



LAKE
COUNTY
Florida



CITIZEN'S ANNUAL FINANCIAL REPORT
Fiscal Year Ended September 30, 2010



Neil Kelly, Clerk

A Message From Neil Kelly, Lake County Clerk of the Circuit Court

To the Citizens, Residents, and Friends of Lake County:

I am pleased to provide you with the *Lake County, Citizen's Annual Financial Report (Citizen's Report) for the Fiscal Year Ended September 30, 2010*.

The information in this report is derived from the *Lake County, Florida Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended September 30, 2010*. The CAFR consists of over 200 pages of detailed financial statements, notes, schedules, and reports. The Citizen's Report presents the County's fiscal year 2010 financial activity in a simplified, and subsequently easier to read version than the CAFR. Both reports are posted at the Lake County Clerk website, www.lakecountyclerk.org (under "Records Search"). They are also available at the County Finance Department office, 315 West Main Street in Tavares.

This report presents the financial information of all County government operations, including those of the Board of County Commissioners, Clerk of the Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector. Since the Citizen's Report contains simplified information, it does not conform to generally accepted accounting principles (GAAP) for governmental entities, as does the CAFR. As the Chief Financial Officer of Lake County, I am fully responsible for the accuracy of these financial reports.

I hope that you find this report easy to read, interesting and informative.

Sincerely,

Neil Kelly
Lake County Clerk of the Circuit Court



Lake County Florida
Citizen's Annual Financial Report
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Waterfront Park, Clermont, Florida

Lake County - Then and Now

In May 1887, the Florida Legislature created Lake County. It was carved from Orange and Sumter counties, and was named for its 250 named lakes and 1,735 bodies of water. The courthouse, known as the Pioneer Building, was dedicated in 1889.

Early industry consisted of reliance on the land: farming, citrus growing, lumber, and turpentine. Lake County was known worldwide for its record crops of tomatoes, watermelon, ferns, and, of course, citrus. All of this to some degree or another relied on the weather. Big freezes killed not only crops and citrus, but also hopes and dreams. Many growers moved south after a series of freezes in the 1980's.

Other industries soon moved into Lake County and the economy grew. Lake County is known for its beautiful lakes and parks, and tourism is recovering from the recent economic recession. Lake County's history is rich and diverse. Today, as in the past, Lake County is a pleasant place to live and work.

About This Report

The Citizen's Report provides an overview of the areas of responsibility and the operations of Lake County's Board of County Commissioners and the five Constitutional Officers: Clerk of the Circuit Court, Property Appraiser, Supervisor of Elections, Sheriff, and Tax Collector. This information is summarized and is not prepared in accordance with generally accepted accounting principles.

The financial information does not substitute for the County's Comprehensive Annual Financial Report (CAFR). The CAFR outlines the County's financial position and operating activities for the year in detail and in conformity with generally accepted accounting principles. The CAFR is audited by the County's external auditors.

Within the report, pages 5 through 10 reflect the sources and uses of County funds within governmental activities and page 11 represents revenues and expenses of business-type activities. They are distinguished as follows:

Governmental Activities include most of the basic services offered to citizens, including tax assessment and collections, fire and law enforcement protection, judicial services, civil emergency services, construction and maintenance of highways, streets and other infrastructure, economic development, social and human services, and cultural and recreational services. Property taxes, intergovernmental revenues, and various user fees finance these operations.

Business-type Activities are limited to the Landfill operation.

Principal Officials
Lake County, Florida
As of September 30, 2010

BOARD OF COUNTY COMMISSIONERS

- District 1 – Jennifer Hill**
District 2 – Elaine Renick, Vice Chairman
District 3 – Jimmy Conner
District 4 – Linda Stewart
District 5 – Welton G. Cadwell, Chairman

Lake County is served by a Board of County Commissioners representing five districts in the County. Elected by the County at large, each commissioner serves a four-year term, in which the terms are staggered.

The Board of County Commissioners is the legislative branch of County government. Individual Commissioners are both lawmaking officers and fiscal representatives of the County. The County Manager and County Attorney are appointed by the Commissioners to oversee daily operations, personnel, and legal matters.

The Commissioners appoint citizens to more than 30 different committees. [Vacancies](#) on these advisory boards are posted as the terms are fulfilled. Those interested in serving go through an [application](#) and selection process.

The Board meets the first, third and fourth Tuesday at 9 a.m. In addition, the Board meets in work sessions whenever necessary to discuss matters of general importance. These meetings are generally held on the second Tuesday of each month at 9 a.m. [Minutes](#) are recorded of all Commission meetings, work sessions and public hearings, and made a part of the record.

APPOINTED COUNTY OFFICIALS

- Interim County Manager – Sanford A. Minkoff**
Acting County Attorney – Melanie N. Marsh

Principal Officials, continued

LAKE COUNTY CONSTITUTIONAL OFFICERS

Clerk of the Circuit Court: Neil Kelly

The Clerk of the Circuit Court (www.lakecountyclerk.org) is an elected office established by the Florida Constitution. The duties are Clerk of the Circuit and County Courts, County Comptroller/Treasurer, County Auditor, County Recorder, and Secretary/Ex-Officio Clerk to the Board of County Commissioners. In addition, in Lake County the Clerk is the Secretary/Treasurer for the Lake County Water Authority; Treasurer for Lake-Sumter Emergency Medical Services, Inc. and the Lake County Historical Society; and administrative coordinator for the Lake-Sumter Metropolitan Planning Organization. The Clerk also serves as the passport and documentary stamp agent.

