ANNUAL REPORT TO THE CITIZENS

CITY OF LAKE WORTH, FLORIDA

PALM BEACH COUNTY

FISCAL YEAR ENDED, SEPTEMBER 30, 2011

City of Lake Worth
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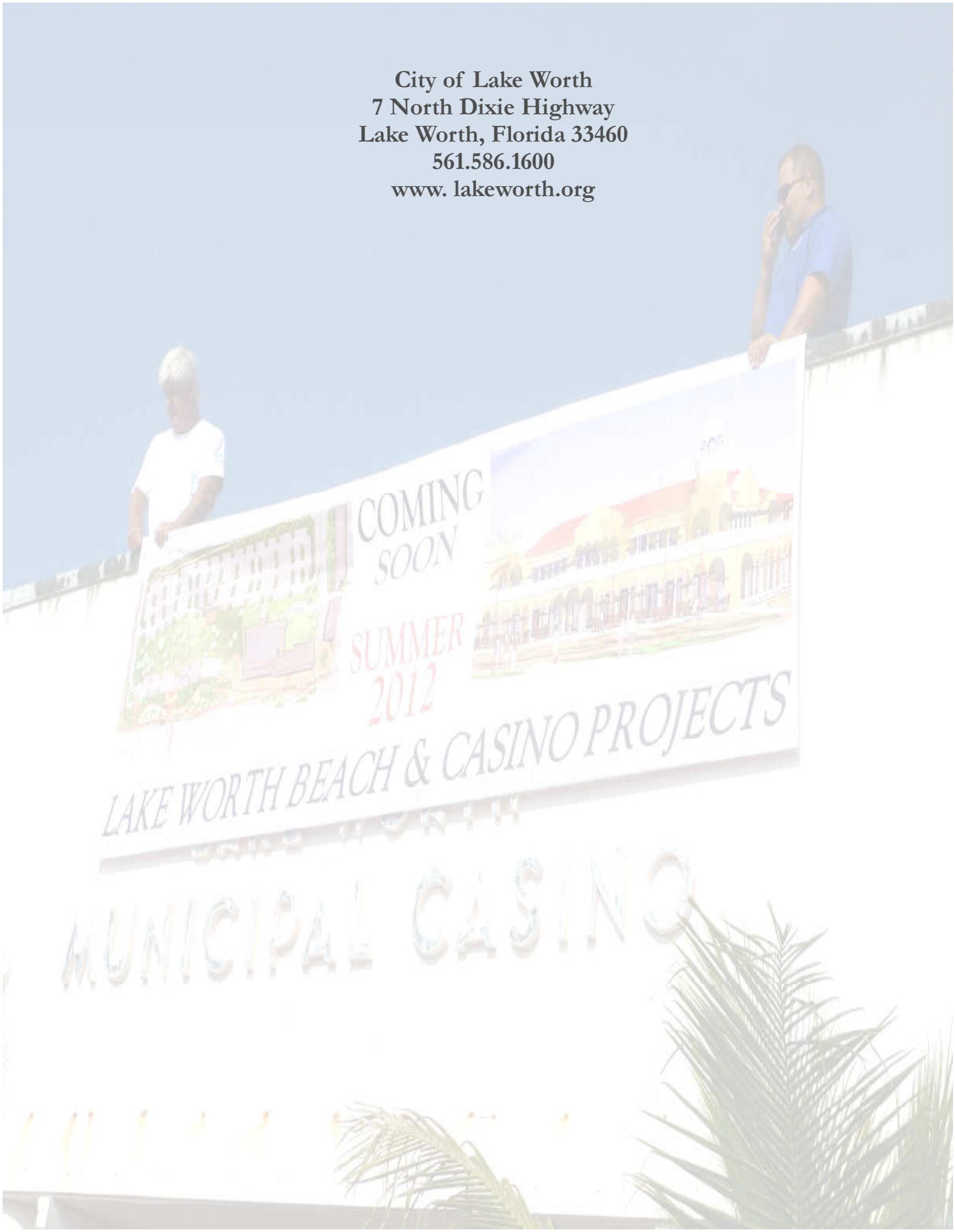
Lake Worth, Florida 33460
561.586.1600
www. lakeworth.org



Annual Report to Citizens

The purpose of the Annual Report is to provide an overview of the financial position and operations of the City of Lake Worth, as reported in the City's Comprehensive Annual Finance Report (CAFR) for the year ended September 30, 2011, along with other information of interest.

The financial information presented here is in a summarized and condensed form, and does not substitute for the City's CAFR. The CAFR outlines the City's financial position and operating activities each year presented in conformity with generally accepted accounting principles (GAAP). The Annual Report is not intended to conform to GAAP primarily because certain presentations of financial data may exclude other general government funds (as described in each schedule or graph) and because disclosures are not presented. The summarized and graphical presentation in the Annual Report is suitable for those readers who prefer an overview or summary of the City government and its financial position. Pension information is not included in this report. Pension financial statements and actuarial information is available on the City's website.

