



## City of Lake Worth, Florida



# Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2014

**CITY OF LAKE WORTH, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2014**

**Prepared by**  
**City of Lake Worth Finance Department**

*City of Lake Worth, Florida*

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***INTRODUCTORY SECTION***

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## **City of Lake Worth, Florida**

7 North Dixie Highway  
Lake Worth, Florida 33460

Finance Office

Phone (561) 586-1641 Fax (561) 586-1750

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June 25, 2015

The Honorable Mayor,  
Members of the City Commission and  
Citizens of the City of Lake Worth, Florida

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Lake Worth, Florida (the "City"), for the fiscal year ended September 30, 2014. State law requires that all general-purpose local governments annually publish a complete set of financial statements within nine months of the close of each fiscal year. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards and government auditing standards by an independent auditing firm. We believe that this report complies with these requirements and continues to present the City's strong tradition of full financial disclosure. This philosophy is reflected by the informative financial analysis provided by the City's Finance Department and statistical tables included herein.

The CAFR's role is to assist in making economic, social and political decisions and to assist in assessing accountability to the citizenry by:

Comparing actual financial results with the legally adopted budgets, where appropriate;

Assessing financial condition and results of operations;

Assisting in determining compliance with finance related laws, rules and regulations; and

Assisting in evaluating the efficiency and effectiveness of City operations

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City.

We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly present the financial position and results of operations of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

Keefe McCullough, our independent auditors, has issued an unmodified opinion on the City of Lake Worth's financial statements for the fiscal year ended September 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

The City's financial statements have been prepared using the reporting model in accordance with Governmental Accounting Standard Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis (MD&A). MD&A immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A compliments this letter of transmittal and should be read in conjunction with it.

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### **PROFILE**

The City was incorporated as a municipality under the laws of the State of Florida in 1913. The City borders West Palm Beach on its northern boundary and the exclusive Town of Palm Beach to the northeast at the Intracoastal Waterway and the Atlantic Ocean. This location provides significant benefits in terms of the quality of life for its residents.

The City operates under a Commission-Manager form of government and provides general municipal services such as public safety, recreation, public works and others as well as certain enterprise activities such as electric, water, sewer, stormwater and waste removal service.

The City is primarily a residential community of approximately 7 square miles with a population of approximately 37,000. The median age has declined over the past two decades from 50 years to 40 years. Tourism, retail and construction are the main industries supporting the local economy. The quarter-mile, municipally-owned beach complex, which has an ocean fishing pier, an Olympic-sized swimming pool and ocean front shops and restaurants, make this area a popular attraction for residents and tourists alike.

The City also operates under a set of adopted Comprehensive Financial Policies. The comprehensive policies are annually reviewed. The policies set out the internal control framework that all financial transactions of the City are governed by goals and processes for sound financial management. The current policies can be found on the City's website: [www.lakeworth.org](http://www.lakeworth.org).

### **REPORTING ENTITY**

This report includes all of the funds of the City. In addition to general government activities, the Community Redevelopment Agency (CRA) is included as a discretely presented component unit.

### **ACCOUNTING AND INTERNAL CONTROL**

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

### **SINGLE AUDIT**

As a recipient of federal, state and county financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

The City is required to undergo an annual single audit performed under the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and Chapter 10.550, Rules of the Auditor General, State of Florida, if the City meets the single audit thresholds.

The information related to the Single Audit, including the schedule of expenditures of federal awards, schedule of findings and questioned costs, and auditor's reports on the internal control and compliance with applicable laws and regulations are included in a separate report. This report disclosed no material weaknesses in internal control over compliance, and compliance with the applicable requirements of major programs.

## **BUDGETARY CONTROLS**

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. In accordance with state laws, the Approved Budget is posted on the City's website within 30 days of adoption. Activities of the General Fund, Special Revenue Funds, Capital Project Funds and Enterprise Funds are included in the annual appropriated budget. The City Manager is authorized to transfer budgeted amounts within any department; however, any revisions that alter the total expenditures of any department or fund must be approved by the City Commission. The City Commission may amend the current year's budget appropriation by passage of a budget amendment resolution. Expenditures may not exceed legal appropriations at the department level. The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end.

All expenditures for other than personal services are controlled by a procurement system, which encumbers purchase orders against budgets prior to issuance to the vendors. Purchase orders are not issued until appropriations are made available.

## **LOCAL ECONOMY**

The City obtains a significant portion of its General Fund annual financial resources from ad valorem property taxes. Lake Worth also operates electric, water and sewer utilities and solid waste collection and stormwater enterprises.

The City has been confronted with significant challenges in providing adequate levels of service while adapting to the outfall of the Great Recession. The City suffers from highly undervalued properties, high poverty rates and the accompanying problems and issues to which these statistics relate. Neglected, foreclosed, and derelict structures and properties further exacerbate the problem.

The local economy within the City limits is affected by these circumstances and job creation and business opportunity has been limited and stagnant. However, neighboring jurisdictions such as West Palm Beach have embarked upon a period of investment with over \$1.1 billion in new development projects including a convention center hotel. Lake Worth is starting to benefit from this economic energy and will eventually find an advantage due to its lower property values as the market pushes prices up around us.

However, this investment will not be evident as there is lag between market activity and the resulting taxable value increase.