Property Appraiser: Ed Havill

The Lake County Property Appraiser's (www.lakecopropappr.com) function is to inventory and assess all real estate and tangible personal property in the county for ad valorem purposes. Florida law requires the Property Appraiser to update the values on these records annually.

Sheriff: Gary Borders

The Sheriff (www.lcso.org) is responsible for law enforcement and the protection of life and property in Lake County, for the welfare and safekeeping of the inmates incarcerated in the Lake County Jail, and for security and order in the Circuit and County Courts.

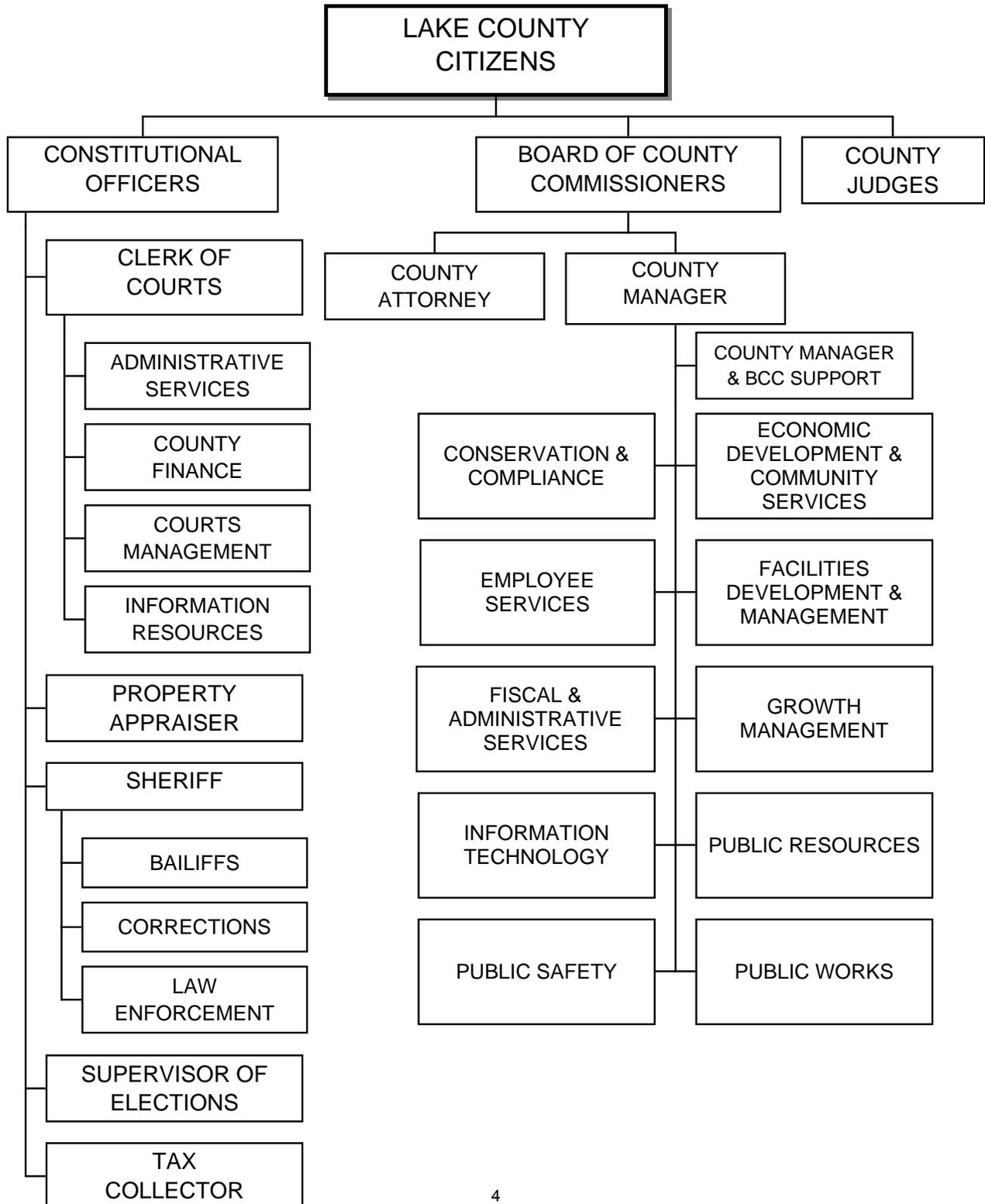
Supervisor of Elections: Emogene Stegall

The Supervisor of Elections (www.elections.lakecountyfl.gov) is responsible for preparing and conducting all county, state, and federal elections held in Lake County. The office accurately maintains records for all registered voters in the county. The Supervisor qualifies all candidates and monitors all financial reports required from candidates for office. In addition, the office handles filings of financial disclosure forms by appointed and elected officials.

Tax Collector: Bob McKee

The Tax Collector's Office (www.laketax.com) is responsible for providing a wide range of services that include the collection and administration of ad valorem taxes, non-ad valorem assessments, motor vehicle and vessel registration and title fees, and hunting and fishing license fees.

LAKE COUNTY ORGANIZATIONAL CHART LAKE COUNTY, FLORIDA



Net Assets of the County

The "net assets" of the County is a useful indicator of the County's financial position.