Some of the information is from the City's Annual Budget. The City's CAFR for FY 2010 received the award for outstanding financial reporting from the Government Finance Officers Association. The CAFR, Annual Budget and Annual Report are available at the Lake Worth Public Library and City Hall. You may also find the documents on the City's website:

www.lakeworth.org

In keeping with our commitment to excellence, we proudly present this Annual Report to you.

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A Message From Your Acting City Manager

To the Citizens of Lake Worth:

The City is issuing its seasonal Citizens Annual Report. This report's goal is to summarize the somewhat complicated financial information contained in the City's audited Comprehensive Annual Financial Report for Fiscal Year 2011 (FY 2011) in a manner that is more understandable.

FY 2011 was another challenging year, due to the economic conditions nationally and locally, the City reduced its general fund budget by an additional $1.2 million by restructuring and layoffs. This brings the 2 year general fund reductions to $3.6 million. This allowed the City's General Fund to end FY 2011 year in the black by $1.5 million.

The Electric, Water and Local Sewer Utility operations of the City are operating according to plan with adequate income to meet their renewal/replacement needs, operating and debt requirements. All three of these utilities have developed multiyear operating plans that allow for adequate funding and minimize rate changes over time periods of the plans.

The Regional Sewer utility is experiencing revenue shortfalls due to the ongoing dispute with its customers (other municipalities) over prior year's billings and current rates. The City and the customers have entered a dispute resolution process to resolve the issues.

Sanitation and Stormwater utilities are operating as planned. Changes to the operational model in Sanitation have moved that fund from a deficit position to one that is putting aside resources for future renewal and replacement.

The Golf course ended the year at a deficit. The formation of a business plan in the current year is expected to move this enterprise into a break even position.

In addition to the General Fund and the Utilities the City operates a number of other fund; for specific purposes, these are listed in the schedule on page 15.

Improved Financial Management

During FY 2011, the Finance Department improved its accounting and financial management functions in response to issues raised in the 2008 and 2009 audits, including the inventory of all City assets. These improvements will continue over the next several years with the goal of cutting costs and streamlining processes while strengthening internal controls.

The Beach Redevelopment Project and Casino Rehabilitation Plans

Construction began on the rehabilitation/rebuild of the Lake Worth Casino building. This rehabilitation will return this building to a state similar to it's 1920's splendor. The building is on target to open fully leased in October 2012. In February 2012, the City approved a contract with The Morganti Group, Inc. for the Beach Redevelopment Project; the $6.7 million construction budget will pay for redesigning the beach; including the parking lots, landscaping, shade structures, utilities, site lighting, site amenities and traffic flow.

Electric, Sewer and Water Department Operations

During FY 2011, an extensive amount of time was devoted to the planning for the change in power suppliers from FMPA to a soon to be selected vendor, with the change anticipated in 2014. Also, in the development of the comprehensive capital improvement programs to improve the operations of critical systems which have not functioned properly for many years. Slowly, and without a lot of fanfare, the City has increased system reliability and improved performance.

A Message From Your City Manager Continued

Construction of the Reverse Osmosis Water Plant

The City completed its Reverse Osmosis Water Treatment Plant in 2011. The plant opened on time and within budget.

Customer Service Improvement

The Building Division took steps to improve its customer service to the community by implementing a program called Fast Permits and began accepting roofing affidavits. Fast Permits can be defined as a permit that requires review by one discipline and can be issued within 15 to 45 minutes.

Public Services

A major portion of the City's cost reduction for FY 2011 fell in this Department. Despite that, the Department replaced almost 3/4 mile of curb and gutter, 19,000 sq ft of sidewalks, repaired hurricane Irene damage to the Ocean Pier and renovated the exterior of the Shuffleboard Court building.

Recreation Facilities

The Leisure Services Department continued its fast pace of renovating and improving current facilities and fields while planning and completing new construction projects improving security and safety at existing sites.

Four of the City's baseball fields were upgraded with improvements to the turf, clay, lighting, and fencing. The NW Complex underwent extensive renovation utilizing funding provided by Palm Beach County Schools and Palm Beach Atlantic University. The Howard Park CDBG project was completed providing restroom facilities and a maintenance storage room. Leisure Services was also extremely successful in implementing new family oriented programming and athletic events during the year.

The ability to accomplish all these improvements while operating in a cut-back mode is a testament to the dedication of City workers and the working relationship with the City's elected Officials.