Because of the demographics, attracting new business and jobs has been problematic. The City's poverty rate is over 20% and most properties do not have a taxable value high enough to yield tax revenue necessary for basic services. The City has adopted a strategy of attracting investment by removing disincentives to investment while building stability through best practices and innovative approaches to rules and regulations.

The local economy will improve as people discover the true value of the City and as the City chisels away at disincentives. Refilling the City with functional taxpaying citizens will result in more businesses moving here as market forces work.

The City of Lake Worth's unemployment rate has historically been higher than the state and national rates. Today, Florida's unemployment rate is 5.6% - lower than the national rate of 5.9%. Palm Beach County has a rate of 5.9%. The City of Lake Worth's primary employing industries are service occupations, office workers, management, professional and government.

## *City of Lake Worth, Florida*

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Property taxes have increased over the prior year due to a increase in the assembled value of residential property. Property tax revenues in 2014 comprised approximately 20% of annual General Fund annual resources providing approximately \$5.8 million of the total annual budget.

The City's future financial challenges come primarily in the area of reduced property tax funding and the need to reduce utility rates coupled with continuing cost increases for operations. During the latter part of the last decade, prior management added new staff positions and expanded retirement benefits. These problems were compounded by increases in salary, specialty pays and longevity. The combination of more staff positions and higher salary / incentive / longevity costs significantly increased the cost of operations as well as annual pension funding. The City is at the point where financial commitments for pay and benefits are competing with community priorities; making crucial choices in the selection and content of public service levels, capital projects and retaining staff; a formidable challenge in maintaining the City's financial position

The City's utility operations have made significant progress in addressing the challenges regarding reliability, maintaining competitive billing rates and meeting capital infrastructure and maintenance needs. While these infrastructure "hardening" programs are developed, broader decisions regarding planning, testing and monitoring the City's electrical transmission grid and groundwater inflow to the wastewater system are being refined.

### **LONG-TERM FINANCIAL PLANNING**

In an effort to maintain and strengthen the City's financial position, significant reductions in the number of staff positions have been made over the past five fiscal years. Additionally the City continues to work to reduce pension benefits as well as discontinuing special pays and a number of other wage related payments.

The City has also developed and continues to refine the five-year budgetary forecasting model that will provide a longer term planning horizon.

The City ended its agreement with Florida Municipal Power Agency (FMPA) as a power provider which will reduce the cost of electric power generation. The City is currently seeking proposals from qualified engineering firms to prepare specifications for a new power plant in order to reduce power generation costs over time. The City's enterprise utility operations continue analyzing additional infrastructure improvements including groundwater infiltration and treatment in the wastewater system, upgrade of electrical transmission and distribution systems and replacement of inefficient and aging electrical generation units.

The City is also continuing an analysis of user fees and rates during the coming year that will help ensure that the financial stability of the City's utility operations is maintained.

### **RELEVANT FINANCIAL POLICIES**

The City operates under a set of Comprehensive Financial Policies that provide a framework for all financial and budgetary decisions and transactions. The City has implemented all Governmental Accounting Board Standards that are applicable as of the end of the current fiscal year.

### **MAJOR INITIATIVES**

The City has adopted a strategy of attracting investment to the City by removing disincentives to investment while building stability through best practices and innovative approaches to rules and regulations. The much touted Land Development Regulations were approved in August 2013 and they provide consistent and creative guidelines to development in Lake Worth. Again, consistency reduces uncertainty in the market and which helps spur investment.

## *City of Lake Worth, Florida*

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Electric rates have been a much discussed complaint and are blamed for being one of the most important disincentives to new businesses and individual investment. Part of the rate issues relates to the amount charged against the Electric Fund above what would be received in the form of a Franchise Tax. This equates to almost \$4 million and it helps subsidize the General Fund which receives approximately \$5.8 million in property taxes. It could be argued that this charge results in higher rates and while these charges are not inappropriate or uncommon, it is problematic when resulting electric rates dissuades investment. It is a vicious cycle that in turn keeps property values low and the General Fund revenue under realized. In FY 2015 the electric rates will be reduced by 0.5% for a total reduction of 10.5% over the last 4 years for residential customers.

The City focus will be on the Park of Commerce economical development project; to include land acquisition, utility system infrastructure, and underground telephone and cable.

With limited funding, the City is embarking on creative solutions and proceeding with bite-size infrastructure projects. This is not ideal or normal, but it is a step for an organization that must remain nimble, embrace change and create opportunities for itself with active and prudent policy decisions. Our ultimate goal is to implement the necessary platforms that will attract businesses, drive sustainable jobs, and improve property values, quality of life, and comparable services and programs for our community.

### **AWARDS AND ACKNOWLEDGMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lake Worth for its comprehensive annual financial report for the fiscal year ended September 30, 2013. A Certificate of Achievement in Financial Reporting is valid for a period of one year only. We believe that our current CAFR continues to meet the program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efforts of the entire Finance Department. I express my appreciation to all members of the department who assisted and contributed to its preparation. I would also like to thank the members of the City Commission for their efforts in recognizing and expanding the support to Finance in improving the City's financial operations.