The following is a summary of Lake County Net Assets for governmental and business activities for 2010 and 2009:

LAKE COUNTY'S NET ASSETS (amounts expressed in thousands)

	Governmental Activities		Business-type Activity		Total	
	2010	2009	2010	2009	2010	2009
Cash and investments	\$ 204,618	\$ 216,881	\$ 6,508	\$ 8,937	\$ 211,126	\$ 225,818
Current and other assets	11,633	11,604	1,021	1,206	12,654	12,810
Capital Assets	<u>455,386</u>	<u>432,576</u>	<u>13,746</u>	<u>14,052</u>	<u>469,132</u>	<u>446,628</u>
Total Assets	671,637	661,061	21,275	24,195	692,912	685,256
Long-term liabilities outstanding	138,745	140,108	6,929	7,898	145,674	148,006
Other liabilities	<u>31,032</u>	<u>32,172</u>	<u>2,314</u>	<u>2,410</u>	<u>33,346</u>	<u>34,582</u>
Total Liabilities	169,777	172,280	9,243	10,308	179,020	182,588
Net Assets:						
Invested in capital assets, net of related debt	371,850	349,166	12,436	12,305	384,286	361,471
Restricted	59,675	64,621	-	-	59,675	64,621
Unrestricted	<u>70,335</u>	<u>74,994</u>	<u>(405)</u>	<u>1,582</u>	<u>69,930</u>	<u>76,576</u>
Total net assets	<u>\$ 501,860</u>	<u>\$ 488,781</u>	<u>\$ 12,031</u>	<u>\$ 13,887</u>	<u>\$ 513,891</u>	<u>\$ 502,668</u>

At September 30, 2010, Lake County has cash and investments on hand of \$211,126,314 and Lake County's assets are greater than its liabilities by \$513,890,946 (net assets). Of this amount, \$69,930,034 (unrestricted net assets) may be used to meet the County's ongoing obligations to its citizens and creditors.

The County's total net assets increased \$11,223,103 from the previous year. The increase was primarily the result of decreases in expenditures related to the county-wide radio project.

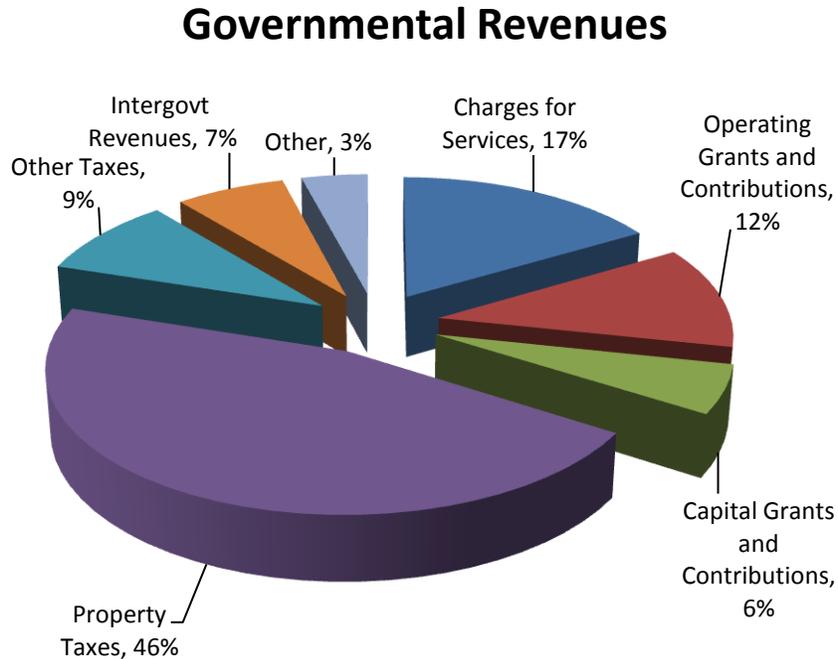
The General Fund, the County's primary operating fund, reported an unreserved fund balance of \$43,774,179. This amount is included in the unrestricted net assets shown on the table above. The unreserved general fund balance of \$43,774,179 represents 40% of total general fund expenditures.

Total bonded debt and notes payable outstanding at year-end amounted to \$128,705,779. There were no new borrowings in 2010.

Governmental Activities - Revenues by Type

Lake County receives revenues from various sources. Those sources include property taxes, other taxes, charges for services, operating and capital grants and investment income.

The following is a chart of governmental activities revenue for the 2010 fiscal year:



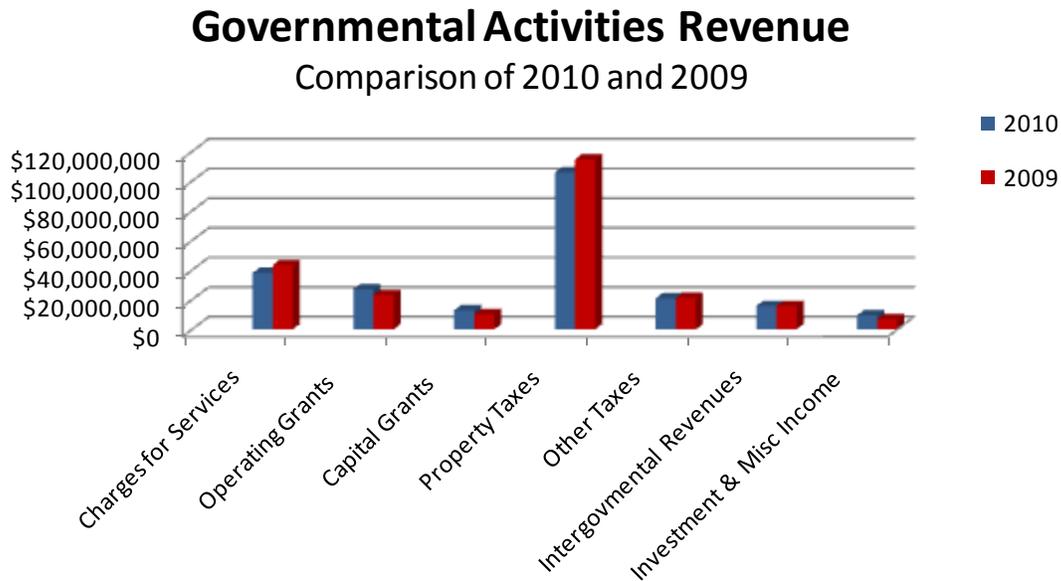
Property taxes comprise the majority of the County's revenue. Other taxes include sales tax, infrastructure sales tax, gas taxes, and tourist development taxes. Sales taxes are received from the state and can be used for any lawful purpose. A portion of the sales tax is used to pay debt service on the Capital Improvements Revenue Bonds. Gas taxes are collected on fuel sold in the county and are used solely for road construction and maintenance. Infrastructure sales tax is the extra penny approved by voters and is used for infrastructure improvements such as buildings, roads, fire and sheriff vehicles or other capital. Tourist development taxes are collected from rental lodging and used to promote tourism in the County.