Lake Worth is a special place in the middle of the urban sprawl of South Florida. The City places high degree of importance on providing a welcoming home for a diverse population. Even with the financial struggle of the past few and next few years the, City is pledged to meet needs of its citizens.

Steven Carr
Acting City Manager

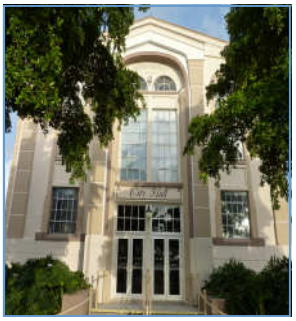
Profile of Your City

Lake Worth borders West Palm Beach and Palm Beach to the north, and the Atlantic Ocean to the east. The City was formally incorporated in 1913. In that same year, Lake Avenue became the first street to be graded and rocked. As the townsite began to grow, residents saw the need to construct a dock at the foot of Lake Avenue that extended 1,000 feet into the Lake Worth Lagoon. Shortly thereafter Bryant Park was established, a park that remains beautifully active today.

By the end of World War I, Commissioners with a firm belief in Lake Worth's future, levied higher assessments against properties to pay for the many improvements. The first bridge across the Intracoastal Waterway was built in July 1919, and was one of the longest wooden toll-free bridges in the United States.

During the 1920's the City of Lake Worth witnessed tremendous growth. In 1922, the famous Lake Worth Casino opened where travelers came from across the region to recreate and bathers enjoyed a salt-water swimming pool. The Lake worth Electric Water & Ice Company was chartered in 1914. The City has furnished power & water to its citizens ever since.

Lake Worth High School was also dedicated in 1922. In 1924, the Oakley Theatre opened on the site of the current Lake Worth Playhouse. The first stoplight was installed in 1925 at Lake Avenue and Dixie Highway. The Lake Worth Golf Course opened and the Gulfstream Hotel was dedicated during the 1920s.



In 1934, the WPA Auditorium was dedicated at 7 North Dixie Highway, and today the Moorish Mediterranean-style building serves as Lake Worth's City Hall.

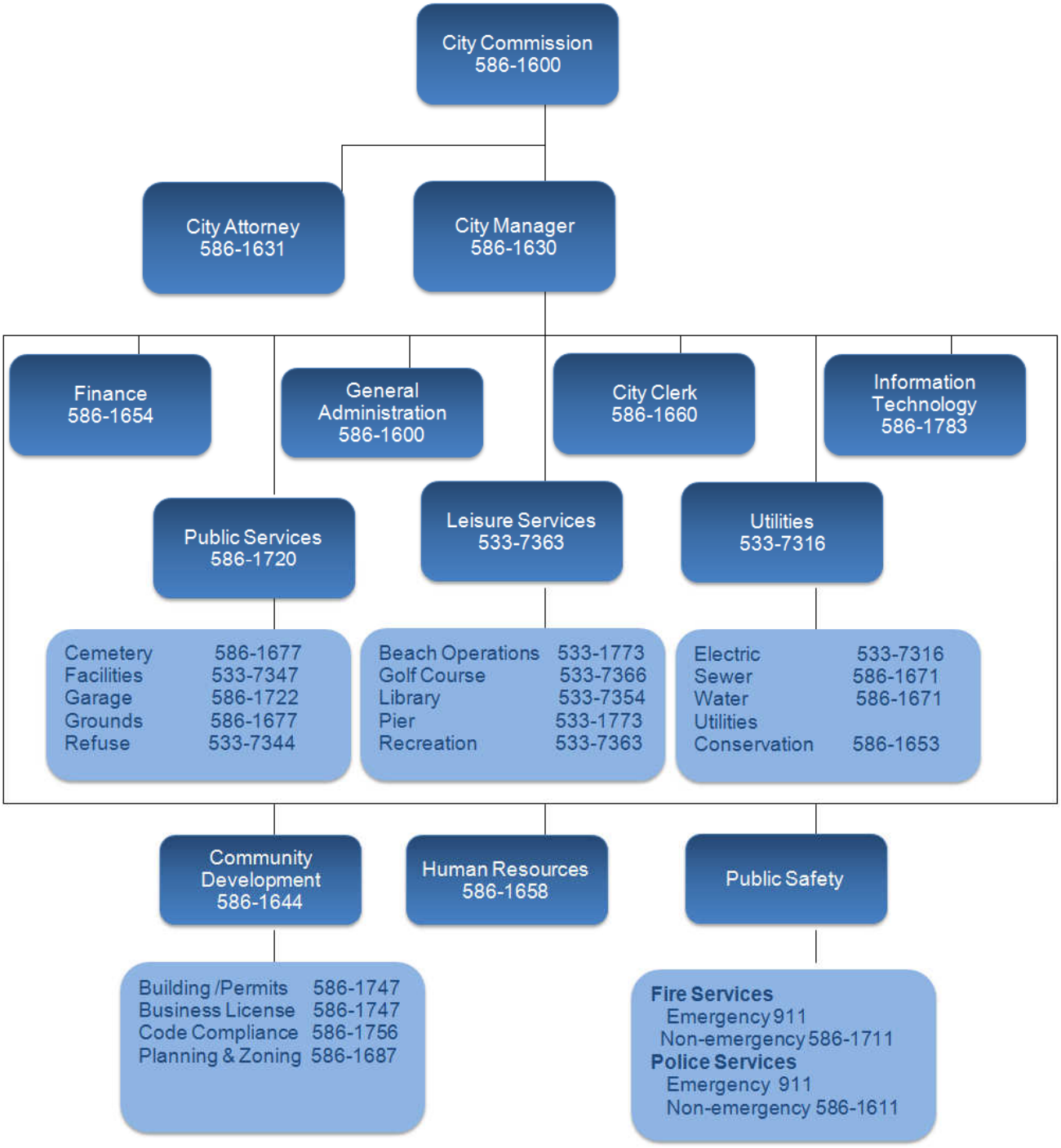
Over the past few decades the City of Lake Worth's downtown and historic neighborhoods have undergone a cultural renaissance. The City is home to a number of art galleries, cultural facilities, and renowned restaurants. The City has also become an extremely diverse community that welcomes people of all religions, ethnicity and lifestyles.