Respectfully submitted,



**Michael Bornstein**  
City Manager

*City of Lake Worth, Florida*

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Government Finance Officers Association

**Certificate of  
Achievement  
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Presented to

**City of Lake Worth  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2013**



Executive Director/CEO

## *City of Lake Worth, Florida*

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### *List of Principal Officials For the Fiscal Year Ended September 30, 2014*

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#### City Commission:

The City Commission is comprised of five members who serve overlapping two-year terms and are elected on a nonpartisan basis by residents of the City. The Mayor is elected at-large to serve a two-year term as the presiding officer at City Commission meetings and as the official head of the City of Lake Worth for legislative and ceremonial purposes. The City Commission is responsible for passing ordinances and other policy directives necessary for the operation of the City.

<u>OFFICE HELD</u>	<u>NAME OF OFFICIAL</u>
Mayor	Pam Triolo
Vice Mayor/Commissioner – District 1	Scott Maxwell
Commissioner - District 2	Christopher McVoy
Commissioner - District 3	Andy Amoroso
Commissioner - District 4	John Szerdi

#### Management Team:

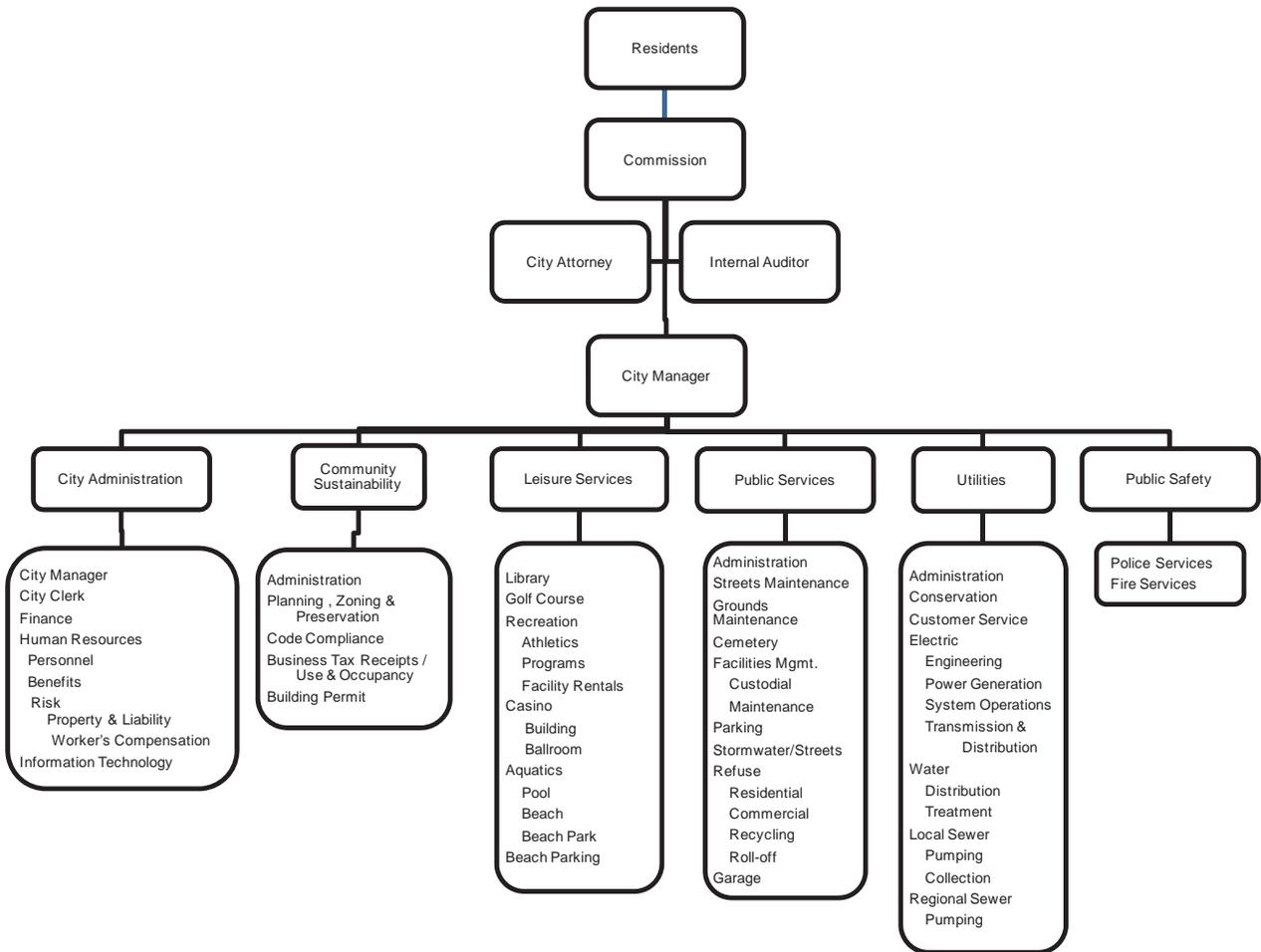
City Manager	Michael Bornstein
City Attorney	Glen J. Torcivia
City Clerk	Pamela J. Lopez
Community Sustainability Director	William Waters
Interim Electric Utility Director	Clay Lindstrom
Finance Director	Nerahoo Hemraj
Human Resources Director	Mark Farrington
Information Technology Director	Nerahoo Hemraj
Leisure Services Director	Juan Ruiz
Public Services Director	Jamie Brown
Water & Sewer Utility Director	Larry Johnson