Program revenues include charges for services and capital and operating grants. Charges for services include fees collected for services provided by the County and includes court fees, recording fees, building permits and fees charged to other governments.

Governmental Activities - Revenues by Type, continued

Capital and operating grants are monies received from state and federal agencies for construction or for certain programs such as housing and community development. This revenue also includes American Reinvestment and Recovery Act (ARRA) funds received to stimulate the local economy.

The following is a comparison of 2010 governmental activities revenue to 2009:



Overall, revenues from governmental activities decreased by \$9.7 million in 2010. The majority of this decrease was in property taxes which decreased \$9.2 million, as more fully discussed under Property Taxes. Other decreases were in charges for services of \$5.3 million, primarily for a reclassification of court revenue to intergovernmental revenue, as a result of the court system coming under State appropriation. Operating and capital grants also increased in 2010 by approximately \$6.5 million. Lake County was awarded nearly \$8 million in ARRA Funds that provided funding for a variety of transportation infrastructure projects. Approximately \$4.0 million in revenue was received from these grants this year. Other ARRA grant revenues totaled \$2.3 million in 2010.

Property Taxes

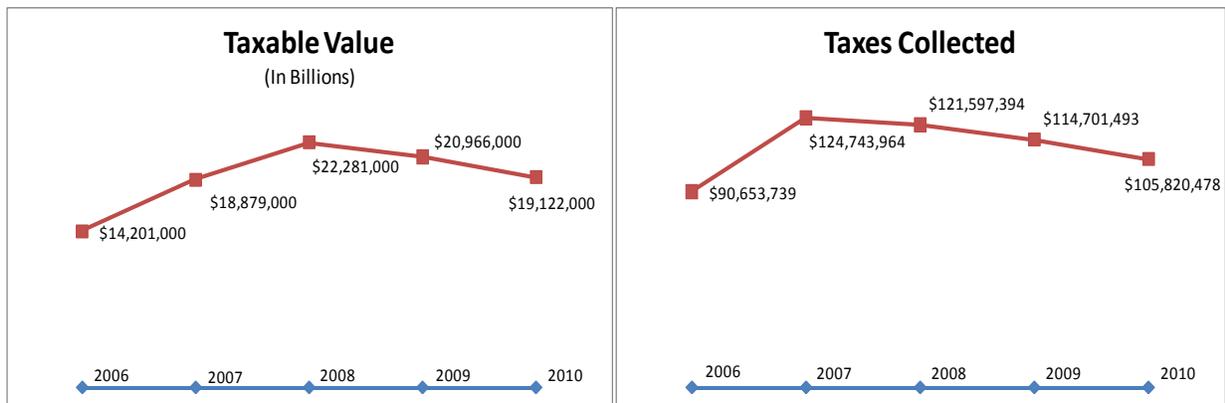
Property taxes are ad valorem taxes levied on the taxable value of real and tangible personal property in the county. These taxes are based on the millage rate imposed by various taxing authorities.

Property taxes are considered general revenue to the County. The County assesses and collects ad valorem taxes to fund the following activities: general government functions, public lands debt service, and for three municipal services taxing units (MSTU): for stormwater, parks and roads, for ambulance services and for fire rescue. A MSTU is a taxing district authorized by law for providing specific services to a defined geographical area. The chart below indicates the millage rates assessed and taxes collected for 2010.

<u>TAXING AUTHORITY</u>	<u>MILLAGE RATE</u>	<u>TAXES COLLECTED</u>
GENERAL FUND	4.6511	\$ 86,796,348
MSTU STORMWATER, PARKS & ROADS	0.4984	4,936,306
MSTU EMERGENCY MEDICAL SERVICES	0.4651	8,693,736
MSTU FOR FIRE RESCUE	0.3222	3,334,523
VOTER APPROVED DEBT	0.1101	<u>2,059,565</u>
TOTAL		<u>\$ 105,820,478</u>