City Demographics For FY 2011

Total size: **6.05 Square Miles (6,299 persons per square mile)**
Total Population: **34,910** **Median Age:** **34**
Median Household Income: **$35,1253 (20% of population below poverty rate)**
Percentage of population with a high school degree or higher: **66.5%**
Percentage of population with a bachelors degree or higher: **16.4%**
Homeownership Rate: **52.4%**
Estimated Number of Households: **12,958**
Average # persons per Household: **2.6**

Top From Left to Right
Commissioner Christopher McVoy, District 2
Commissioner Suzanne Mulvehill, District 4
Commissioner Scott Maxwell, District 1
Vice Mayor/Commissioner Jo-Ann Golden, District 3
Mayor Rachel Waterman

Your City Government



City Commission

The City of Lake Worth operates under a Commission-Manager form of government. This structure established a representative form of government where all policy decisions are made by the City Commission and all administrative and service delivery decisions are made by the City Manager.

The City operates under a City Charter that mandates a City Commission comprised of five members who serve staggered two year terms and are elected on a nonpartisan basis by the residents of the City. The Mayor (one of the five members) is elected to serve as the presiding officer and the official head of the City for ceremonial and legislative purposes. Although elected at large each Commissioner represents one of the four Commission Districts.

Administration and Support Departments

The City administrative and support functions exist to guide and furnish services to the operating departments.

Administrative officials such as the City Manager, City Attorney and City Clerk are directly responsible to the City Commission for the operation of the City.

The City Manager is responsible for providing the centralized direction and leadership for the operations of all municipal services provided by the City. The City Manager prepares and submits to the City Commission a balanced budget and services plan to achieve the goals of the City Commission.

The City Attorney is responsible for directing all the functions required to protect the legal interests of the City.

The City Clerk is responsible for the official recordkeeping for the City and official minutes of the City Commission.

Support departments such as the Office of Management and Budget, Finance, Information Technology and Human Resources provide services to City departments and maintain the financial integrity of the City.

Leisure Services

This department is responsible for the many recreational facilities and opportunities of the City. The City's beachfront is 1/4 mile long with a 1,000-foot fishing pier, beach volleyball facilities and an Olympic competition-sized pool.

The 18-hole municipal golf course contains 110 acres and stretches 15 blocks along the Intracoastal Waterway. In addition, 19-acre Bryant Park, stretching five blocks along the Waterway, contains a band shell, boat launching facilities, picnic, exercise and playground amenities.

The newly constructed Snook Islands facility features a nature boardwalk, boat docks, fishing pier and kayak launch.

The City also owns and maintains nine baseball and three multi-purpose fields, along with eight neighborhood and recreational parks. In total the City owns and maintains 118 acres of parks in addition to the beachfront and golf course.

In 2011 more than 2,100 games involving 7,300 participants were played on the various fields. 825 beachgoers were rescued or treated for minor injuries by Lifeguards and several thousand participants attended the seven beach bonfires.

Over 42,000 rounds of golf were played on the City's course.

The City library had over 84,500 visitors and circulated 89,318 items. The Library provided programs attended by 4,976 children and adults.

Public Services

The Public Services Department consists of the Building and Grounds Division which is responsible for maintenance of all City buildings and the grounds as well as street medians and parks. They mow and maintain the landscape in 10 acres of medians, 66 acres of parks and the two City-owned cemeteries.