#### Community Redevelopment Agency:

Executive Director	Joan Oliva
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*City of Lake Worth, Florida*

**Organizational Chart**  
**For the Fiscal Year Ended September 30, 2014**



***FINANCIAL SECTION***

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lake Worth, Florida (the "City"), 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 did not audit the financial statements of the Pension Trust Funds for the General Employees' Retirement System, Police Officers' Relief and Retirement System, and Firefighters' Pension Trust Fund, which together represent 100% of the assets, net position, and additions of the fiduciary funds. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Trust Funds for the General Employees' Retirement System, Police Officers' Relief and Retirement System, and Firefighters' Pension Trust Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lake Worth, 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 and the schedules related to pensions and other post-employment benefits on pages 4 through 12 and 70 through 72, respectively, 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, and other auditors, 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's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the schedule of expenditures of federal awards 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.

City of Lake Worth, Florida

In our opinion, based on our audit, the procedures performed described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the schedule of expenditures of federal awards 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 June 25, 2015, on our consideration of the City'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's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
June 25, 2015

*City of Lake Worth, Florida*

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This section of the City's financial statements presents management's analysis of the City's financial performance during the fiscal year that ended on September 30, 2014. Please read it in conjunction with the financial statements, which follow this section.

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements consist of three parts: government-wide financial statements, fund financial statements and notes to the financial statements. This report also includes supplementary information that explains in more detail some of the information in the financial statements.

### **Financial Highlights**

- The financial health of the City is continuing to be under pressure. The City's property values increased by 9.2% or \$ 100,863,002. Similar increases are expected in the coming year which will help ameliorate the pressure on financial resources for maintenance of public infrastructure and staff compensation and benefits.
- The total net position of the City at September 30, 2014 was approximately \$ 218.4 million, reflecting a decrease of approximately \$1.5 million from 2013. This decrease in the governmental activities is primarily attributable to restatements of capital assets and depreciation, accruals/revenues, property sales and insurance payable.
- At the end of the current fiscal year, the General Fund had an unassigned fund balance of approximately \$ 4.4 million available to help fund the 2014/2015 budget. This was an increase of approximately \$ 0.1 million from 2013.
- At September 30, 2014, the Utilities Department had total loans outstanding of approximately \$ 59.3 million including a revenue bond in the amount of approximately \$ 52.8 million and a state revolving loan in the amount of approximately \$ 6.5 million which was obtained to help fund the construction of the Reverse Osmosis Water Treatment Plant. The purpose of the approximately \$ 52.8 million loan was to refund the then outstanding revenue bonds, refund prior debt with the Florida Municipal Power Agency (FMPA) and to fund improvements to the electrical distribution system and to provide funding for the City's potable water system in the form of a Reverse Osmosis Water Treatment Plant.

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

#### **Government-Wide Financial Statements**

The government-wide financial statements of the City provide a broad overview of the City's finances and report information about the City using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the City's assets, deferred outflows, liabilities, and deferred inflows and provides information about the nature and amounts of investments in resources (assets) and the obligations to City creditors (liabilities). The assets, deferred outflows, liabilities, and deferred inflows are presented in a classified format, which distinguishes between current and long-term assets and liabilities. Net position, the difference between assets and deferred outflows; and liabilities and deferred inflows, provide the basis for computing rate of return, evaluating the capital structure of the City and assessing the liquidity and financial flexibility of the City. 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 measures the success of the City's operations over the past year and can be used to determine whether the City has successfully recovered all of its costs through its services provided, as well as its profitability and credit worthiness. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

The government-wide 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). Governmental activities include general government, public safety, physical environment, transportation, culture and recreation. Business-type activities include water and electric utilities, local and regional sewer, stormwater, refuse collection and disposal systems.

The government-wide financial statements can be found on pages 13 to 14 of this report.

## **Fund Financial Statements**

**Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, these funds focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. As a result of this difference in focus, reconciliation is provided between the fund and government-wide statements in order to better understand the long-term impact of short-term financing decisions.

The City maintains individual governmental funds. Information is presented separately for the General Fund and the Beach Fund, as these are considered to be major funds. Data for the other governmental funds are aggregated into a single presentation. Individual fund data for these other non-major funds is provided in the form of combining statements on pages 73 to 78 in this report.

The basic governmental fund financial statements can be found on pages 15 to 18 of this report.

**Proprietary Funds** - The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operation of providing water service, electric utility service, local and regional sewer service, stormwater, refuse collection and disposal. The City uses internal service funds to account for the financing of insurance, garage, information technology services and employee benefits provided to other funds of the City on a cost-reimbursement basis on pages 98 to 101. Because these services primarily support business-type rather than governmental, they have been included within enterprise activities in the government-wide statements.

Proprietary funds provide the same type of information as the government-wide statements, only in more detail. The water, electric and local and regional sewer funds are major funds and are presented separately. Data for the other enterprise funds are aggregated into a single presentation. Separate information is provided for each of the City's non-major enterprise funds in combining schedules on pages 94 to 97. The basic proprietary fund financial statements can be found on pages 19 to 24 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside of the government and, consequently, are not reflected in the government-wide statements because the resources are not available to support the City's own programs. The accounting for fiduciary funds is much like that of proprietary funds.