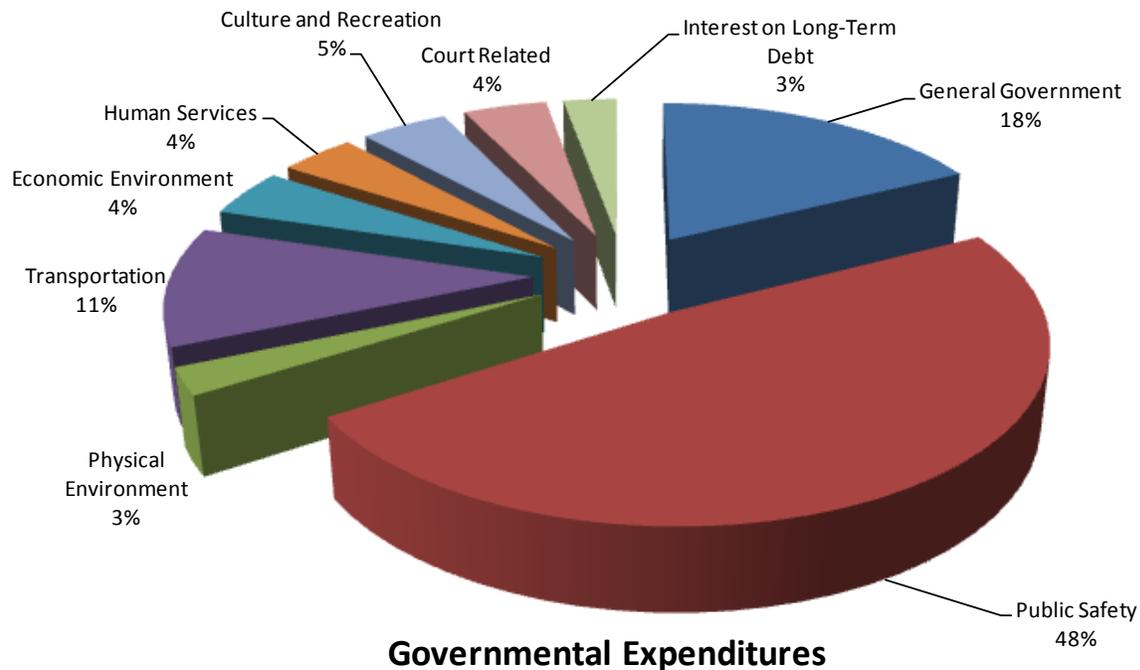
The amount of taxes collected in 2010 totaled \$105,820,478 compared to \$114,701,495 in 2009, a decrease of \$8,881,017 or about 8%. This decrease can be attributed to a 9% decrease in the assessed value of real and tangible property in the County. The decrease in 2009 from 2008 was about 7%.

The chart below shows comparisons in property taxable values and collections from 2006 to 2010:



Governmental Activities - Expenditures by Type

Governmental activities expenditures are classified in the following categories:



General government includes services that are provided by the legislative and administrative branches of the County for the benefit of the public and government body as a whole. These operations include Board departments such as the county manager, county attorney, budget office, information outreach, information technology, facilities and employee services.

Public safety includes law enforcement, correction and detention, fire services and building inspections.

Physical environment includes services relating to the management of natural resources such as the landfill and soil and water conservation.

Transportation services include the countywide road system, construction and maintenance of roads and streets and traffic control.

Economic environment includes services that develop and improve the economic condition of the community including housing and veteran services.

Governmental Activities - Expenditures by Type, continued

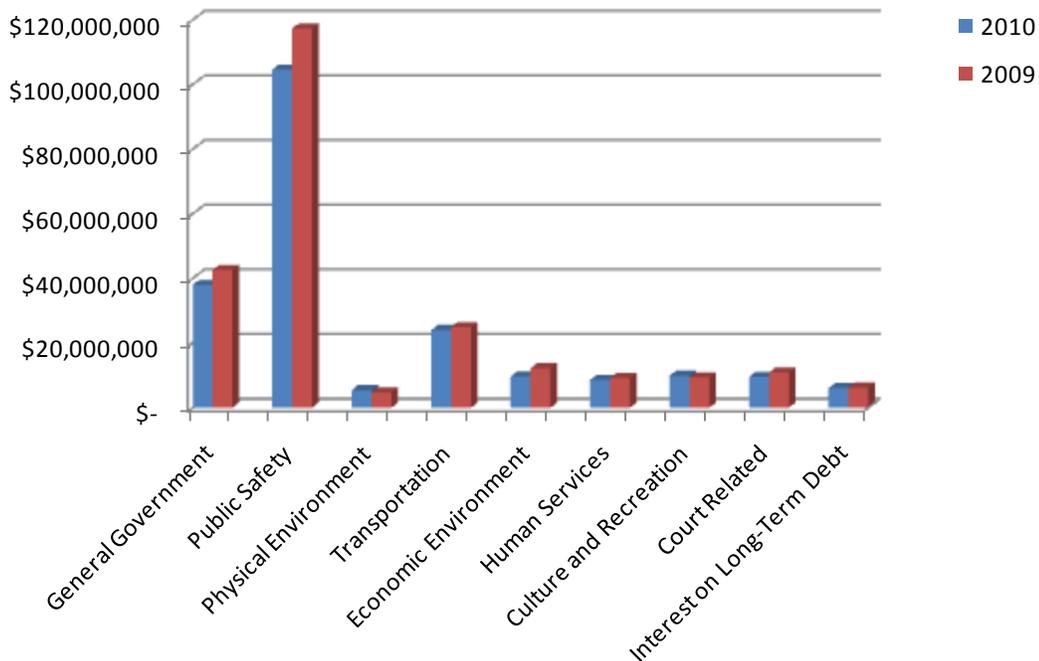
Human services include services for the care, treatment and control of human illness, injury or handicap. These services are for mental health, physical health, public assistance and health care for indigent citizens.

Culture and recreation includes services provided through parks and recreation programs and the countywide library system.

Court Related expenditures include all costs of the Lake County courts, including personnel and courthouse facilities.

Interest on Long-Term Debt includes all interest payments made by the County for governmental activities.