The Streets Division is responsible for the maintenance of 118 miles of paved roads and 16 miles of unpaved streets as well as street sweeping and pot hole patching. The Division installed 231 new Signs.

The newly formed Parking division has responsibility for all Downtown and Beach parking.

The Sanitation Division picked up 27,123 tons of garbage and 2,431 tons of recyclables from 16,500 residential and 4,500 commercial customers in 2011.

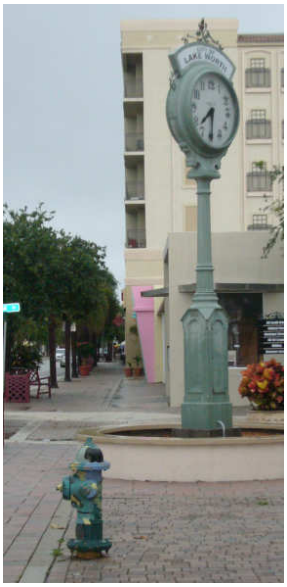
The Stormwater Division began a multi-year plan for reconstruction of curb, gutter and water conveyance structures throughout the City.

The City Garage maintains 218 City and Utility vehicles. This department is also responsible for centralized fueling functions.

Community Sustainability

During Fiscal Year 2011, the Community Sustainability Department, formerly known as the Community Development Department was reorganized and comprised of five divisions: Administration; Licensing and Permitting; Code Compliance; Planning and Zoning; Historic Preservation and Building. The reorganization included incorporating economic development, sustainability and housing within the scope of services provided. The new approach afforded the City the ability to fully staff all of the Department's functions without adding any additional General Fund monies to its budget.

The newly organized Department initiated certification of all Code Compliance Staff and drafted a Chronic Nuisance Abatement Program for the City as well as significant changes to its Use and Occupancy Program. The Department also reinitiated the preparation of revised Land Development Regulations to govern the future development of the City. The revised Land Development Regulations including significant changes to the City's Comprehensive Plan are scheduled to be completed by summer 2012. Lastly, the Department adopted fast track permit processing for "Green" projects and a streamlined approach to demolition permitting in the City.



During FY 2011 the Department processed 2,018 permit applications, conducted 3,859 inspections and reviewed 3,701building plans. The Business License Division processed 4,137 rental business tax applications and 1,256 business license renewals. In the effort to make sure that properties are being maintained in a safe manner, the Code Compliance Division made 3,419 inspections and closed 425 cases.

Utilities

The Utilities Departments furnish the basic necessary services to the citizens.

The electric utility furnished 400 million kWh to its 24,784 customers in FY 2011. The City was able to reduce electric rates this year. The City's Utility Conservation Department has provided audits and energy saving products that have saved almost 2 million kWh and 13 million gallons of water.

The water utility maintains more than 150 miles of pipes and pumped almost 2 million gallons of water to its customers. The Reverse Osmosis Water Treatment Plant was completed on time, within budget and began operating this year.

The local and sub-regional sewer systems pump the City's waste water through 99 miles of pipes and 26 lift stations to the County's treatment facility.

Police and Fire Services

The City's Police and Fire Protection Services have been contracted out to the Palm Beach Sheriff's Office (PBSO) for police and Palm Beach County Fire/Rescue for fire.

Although these services have been contracted, the City is still responsible for paying for the services. In FY 2011 the city spent almost one half of its General fund to provide the services.

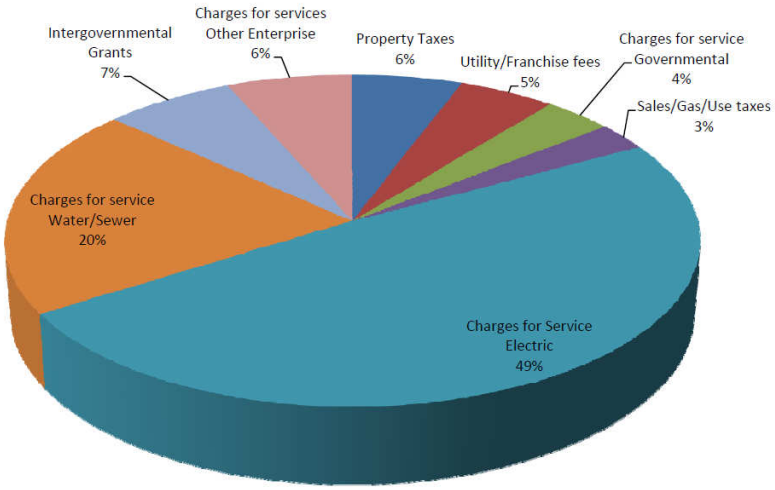
During the six months ending in December 2011, PBSO handled 42,083 calls.