The basic fiduciary fund statements can be found on pages 25 to 26 of this report. In addition, the combining schedules are presented on pages 102 to 104 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 beginning on page 27 of this report.

Other information - In addition to the basic financial statements and notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. The required supplementary information also contains a budgetary comparison schedule for the General Fund and Beach Fund to demonstrate budgetary compliance. Required supplementary information can be found beginning on page 66 of this report.

The combining statements referred to earlier in connection with non-major governmental and enterprise funds and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found beginning on page 73 of this report.

### **Government-Wide Financial Analysis**

Our analysis of the government-wide financial statements of the City begins on the next page. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City's activities in a way that will help answer this question. These two statements report the net position of the City and changes in them. You can think of the City's net position - the difference between assets and liabilities - as one way to measure the financial health or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, regulations and new or changed government legislation.

*City of Lake Worth, Florida*

To begin our analysis, a summary of the City’s government-wide statement of net position is presented in Table A-1.

**Table A-1  
Condensed Statement of Net Position (In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Assets:</b>						
Current and other assets	\$ 10,372	\$ 11,774	\$ 118,259	\$ 112,833	\$ 128,631	\$ 124,607
Capital assets	59,907	61,983	108,626	110,170	168,533	172,153
<b>Total assets</b>	<b>70,279</b>	<b>73,757</b>	<b>226,886</b>	<b>223,003</b>	<b>297,164</b>	<b>296,760</b>
<b>Deferred outflows of resources:</b>						
Deferred charge on refunding	-	-	1,287	1,381	1,287	1,381
<b>Total assets and deferred outflows of resources</b>	<b>\$ 70,279</b>	<b>\$ 73,757</b>	<b>\$ 228,173</b>	<b>\$ 224,384</b>	<b>\$ 298,452</b>	<b>\$ 298,141</b>
<b>Liabilities:</b>						
Current liabilities	\$ 2,779	\$ 1,670	\$ 11,446	\$ 12,743	\$ 14,225	\$ 14,413
Noncurrent liabilities	866	739	64,999	63,082	65,865	63,821
<b>Total liabilities</b>	<b>3,645</b>	<b>2,409</b>	<b>76,445</b>	<b>75,825</b>	<b>80,090</b>	<b>78,234</b>
<b>Net Position:</b>						
Net invested in capital assets	59,907	63,661	65,053	66,248	124,960	129,909
Restricted	1,804	1,632	4,330	2,803	6,134	4,435
Unrestricted	4,923	6,055	82,345	79,508	87,268	85,563
<b>Total net position</b>	<b>66,634</b>	<b>71,348</b>	<b>151,728</b>	<b>148,559</b>	<b>218,362</b>	<b>219,907</b>
<b>Total liabilities and net position</b>	<b>\$ 70,279</b>	<b>\$ 73,757</b>	<b>\$ 228,173</b>	<b>\$ 224,384</b>	<b>\$ 298,452</b>	<b>\$ 298,141</b>

As shown in Table A-1, net position amounted to approximately \$ 218.4 million in fiscal 2014. The major component of this category is “net invested in capital assets,” which represents the City’s investment in its capital assets, net of the amounts borrowed to purchase these assets. This category of net position decreased from approximately \$ 129.9 million in fiscal 2013 to approximately \$ 125.0 million in fiscal 2014, primarily due to there was more depreciation expense than capital asset additions during the year as well as repayment of debt. The increase in current and other assets from approximately \$ 124.6 million in 2013 to approximately \$128.6 million in 2014 is due to an increase in cash and investments of approximately \$ 8.7 million, which was a result of the increase in liabilities from approximately \$ 78.2 million to approximately \$ 80.1 million.

*City of Lake Worth, Florida*

**Table A-2  
Combined Statement of Activities (In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Revenues:						
Taxes	\$ 15,173	\$ 14,620	\$ -	\$ -	\$ 15,173	\$ 14,620
Intergovernmental - unrestricted	662	1,262	-	-	955	1,262
Investment earnings - unrestricted	72	51	293	229	1,866	280
Miscellaneous	105	479	1,794	4,353	85,279	4,832
Charges for services	6,104	5,645	85,174	82,456	6,104	88,101
Operating grants and contributions	809	1,276	-	-	809	1,276
Capital grants and contributions	560	2,914	399	677	959	3,591
<b>Total revenues</b>	<b>23,485</b>	<b>26,247</b>	<b>87,660</b>	<b>87,715</b>	<b>111,145</b>	<b>113,962</b>
Expenses:						
General government	2,297	2,327	-	-	2,297	2,327
Public safety	19,972	19,624	-	-	19,972	19,624
Physical environment	1,709	1,841	-	-	1,709	1,841
Transportation	3,775	3,924	-	-	3,775	3,924
Culture and recreation	4,220	6,666	-	-	4,220	6,666
Interest on long-term debt	-	24	-	-	-	24
Electric utility	-	-	50,530	51,377	50,530	51,377
Water utility	-	-	10,219	10,791	10,219	10,791
Local sewer	-	-	6,522	5,305	6,522	5,305
Regional sewer	-	-	5,827	11,061	5,827	11,061
Stormwater	-	-	1,365	1,341	1,365	1,341
Refuse collection and disposal	-	-	4,880	3,956	4,880	3,956
<b>Total expenses</b>	<b>31,973</b>	<b>34,406</b>	<b>79,343</b>	<b>83,831</b>	<b>111,316</b>	<b>118,237</b>
Increase (decrease) in net assets before transfer	(8,488)	(8,159)	8,317	3,884	(171)	(4,275)
Transfers	5,949	7,270	(5,949)	(7,270)	-	-
<b>Change in net position</b>	<b>(2,539)</b>	<b>(889)</b>	<b>2,368</b>	<b>(3,386)</b>	<b>(171)</b>	<b>(4,275)</b>
Net position, beginning, as previously reported	71,348	72,131	148,559	151,524	219,907	223,655
Prior period adjustment	(2,175)	106	801	421	(1,374)	527
<b>Net position, beginning, as restated</b>	<b>69,173</b>	<b>72,237</b>	<b>149,360</b>	<b>151,945</b>	<b>218,533</b>	<b>224,182</b>
<b>Ending net position</b>	<b>\$ 66,634</b>	<b>\$ 71,348</b>	<b>\$ 151,728</b>	<b>\$ 148,559</b>	<b>\$ 218,362</b>	<b>\$ 219,907</b>

