	\$ 694,043	\$ 776,575	\$ 717,471	\$ 882,672	\$ 902,568	\$ 850,833	\$ 707,055	\$ 656,099	\$ 777,340	\$ 850,293
Public Safety	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	1,673,442
Physical environment	121,802	138,044	93,174	111,121	122,095	142,686	429,123	425,882	381,812	401,801
Transportation	262,610	276,206	203,374	217,962	211,115	228,576	258,864	347,346	333,271	335,978
Culture & Recreation	191,385	238,090	252,905	296,219	323,821	311,853	307,810	292,765	365,438	418,152
Debt Service										
Principal retirement	43,329	45,117	44,486	419,193	8,951	8,951	8,951	-	-	-
Interest	18,440	5,118	31,631	20,137	1,249	1,249	1,249	-	-	-
Debt issue costs	-	-	-	-	-	-	-	-	-	-
Capital Outlay	529,436	220,792	654,613	533,159	368,970	464,466	823,025	344,603	451,619	692,193
Total expenditures	\$ 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	\$ 4,371,859
Excess(deficiency) of revenues over(under) expenditures	\$ 40,154	\$ 75,316	\$ 186,655	\$ 189,112	\$ 371,729	\$ 81,401	\$ (433,429)	\$ (5,822)	\$ (274,898)	\$ (488,607)
Other financing sources(uses)										
Transfers in	215,508	213,200	220,000	113,300	-	35,000	305,575	-	118,236	329,265
Impact Fees	131,560	153,263	39,780	77,220	5,850	1,170	-	-	-	-
Capital grants	25,000	-	-	-	-	-	-	-	-	-
Proceeds from Borrowing	-	-	-	-	38,265	-	-	-	-	-
Total other financing sources (uses)	\$ 372,068	\$ 366,463	\$ 259,780	\$ 190,520	\$ 44,115	\$ 36,170	\$ 305,575	\$ -	\$ 118,236	\$ 329,265
Net change in fund balance	\$ 412,222	\$ 441,779	\$ 446,435	\$ 379,632	\$ 415,844	\$ 117,571	\$ (127,854)	\$ (5,822)	\$ (156,662)	\$ (159,342)
Debt service as percentage of non-capital expenditures	2.4%	1.8%	2.9%	13.5%	0.4%	0.4%	0.3%	0.0%	0.0%	0.0%

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

Fiscal Year	Real Property	Assessed Value of Personal Property	Centrally Assessed Property	Taxable Assessed Valuation	Total Direct Tax Rate
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
2014	113,690,173	19,681,167	929,761	134,301,101	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
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	0.3818	22.877
2014	7.589	6.867	7.208	0.492	0.3658	22.522

Lake Alfred, Florida
Schedule of
Principal Property Tax Payers
September 30, 2014 For the Current Year and Ten Years Prior

Taxpayer	2014		2004	
	Taxable Assessed Valuation	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Percentage of Total Taxable Assessed Value
Mizkan Americas Inc	8,585,673	6.39%	*	*
Cax Cypress Gardens	7,600,756	5.66%	*	*
Tampa Electric	3,859,585	2.87%	*	*
Caribbean Distillers Inc	3,795,151	2.83%	*	*
Verizon	2,209,555	1.65%	*	*
Ash Street Group LLC	1,758,269	1.31%	*	*
1792BT LLC	1,553,691	1.16%	*	*
Growers Fertilizer	1,495,671	1.11%	*	*
MLA Income Properties II LLC	1,409,850	1.05%	*	*
THR Florida LLP/ Invitation Homes	1,358,300	1.01%	*	*
	<u>33,626,501</u>	<u>25.04%</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
2005	820,172	811,547	98.95%	7,539.36	819,086	99.87%
2006	1,004,834	970,995	96.63%	2,628.37	973,623	96.89%
2007	1,719,176	1,570,257	91.34%	24,369.93	1,594,627	92.76%
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	963,416	99.81%	3,280	956,225	99.07%
2013	989,096	952,642	96.31%	25,743	978,385	98.92%
2014	1,019,211	*	*	*	*	*

* 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				
2005	508,796	-	3,574,543	387,811	-	4,471,150	141,419,652	3.16%	990
2006	463,679	-	3,368,480	1,016,518	-	4,848,677	157,993,931	3.07%	1,063
2007	419,193	-	3,154,356	4,703,730	-	8,277,279	174,907,229	4.73%	1,789
2008	-	-	2,991,470	5,111,891	-	8,103,361	181,681,650	4.46%	1,616
2009	-	28,066	2,821,323	4,873,970	77,044	7,800,403	174,626,404	4.47%	1,555
2010	-	19,115	2,673,501	4,347,340	52,472	7,092,428	189,651,954	3.74%	1,414
2011	-	9,765	2,519,357	4,126,181	26,807	6,682,110	197,666,977	3.38%	1,332
2012	-	-	2,358,620	3,900,127	-	6,258,747	167,837,046	3.73%	1,248
2013	-	-	2,164,174	3,669,070	-	5,833,244	191,747,780	3.04%	1,151
2014	-	-	1,975,351	3,432,899	-	5,408,250	176,332,911	3.07%	1,185