During calendar year 2011, violent crime declined 11.36% and robbery declined 7.9%. Palm Beach County Fire/Rescue responded to 5,775 calls for service, 182 for fire events, and transported 3105 patients.

Financial Highlights— City Wide

Where the money comes from

- Of the total $117 million that flows to the City, 75% is from Utility Services.
- The remaining 25% is composed of 6% property taxes, 10% intergovernmental & state shared revenues and 9% utility service taxes and charges for services.

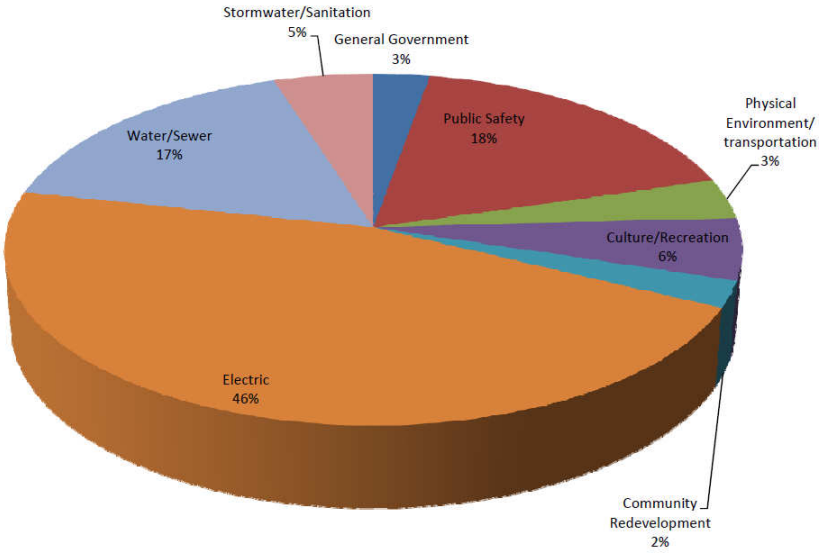


REVENUE BY SOURCE	2011
Property Taxes	$ 6,773,150
Utility/Franchise fees	5,908,148
Charges for service Governmental	4,243,486
Sales/Gas/Use taxes	3,170,175
Charges for Service Electric	57,156,363
Charges for service Water/Sewer	24,169,058
Intergovernmental Grants	8,011,905
Charges for services Other Enterprise	7,655,183
	$ 117,087,468

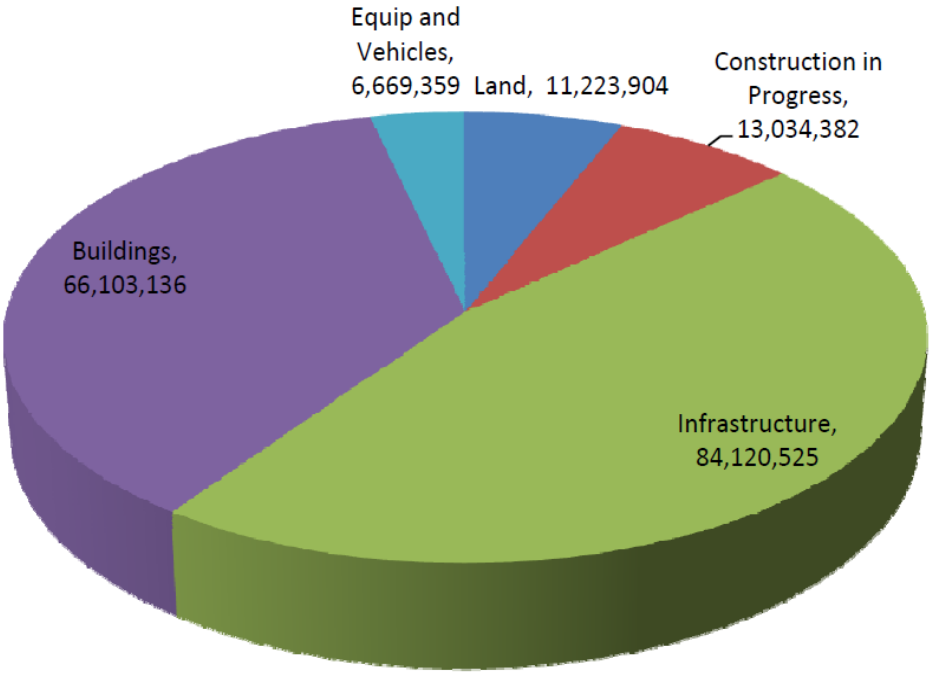
Where the money goes

- Of the total $107 million costs of running the City, 68% is spent to provide Electric, Water, Sewer and Sanitation Services.
- Of the remaining 32%, 18% is spent on Public Safety and 11% on Recreation, Streets and Grounds and finally 3% on General Government.