**Governmental Activities:**

Total revenues decreased by approximately \$ 2.8 million and total expenses decreased by approximately \$ 2.4 million primarily due to a reduction in grant revenues and expenses.

***Business-Type Activities:***

Revenues remained relatively the same from fiscal year 2013 to fiscal year 2014. Total expenses decreased by approximately \$ 4.5 million primarily due to the City resolving lawsuits with the regional sewer members.

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

***Governmental Funds***

General Fund - The General Fund recognized approximately \$ 22.5 million of revenue during the year, offset by approximately \$ 28.9 million of expenditures. Property taxes increased to approximately \$5.8 million from approximately \$ 5.6 million in the prior year, which along with utility taxes, charges for services and intergovernmental revenues, are the largest sources of revenue. Public safety expenditures increased by approximately \$ 0.5 million to approximately \$ 19.0 million, still representing the largest portion (65.9%) of expenditures. Public safety expenditures continue to be the largest outflow of resources for the City. Both the Police and Fire Rescue services are contracted out to the Palm Beach County Sheriff's Office and the Palm Beach Fire Rescue District, respectively. These expenses are driven by the interlocal agreements with each governmental entity and associated pension costs for former police and fire employees. The General Fund balance ended the year with an unassigned fund balance of approximately \$ 4.4 million versus \$ 4.2 million in 2013.

Beach Fund - The Beach Fund is being used to account for all of the costs involved in operating the City's casino building and all the activities of the beach. In 2011 the fund took an advance in the amount of \$ 6 million, with \$ 4 million coming from the Water Fund and \$ 2 million coming from the Self Insurance Fund. The City has determined that it will proceed with internal financing due to the interest rate environment and repayment began in fiscal year ending September 30, 2014.

***Proprietary Funds***

The City implemented rate adjustments in fiscal year 2014. These adjustments did not result in reduced revenue for electric or water operations due to increased usage. Total revenue in electric operations increased approximately \$ 3.5 million and an increase of approximately \$ 0.5 million in water operations. Local sewer and regional sewer experienced a decrease of approximately \$ 0.9 million and approximately \$ 0.6 million due to the rate reductions. The operating expenses stayed relatively the same.

**General Fund Budgetary Highlights**

The General Fund's budgeted revenues remained the same from the original to the final budget. The City's final budgeted expenditures increased by approximately \$ 0.6 million from the original budget, but by implementing cost saving measures, the actual expenditures were approximately \$ 1.3 million less than budget.

## Capital Assets and Debt Administration

### Capital Assets

As of September 30, 2014, the City had approximately \$ 168.5 million invested in a variety of capital assets which represents a net decrease (additions, deductions and depreciation) of approximately \$ 3.6 million from the adjusted end of last year's investment. The City has adjusted the October 1, 2013 net capital asset balances due to a capital asset inventory which resulted in a prior period adjustment to correct the balances. Refer to Note 1, prior period adjustment on page 34, for further explanation. Construction-in-progress increased approximately \$ 4.1 million to a total of approximately \$ 7.4 million. The increase is mainly attributable to various water main and well projects. Additional information on the City's capital assets can be found in Note 7 beginning on page 43.

**Table A-3  
Capital assets (In Millions)**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 7.4	\$ 7.4	\$ 2.6	\$ 2.6	\$ 10.0	\$ 10.0
Construction in progress	1.5	-	5.9	3.3	7.4	3.3
Land improvements	2.8	2.8	0.5	0.5	31.9	3.3
Buildings and structures	31.4	31.3	98.3	97.4	167.4	128.7
Infrastructure	69.1	69.1	106.1	105.7	108.9	174.8
Machinery and equipment	3.7	3.7	30.0	29.9	33.7	33.6
Vehicles	1.5	1.7	8.2	8.3	9.7	10.0
<b>Total capital assets</b>	<b>117.4</b>	<b>116.0</b>	<b>251.6</b>	<b>247.7</b>	<b>369.0</b>	<b>363.7</b>
Accumulated depreciation	(57.5)	(54.0)	(143.0)	(137.6)	(200.5)	(191.6)
<b>Net capital assets</b>	<b>\$ 59.9</b>	<b>\$ 62.0</b>	<b>\$ 108.6</b>	<b>\$ 110.1</b>	<b>\$ 168.5</b>	<b>\$ 172.1</b>

### Debt Administration

As of September 30, 2014, the City had debt outstanding of approximately \$ 59.3 million. Of this amount, approximately \$ 52.8 million is secured by specific enterprise fund revenue sources.