Governmental Expenditure Comparison 2010 & 2009



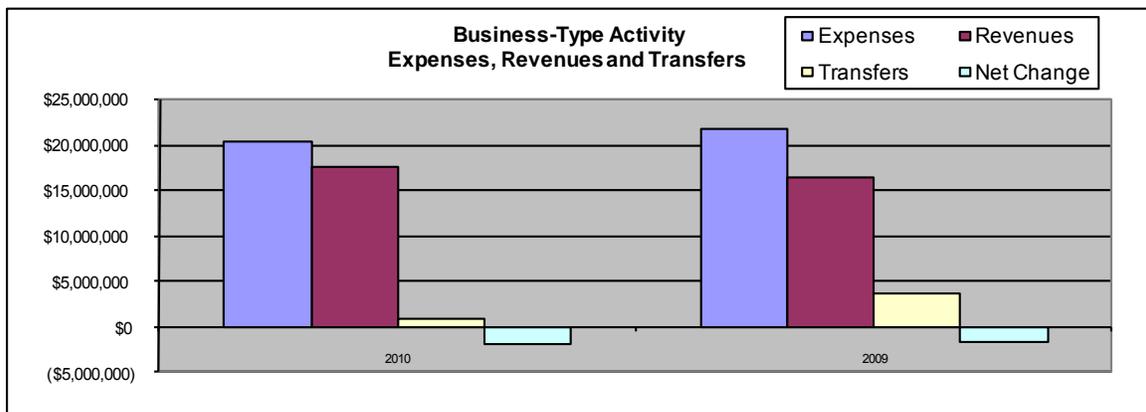
Governmental activities expenditures decreased in 2010 from 2009 about \$21.6 million. The majority of the decrease, \$12.7 million, was in public safety expenses. This decrease resulted from the purchase of a countywide radio system completed in 2009. General government expenses also decreased by \$4.7 million, due to cost reduction measures by the Board and from a reduction in capital outlay. All Board and Clerk employees took one day a month furlough in 2010.

Business-Type Activities - Landfill

The only business-type activity for Lake County is the landfill. The system consists of one operating landfill, five closed landfills, and a new landfill. The new landfill, Central Landfill Phase III, consisting of two cells, was completed in 2009 and has approximately 1.7 million cubic yards of capacity over approximately 23 acres. To date, the Phase III landfill has not started accepting waste.

The County also uses an incinerator operated by an outside vendor. Our contract with this vendor, Covanta Lake, Inc. (Covanta), requires that we provide a certain amount of waste to the incinerator each year. The service agreement with Covanta will expire in July, 2014. The County has established a Solid Waste Study Committee to assist in determining how the solid waste needs of the County will be handled after that date.

The following chart is a comparison of expenses, revenues and transfers by year for business-type activities:



The majority of solid waste in the unincorporated area of the county is incinerated. While this practice saves valuable landfill space, it is a more costly method of disposal. In 2003, the Board reduced tipping fees from \$90 per ton to \$40 per ton to encourage the cities and others to use the system. As a result, the general fund has transferred funds to the landfill since 2003 to cover the cost of operations. The amount of transfer has varied from a high of \$8.2 million to \$2.1 million in 2010. It is anticipated that this transfer will not be required after the contract with Covanta ends in 2014.

In addition to tipping fees, a special assessment of \$184 for collection and disposal is charged to all residents in the unincorporated area of the county. This revenue generated \$12 million in 2010. Franchise haulers collect county waste. Collection charges paid to these haulers amounted to \$8.5 million in 2010. Other revenues in the landfill fund are recycling revenues of almost \$1.0 million.

Capital Assets

The County's investment in capital assets for its governmental and business-type activity as of September 30, 2010, amounts to \$469,132,166 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, and roads completed and put into use during the period from fiscal year 1980 to 2010.

LAKE COUNTY'S CAPITAL ASSETS (amounts expressed in thousands)

	Governmental Activities		Business-type Activity		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 77,399	\$ 75,359	\$ 2,913	\$ 2,913	\$ 80,312	\$ 78,272
Buildings	123,221	121,587	1,073	1,160	124,294	122,747
Improvements other than buildings	29,642	29,819	8,783	8,878	38,425	38,697
Machinery and equipment	28,658	29,382	862	949	29,520	30,331
Infrastructure	155,754	145,952	-	-	155,754	145,952
Construction in progress	40,712	30,477	115	152	40,827	30,629
Total	<u>\$ 455,386</u>	<u>\$ 432,576</u>	<u>\$ 13,746</u>	<u>\$ 14,052</u>	<u>\$ 469,132</u>	<u>\$ 446,628</u>

The increase in capital assets of approximately \$23 million in 2010 was primarily related to infrastructure (road) projects. The construction of the Judicial Center Expansion began in June 2010. The total anticipated expense for this project is approximately \$45 million. A parking garage, central energy plant and Tax Collector/Property Appraiser's Offices are projects that were completed in 2009.



Projected Judicial Center Expansion

Long-Term Debt

The County issued bonds (Capital Improvement Revenue Bonds) in 2007 for the expansion of the Judicial Center and other projects including a parking garage, central energy plant and an office building for the Property Appraiser and Tax Collector. In addition, in 2007 the County issued bonds (Limited General Obligation Bonds) in response to a voter referendum to purchase environmentally sensitive land.

Other bonds (Pari-mutuel Bonds) were issued for recreation purposes and for the purchase of a countywide radio system (Hancock Note Payable). The landfill note payable was used to construct a new landfill and to close landfills no longer being used.

The following chart shows each bond issue and the amount owed at September 30, 2010 and the amount due next year.