EXPENDITURES	2011
General Government	$ 3,007,561
Public Safety	19,077,692
Physical Environment/transportation	3,892,767
Culture/Recreation	6,104,747
Community Redevelopment	2,664,198
Electric	49,596,103
Water/Sewer	17,989,074
Stormwater/Sanitation	5,337,799
Total	$ 107,669,941



Assets - City Wide



TOTAL ASSETS (Depreciated Value)					
General Government	$ 65,083,323	Utilities	$116,067,983	Total	$181,151,306

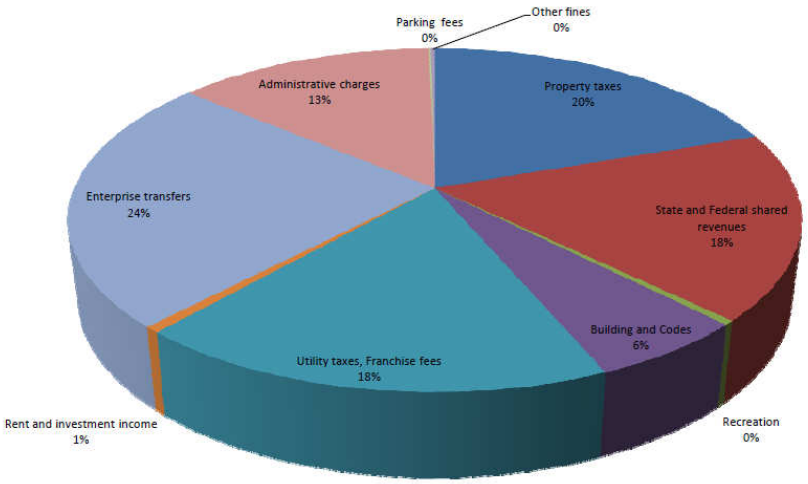
Condensed Statement of Net Assets (In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	$ 30,719	$ 29,169	$ 111,580	$ 116,667	$ 142,299	$ 145,836
Capital assets	65,083	66,288	116,068	106,300	181,151	172,588
Total assets	95,802	95,457	227,648	222,967	323,450	318,424
Current liabilities	3,624	4,017	13,689	16,380	17,313	20,397
Noncurrent liabilities	4,436	5,550	69,150	70,185	73,586	75,735
Total liabilities	8,060	9,567	82,839	86,565	90,899	96,132
Net assets:						
Invested in capital assets, net of related debt	60,345	59,068	73,066	61,358	133,411	120,426
Restricted	5,631	12,939	706	702	6,337	13,641
Unrestricted	21,766	13,882	70,900	78,489	92,666	92,371
Total net assets	$ 87,742	$ 85,889	$ 144,672	$ 140,549	$ 232,414	$ 226,438

Financial Highlights— General Fund

Where the money comes from

The General Fund revenues totaled $30.9 million with 20% generated by property taxes and 37% from utility Administrative charges and contributions. The other large revenue sources were 18% state-shared revenues and 18% utility taxes, 6% from Building fees and other sources.

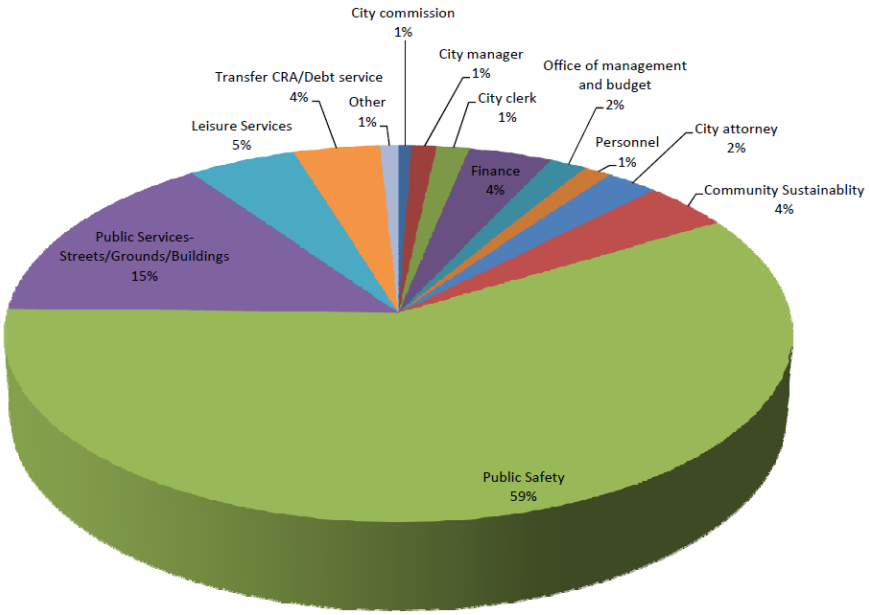


REVENUES		2011
Property taxes	$	6,082,587
State and Federal shared revenues		5,454,847
Recreation		124,349
Building and Codes		1,834,682
Utility taxes, Franchise fees		5,559,268
Rent and investment income		175,272
Enterprise transfers		7,434,254
Administrative charges		4,197,509
Parking fees		30,203
Other fines		72,138
Total	$	30,965,109

Where the money goes?