**Table A-4  
Long-Term Debt (In Millions)**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenue bonds	\$ -	\$ -	\$ 52.8	\$ 54.0	\$ 52.8	\$ 54.0
Notes payable	-	-	6.5	6.9	6.5	6.9
<b>Total long term liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 59.3</b>	<b>\$ 60.9</b>	<b>\$ 59.3</b>	<b>\$ 60.9</b>

The City's long term debt decreased by approximately \$ 1.6 million due to the net effect of the scheduled principal payments. Other obligations include compensated absences such as unused vacation and sick leave, deposits payable, and outstanding/estimated insurance claims. Additional information on the City's long term debt and liabilities can be found in Note 9 of this report.

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

The State of Florida, by constitution, does not have a state personal income tax and, therefore, the State operates primarily using sales, gasoline and corporate income taxes. Local governments (cities, counties and school boards) primarily rely on property taxes supplemented by a limited array of other permitted taxes (sales, gasoline and utilities) and fees (franchise and occupational license) for their governmental activities. During the past year these revenues increased and for fiscal year 2015, they are estimated to continue this trend.

The City's total assessed value for the tax year 2014 or fiscal year 2015 increased by approximately 9% or an increase in revenue of approximately \$ 0.5 million. The City has been impacted by the economic conditions of the State. Budgeted state shared revenue increased by \$ 397,800 or 8.63% in fiscal year 2015 over fiscal year 2014.

The General Fund budget for 2015 of \$ 30,324,160 is \$ 0.1 million more than the FY 2014 amended budget. The increase was due to an increase in the pension costs.

For the business-type and certain governmental activities (construction services and recreational programs), the user pays a related fee or charge associated with the service. For fiscal year 2015, the rates for the business-type activities were recommended by rate studies conducted by consultants and reflect electric rates being reduced by 0.5% and no rate changes for any the other utilities.

### **Currently Known Facts and Decisions**

#### ***Beach Fund***

The beachfront and casino complex opened in 2013 and now offers an upscale destination for dining, banquets, shopping and beach-goers. The City has begun the development of a market plan to increase utilization and ensure the complex will be self-supporting through the use of rents and parking revenues.

#### ***Housing Redevelopment***

The Community Redevelopment Agency in 2014 continues the revitalization of more than 100 residential housing units in the neighborhoods in the western sections of the City through the use of Neighborhood Stabilization grants.

#### ***Park of Commerce***

The City is focusing on the Park of Commerce economical development project which enters phase 1 in fiscal year 2015. It will include land acquisition, utility system infrastructure and underground telephone cables. The initiation of the project is a major step forward for both the park and the City. It will open the door to major investment in the area.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City'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 Worth, Finance Department, 7 North Dixie Highway, Lake Worth, FL 33460.



*City of Lake Worth, Florida*

**Statement of Net Position  
September 30, 2014**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b>Assets:</b>				
Cash and cash equivalents	\$ 3,136,226	\$ 14,753,478	\$ 17,889,704	\$ 1,515,838
Investments	9,208,249	40,790,102	49,998,351	2,110,736
Accounts receivable, net	1,954,210	12,489,929	14,444,139	28,679
Accrued interest receivable	18,993	138,104	157,097	-
Internal balances	(4,438,388)	4,438,388	-	-
Due from other governments	-	30,493	30,493	-
Due from component unit	2,811	-	2,811	-
Inventories	10,647	4,428,641	4,439,288	-
Land held for resale	395,175	-	395,175	4,024,790
Prepaid items	26,936	117,373	144,309	25,783
Restricted assets:				
Cash and cash equivalents	-	1,401,759	1,401,759	-
Investments	-	21,977,579	21,977,579	-
Deposits	-	1,316,174	1,316,174	-
Investment in joint venture	-	16,377,600	16,377,600	-
Net pension asset	57,168	-	57,168	-
Capital assets:				
Nondepreciable	8,883,719	8,503,270	17,386,989	773,206
Depreciable, net	51,023,527	100,123,386	151,146,913	8,766,696
<b>Total assets</b>	<b>70,279,273</b>	<b>226,886,276</b>	<b>297,165,549</b>	<b>17,245,728</b>
<b>Deferred outflows of resources:</b>				
Deferred charge on refunding	-	1,286,680	1,286,680	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 70,279,273</b>	<b>\$ 228,172,956</b>	<b>\$ 298,452,229</b>	<b>\$ 17,245,728</b>
<b>Liabilities:</b>				
Accounts and contracts payable	1,444,304	1,506,037	2,950,341	18,964
Accrued liabilities	798,652	5,370,936	6,169,588	27,615
Accrued interest payable	-	785,733	785,733	13,416
Due to primary government	-	-	-	2,811
Unearned revenue	430,486	-	430,486	6,689
Liabilities payable from restricted assets	-	272,204	272,204	-
Due within one year:				
Notes payable	-	297,952	297,952	645,907
Revenue bonds payable	-	3,165,000	3,165,000	-
Compensated absences	106,657	47,975	154,632	-
Due in more than a year:				
Notes payable	-	6,223,140	6,223,140	1,676,601
Revenue bonds payable	-	49,595,000	49,595,000	-
Compensated absences	300,804	494,369	795,173	-
Net pension obligation	25,035	-	25,035	-
Insurance claims payable	-	2,439,071	2,439,071	-
Other post employment benefits	539,687	574,587	1,114,274	-
Deposits payable	-	5,672,177	5,672,177	-
<b>Total liabilities</b>	<b>3,645,625</b>	<b>76,444,181</b>	<b>80,089,806</b>	<b>2,392,003</b>
<b>Net position:</b>				
Net investment in capital assets	59,907,246	65,053,346	124,960,592	7,217,394
Restricted for:				
Debt service	-	297,952	297,952	-
Working capital	-	1,549,767	1,549,767	-
Renewal and replacement	-	2,482,310	2,482,310	-
Grants	171,362	-	171,362	-
Public safety	1,632,381	-	1,632,381	-
Community redevelopment	-	-	-	3,130,870
Unrestricted	4,922,659	82,345,400	87,268,059	4,505,461
<b>Total net position</b>	<b>66,633,648</b>	<b>151,728,775</b>	<b>218,362,423</b>	<b>14,853,725</b>
<b>Total liabilities and net position</b>	<b>\$ 70,279,273</b>	<b>\$ 228,172,956</b>	<b>\$ 298,452,229</b>	<b>\$ 17,245,728</b>