Issue Date	Description	Amount Outstanding at September 30 Year End	Principal and Interest Due Next Year
2007	Capital Improvement Revenue Bonds	\$84,740,000	\$5,738,345
2007	Limited General Obligation Bonds	29,820,000	2,704,788
2000	Pari-Mutuel Revenues Replacement Bonds	3,545,000	295,354
2008	Hancock Bank Note Payable	7,600,779	1,208,398
2002	Landfill Note Payable	<u>3,000,000</u>	<u>1,079,745</u>
Total		<u>\$128,705,779</u>	<u>\$11,026,630</u>

Other liabilities not shown above include accrued compensated absences of \$12,524,800 for all County employees, \$6,338,970 in other post employment benefits, landfill closure and post closure costs of \$4,941,656, and net bond premium payable of \$4,428,791.

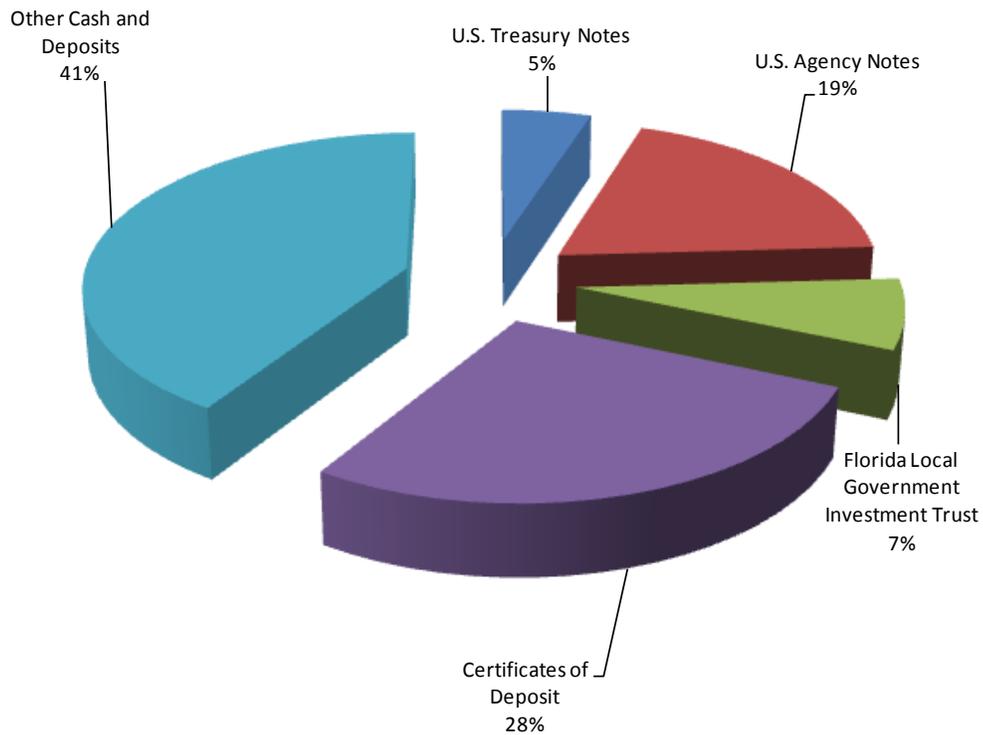
Cash and Investments

As the custodian of all County funds, the Clerk is responsible for the investment of excess operating and bond funds. The County has an investment policy which was adopted by ordinance. The ordinance follows the investment guidelines set forth in Florida Statutes. Investment objectives are to ensure that excess funds are invested in a manner to maximize yield and at the same time minimize risk, maintain liquidity and demonstrate legal compliance. An investment report is published semiannually and can be found on the Clerk's website at www.lakecountyclerk.org.

2010 Investments (Govt and Business Activities only)

Investments	
U.S. Treasury Notes	\$ 10,654,688
U.S. Agency Notes	40,203,967
Florida Local Government Investment Trust	15,434,083
Certificates of Deposit	58,403,500
Other Cash and Deposits	86,430,076
Total	\$ 211,126,314

Cash and Investments 2010



Accomplishments

Public Safety

A new fire station was opened in Paisley. The Facilities and Capital Improvements Department oversaw the construction which includes living space and an office for the Sheriff. The station includes a fire pumper, a wildfire vehicle and a forward operations unit to coordinate large-scale emergencies.



Physical Environment

The County was also awarded \$2.8 million in ARRA funds for an energy efficiency and conservation block grant. A portion of these funds will be used to fund a rebate program, where home and business owners will be reimbursed up to 20% or a maximum of \$500 for residential and \$1,000 for businesses, on qualified energy efficient improvements made to their property.

The Conservation and Compliance Department started a new program that recycles pet products donated to the County's animal shelter. In the past, items such as pet carriers, scratching posts, and pet beds were taken to the landfill for disposal. Now they are available for purchase by new pet owners at significant savings. The revenues from this program are used to help operate the shelter.

The Third Annual Green Fair was held in November. The Green Fair was organized by County employees and included more than 75 exhibitors and local vendors demonstrating their environmentally-friendly products and services in a fair-like atmosphere.

Accomplishments, continued

Transportation

Lake County was awarded nearly \$8 million in funding from the American Recovery and Reinvestment Act (ARRA) of 2009 that provided funding for a variety of transportation infrastructure projects. The Public Works department completed resurfacing of ten roads in the county and work is underway on two bridges: County Road 466A in Picciola and the Lois Drive Bridge in Lake Jem.

Lake Express received \$2.4 million in ARRA funds to help purchase three additional buses, as well as additional equipment to serve the nearly 233,000 passengers that used the system this past year.