Expenditures in the General Fund totaled $29.5 million with Public Safety functions comprising 59%, Public Services 15%, Leisure Services 5%, transfers to the CRA and Debt Service of 4%, Community Sustainability of 4% and the remaining 13% for Administrative functions.

EXPENDITURES		2011
City commission	$	176,386
City manager		336,071
City clerk		442,862
Finance		1,128,356
Office of management and budget		498,356
Personnel		376,727
City attorney		715,557
Community Sustainablity		1,190,962
Public Safety		17,314,706
Public Services- Streets/Grounds/Buildings		4,388,485
Leisure Services		1,468,378
Transfer CRA/Debt service		1,166,306
Other		247,271
Total	$	29,450,423



Non Major Funds

Fund	Total Revenue	Total Expenditures	Transfer in (out) net	Changes in Fund Balance	Ending Fund Balance
Building Permit	687,620	469,760	-	217,860	376,746
Beach	950,957	675,804	-	275,153	275,153
Parking Improvement	3	115	-	(112)	150,494
Foreclosure	81,783	158,774	(120,078)	(197,069)	1,006,818
Grants	459,485	707,023	445,575	198,037	324,039
Beach Redevelopment	-	240,250	-	(240,250)	282,978
Tree Beautification	2,266	5,406	-	(3,140)	10,688
Utility Conservation	958,448	568,400	-	390,048	1,162,962
Simpkin Trust	3,410	1,230	(5,000)	(2,820)	606,705
Library Trust	2,514	391	(60,000)	(57,877)	162,465
Law Enforcement & Firefighter Education	9,517	-	-	9,517	26,583
Law Enforcement Confiscated Property	2,559	30,894	-	(28,335)	36,494
Summer Food Program	-	-	(12,096)	(12,096)	-
Special Donation	3,215	16,746	-	(13,531)	112,171
Improvement Fund	9,249	5,806	-	3,443	164,300
Casino Building	-	1,715,176	-	(1,715,176)	(1,307,676)
Capital Projects	387,440	821,621	(284,898)	(719,079)	4,192,214
Golf Course	1,195,277	1,343,630	(32,472)	(180,825)	584,631
Stormwater	1,605,860	2,094,228	(380,167)	(868,535)	7,433,452
Refuse Collection & Disposal	4,938,977	3,242,834	(485,684)	1,210,459	1,471,087
Information technology	1,498,915	1,316,252	-	182,663	407,115
Self Insurance	1,039,633	1,505,777	(750,000)	(1,216,144)	5,222,012
City Garage	810,243	620,528	537,473	727,188	720,450
City Total	$ 14,647,371	$ 15,540,645	$ (1,147,347)	$ (2,040,621)	$ 23,421,881
CRA	674,204	2,765,852	719,981	(1,371,667)	2,794,122
NSP2	3,977,362	645,073	-	3,332,289	5,223,165
CRA capital Project	56,501	290,073	-	(233,572)	630,751
CRA Total	$ 4,708,067	$ 3,700,998	$ 719,981	$ 1,727,050	$ 8,648,038

The Future

Beachfront Renovations Underway

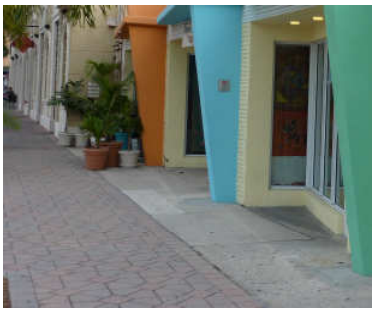
Construction of the Beach renovation, funded by a grant from Palm Beach County for $5 million, is underway and will be completed in 2013.

Casino Building Underway

Rehabilitation of the Lake Worth Casino Building, will be completed in 2012.

Sidewalks

A 5-year sidewalk plan to connect schools and neighborhoods. Funded from the City and grants from the County is underway.



Stormwater

A master plan is underway that will generate a multi-year construction program to update the City's handling of stormwater by April 2012.

Golf Course

A restructuring of the Golf Course Management and outsourcing Maintenance has made improvements to the course.

Reverse Osmosis Plant Completed

Using a combination of Federal, State and Local Loans & Grants for funding, the Reverse Osmosis Plant was completed in 2011.

Street Painting Festival
February 2011