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, 2014**

Jurisdiction	Total Bonded Debt Outstanding	Percentage Applicable to Lake Alfred	Amount Applicable to Lake Alfred
District School Board of Polk County	50,831,797	0.53% (1)	267,132
Total Overlapping Debt			267,132
Total Direct Debt			-
Total Direct and Overlapping Debt			<u>\$ 267,132</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
2005	2,287,155	940,609.00	1,346,546	342,608	3.93	1.20	1,003,938	30,900	32.49	1.15
2006	2,073,485	993,590.00	1,079,895	342,608	3.15	1.20	737,287	31,471	23.43	1.15
2007	2,274,363	1,274,946.00	999,417	342,608	2.92	1.20	656,809	198,688	3.31	1.15
2008	2,444,484	1,119,340.00	1,325,144	264,306	5.01	1.20	1,060,838	351,842	3.02	1.15
2009	2,099,498	1,433,708.00	665,790	264,306	2.52	1.20	401,484	351,842	1.14	1.15
2010	2,040,934	1,295,607.00	745,327	264,306	2.82	1.20	481,021	315,646	1.52	1.15
2011	2,035,072	1,501,986.00	533,086	264,306	2.02	1.20	268,780	315,646	0.85	1.15
2012	2,056,647	1,302,128.00	754,519	282,215	2.67	1.20	472,304	315,646	1.50	1.15
2013	2,090,139	1,116,504.00	973,635	238,443	4.08	1.20	735,192	315,646	2.33	1.15
2014	2,058,478	1,187,794.00	870,684	236,171	3.69	1.20	634,513	315,646	2.01	1.15

- 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
- (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

**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)
2014	5,127	34,393	176,332,911	40.5	2,717	8.2
2013	5,068	37,835	191,747,780	39.8	2,745	6.8
2012	5,018	33,447	167,837,046	39.8	2,682	8.6
2011	5,015	39,415	197,666,977	37.8	2,614	10.7
2010	5,015	37,817	189,651,954	37.8	2,766	13.3
2009	4,627	37,741	174,626,404	39.9	2,603	11.4
2008	4,562	39,825	181,681,650	39.6	2,499	6.7
2007	4,517	38,722	174,907,229	39.3	2,408	4.5
2006	4,239	37,272	157,993,931	39.5	*	3.7
2005	4,043	34,979	141,419,652	39.4	*	4

* Information not available

(1) University of Florida BEBR

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

(3) Polk County School Board

(4) Florida Agency for Workforce Innovation

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

Employer	Type of Business	2014		
		Employees	Rank	Percentage of Total City Employment
IFAS/ University of Florida	Research Center	246	1	25%
Polk County School Board	Education	225	2	23%
City of Lake Alfred	Government	75	3	8%
Florida Distillers	Manufacturer	50	4	5%
Growers Fertilizer	Manufacturer	49	5	5%
Mizkan	Manufacturer	45	6	5%
Southern Gardens	Assisted Living	42	7	4%
Lake Alfred Assisted Living	Assisted Living	25	8	3%
W E Jones	Manufacturer	15	9	2%
Cypress Greens	Retirement Community/Golf Course	12	10	1%
		784		
Estimated Total City Employment			1,000	

- (1) Principal employers for nine years ago is not available.
(2) Source: Survey of Employers

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	4.5	4.0	4.0	3.0	3.0	2.0
Finance	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.5	4.0
Public Safety										
Police	15.5	15.5	16.0	15.0	15.0	16.0	16.0	16.0	16.0	16.0
Fire	6.0	10.5	10.5	12.0	12.0	12.0	13.0	14.0	14.0	14.0
Building & Zoning	3.0	4.0	5.9	4.5	3.0	2.0	2.0	3.0	3.0	3.0
Library	1.5	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.5	2.5
Parks & Recreation	3.5	4.0	2.5	4.5	3.0	3.0	4.5	4.5	5.5	5.5
DPW Administration	2.0	2.0	2.0	2.0	2.0	2.7	2.5	4.0	3.0	1.0
Building Maintenance	1.0	1.0	1.0	1.0	1.0	1.5	1.0	1.0	1.0	1.0
CGMP	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Sanitation	5.0	5.0	6.0	6.0	6.0	6.0	4.0	4.0	4.0	4.0
Roads & Streets	4.6	4.5	3.0	4.0	3.0	3.0	3.7	6.0	6.0	5.0
Total General Fund	53.6	57.5	57.9	60.0	56.5	57.2	58.2	63.0	65.0	61.5
ENTERPRISE FUND										
Utilities (Water & Wastewater)	11.0	12.0	12.0	12.5	12.5	12.5	12.5	11.5	9.5	9.5
Stormwater	0.4	0.5	0.6	0.5	0.5	0.3	0.3	0.0	0.0	0.0
Total Enterprise Fund	11.4	12.5	12.6	13.0	13.0	12.8	12.8	11.5	9.5	9.5
TOTAL STAFF	65.0	70.0	70.5	73.0	69.5	70.0	71.0	74.5	74.5	71.0