Economic Environment

The Board took steps to spur business growth and assist the local economy by suspending the collection of transportation impact fees on new developments. The Board also awarded \$187,000 to local companies as incentives for creating 54 high valued jobs within the next two years.

Culture/Recreation

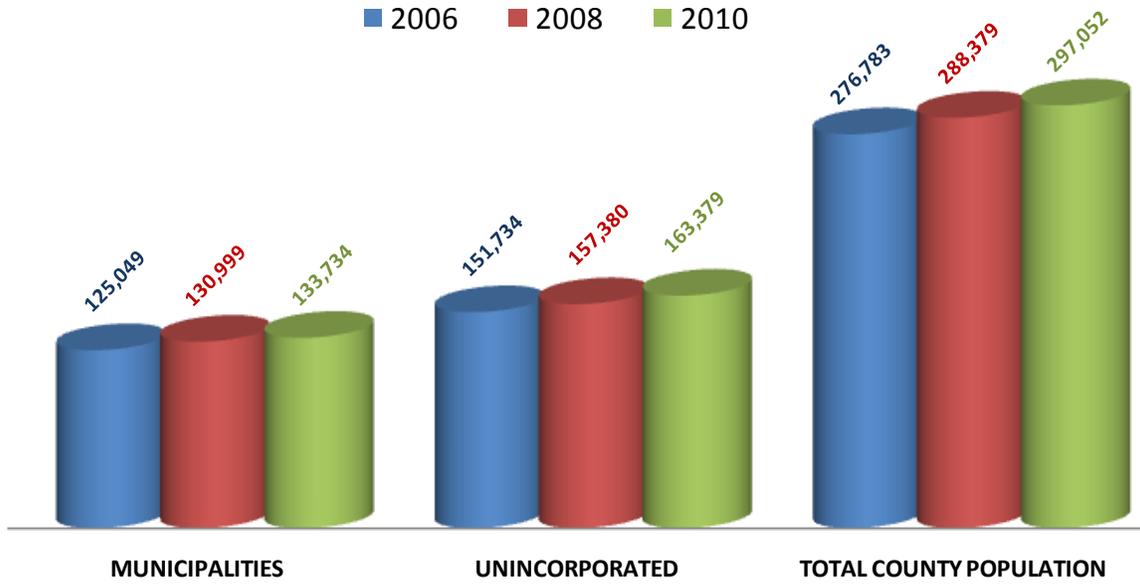
The Parks and Trails division completed the gateway to the Palatlahaha Environmental and Agricultural Reserve, commonly known as PEAR Park. The new entrance to the park now allows direct access to the dog park, softball fields, multi-purpose field, exercise stations and connecting trails directly off Highway 27 in Leesburg.



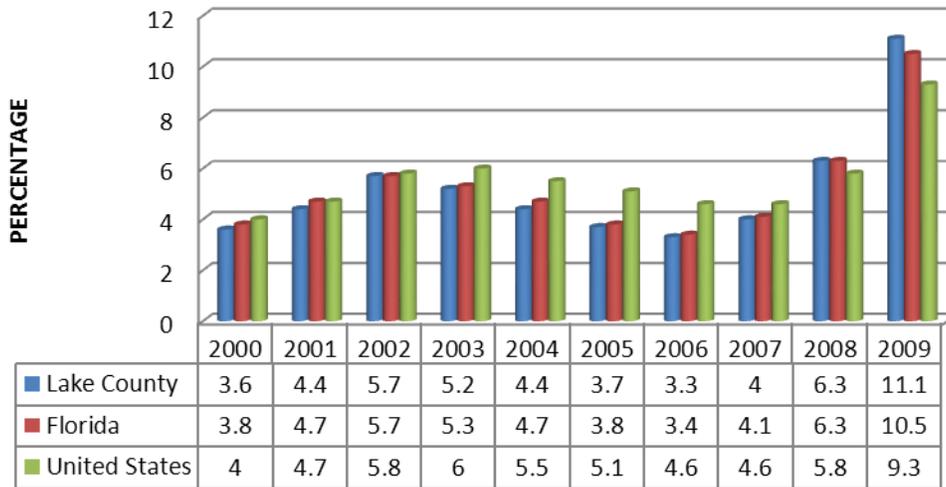
PEAR Park, Leesburg, Florida

Demographics

Lake County Population Distribution



UNEMPLOYMENT COMPARISON



Lake County, Florida Contact Information

Board of County Commissioners:

www.lakecountyfl.gov

315 West Main Street

P.O. Box 7800

Tavares, FL 32778

352-343-9800

webmaster@lakecountyfl.gov

County Manager:

352-343-9888

County Attorney:

352-343-9787

Constitutional Officers:

Lake County Clerk of Courts

352-742-4100 www.lakecountyclerk.org

Lake County Property Appraiser

352-253-2150

www.lakecopropappr.com

Lake County Sheriff

352-343-2101 www.lcso.org

Lake County Supervisor of Elections

352-343-9734

www.elections.lakecountyfl.gov

Lake County Tax Collector

352-343-9602 www.laketax.com

Board Departments:

Conservation and Compliance

352-742-9639

Economic Development and Community Services

352-343-9899

Employee Services

352-343-9596

Facilities Development & Management

352-742-6512

Fiscal and Administrative Services

352-343-9452

Growth Management

352-343-9647

Information Technology

352-742-6550

Public Resources

352-253-6150

Public Safety

352-343-9458

Public Works

352-483-9000

Citizen Action Request Line

<http://mygovhelp.com/lakecountyfl/>

Fraud, Waste & Abuse Hotline

352-253-1643