(1) Source: City of Lake Alfred payroll

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Calls for Service	6,008	5,562	5,570	5,695	4,770	5,446	6,063	6,026	5,712	4,437
Traffic Crashes	125	101	134	134	82	117	126	114	126	125
Traffic Violations	2,291	1,201	1,676	1,733	1,961	1,201	1,803	1,630	671	408
Fire Control										
Number of Calls	1,410	1,312	1,130	912	796	1,121	1,204	1,301	1,402	1,260
Building Department										
Permits Issued	*	388	279	296	188	217	197	188	235	292
Inspections	*	36	212	798	239	194	267	179	274	936
Leisure Services										
Summer Attendees	*	35	33	47	25	25	32	50	64	40
Library Visitations	*	*	18,855	20,629	22,772	17,499	27,399	24,647	36,818	34,816
Circulation	*	*	20,998	19,360	18,068	11,683	18,820	19,753	26,400	30,860
Facility Rentals	*	40	54	64	64	57	62	60	85	77
Human Services										
Cemetery plots sold	*	11	19	14	13	16	23	14	13	25
Business Tax Receipts	*	250	262	287	273	247	218	261	224	243
Solid Waste										
Refuse collected (Tons)	*	*	-	3,220	3,014	2,778	2,018	1,937	1,827	1,920
Brush collected (Tons)	*	*	-	1,090	1,217	1,299	1,217	1,193	1,164	1,102
Commercial Customers	*	101	104	110	104	109	70	70	66	68
Residential Customers	*	1,645	1,727	1,733	1,733	1,758	1,720	1,781	1,752	1,797
Public Works										
Street Resurfacing (Miles)	*	*	*	*	*	4	10	-	7	-
Water										
New Connections	73	119	149	7	77	95	3	4	24	32
Number of Customers	2,386	2,505	2,654	2,661	2,738	2,833	2,836	2,883	2,754	2,804
Wastewater										
New Connections	62	95	164	5	22	68	1	2	1	27
Number of Customers	1,827	1,922	2,086	2,091	2,113	2,156	2,208	2,247	2,166	2,264
Avg Daily Sewage Treatment	*	*	*	*	*	375,000	375,000	375,000	375,000	375,000

* : Information not available

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Station	1	1	1	1	1	1	1	1	1	1
Patrol Cars	8	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	48.00
Traffic Signals	1	1	1	1	1	3	3	3	3	3
Leisure Services										
Parks	8	8	9	10	10	10	10	10	10	10
Parks Acreage	54	166	166	166	166	166	166	166	166	166
Rental Facilities	2	2	3	3	3	3	3	3	3	3
Playgrounds	3	3	4	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	5	5	6	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	190
Water Main Miles	*	*	*	*	*	*	30	30	30	30
Wastewater										
Waster Treatment Plant	1	1	1	1	1	1	1	1	1	1
Lift Stations	22	22	26	30	30	30	30	30	30	30
Sanitary Sewer Miles	*	*	*	*	*	19	19	19	19	19

* : Information not available

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS 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, 2014, 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 26, 2015.

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.

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*.

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.
Auburndale, Florida
March 26, 2015

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES

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

We have examined City of Lake Alfred, Florida's compliance with Section 218.415, Florida Statutes for the year ended September 30, 2014. Management is responsible for City of Lake Alfred, Florida's compliance with those requirements. Our responsibility is to express an opinion on City of Lake Alfred, Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about City of Lake Alfred, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on City of Lake Alfred, Florida's compliance with specified requirements.

In our opinion, City of Lake Alfred, Florida complied, in all material respects, with the aforementioned requirements of Section 218.415, Florida Statutes for the year ended September 30, 2014.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
March 26, 2015

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Lake Alfred, Florida as of and for the year ended September 30, 2014, and have issued our report thereon dated March 26, 2015.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance with the requirements of Section 218.415, Florida Statutes in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 26, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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 or recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., 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 City of Lake Alfred, Florida, see footnote A of the summary of significant accounting policies in the notes to financial statements.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not City of Lake Alfred, Florida 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.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor 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.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the City of Lake Alfred, Florida for the fiscal year ended September 30, 2014, 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, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., 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)3., 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.

Purpose of this Letter

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, members of the City Commission, 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.
Auburndale, Florida
March 26, 2015