The accompanying notes to financial statements are an integral part of these statements.

**City of Lake Worth, Florida**

**Statement of Activities  
For the Fiscal Year Ended September 30, 2014**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		
						Business-Type Activities	Total	
<b>Primary government:</b>								
<b>Governmental activities:</b>								
General government	\$ 2,297,354	\$ 1,791,964	\$ -	\$ -	\$ (505,390)	\$ -	\$ (505,390)	\$ -
Public safety	19,971,563	934,486	791,434	-	(18,245,643)	-	(18,245,643)	-
Physical environment	1,709,220	15,420	-	30,616	(1,663,184)	-	(1,663,184)	-
Transportation	3,775,229	1,425,139	-	-	(2,350,090)	-	(2,350,090)	-
Culture and recreation	4,219,879	1,936,822	17,836	529,380	(1,735,841)	-	(1,735,841)	-
<b>Total governmental activities</b>	<b>31,973,245</b>	<b>6,103,831</b>	<b>809,270</b>	<b>559,996</b>	<b>(24,500,148)</b>	<b>-</b>	<b>(24,500,148)</b>	<b>-</b>
<b>Business-type activities:</b>								
Electric	50,529,559	54,537,479	-	-	-	4,007,920	4,007,920	-
Water	10,218,577	12,005,357	-	231,294	-	2,018,074	2,018,074	-
Local sewer	6,522,133	6,322,018	-	84,866	-	(115,249)	(115,249)	-
Regional sewer	5,827,196	4,657,237	-	82,414	-	(1,087,545)	(1,087,545)	-
Stormwater	1,365,026	1,811,731	-	-	-	446,705	446,705	-
Refuse collection and disposal	4,880,048	5,840,137	-	-	-	960,089	960,089	-
<b>Total business-type activities</b>	<b>79,342,539</b>	<b>85,173,959</b>	<b>-</b>	<b>398,574</b>	<b>-</b>	<b>6,229,994</b>	<b>6,229,994</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 111,315,784</b>	<b>\$ 91,277,790</b>	<b>\$ 809,270</b>	<b>\$ 958,570</b>	<b>(24,500,148)</b>	<b>6,229,994</b>	<b>(18,270,154)</b>	<b>-</b>
<b>Component unit:</b>								
Lake Worth CRA	\$ 2,672,721	\$ -	\$ -	\$ 483,201	\$ -	\$ -	\$ -	(2,189,520)
<b>General revenues:</b>								
<b>Taxes:</b>								
Property taxes		6,530,263					6,530,263	1,163,917
Franchise fees based on gross receipts		36,127					36,127	-
Utility services taxes		5,118,045					5,118,045	-
Gas taxes		832,744					832,744	-
Sales and use taxes		2,655,801					2,655,801	-
Intergovernmental - unrestricted		661,551					661,551	-
Investment income - unrestricted		72,073				293,379	365,452	4,129
Miscellaneous		104,778				1,794,210	1,898,988	62,883
Transfers		5,949,062				(5,949,062)	-	-
Total general revenues and transfers		21,960,444				(3,861,473)	18,098,971	1,230,929
Change in net position		(2,539,704)				2,368,521	(171,183)	(958,591)
<b>Net position, beginning of year</b>		71,347,679				148,559,358	219,907,037	16,454,157
Prior period adjustment		(2,174,327)				800,896	(1,373,431)	(641,841)
<b>Net position, beginning of year, as restated</b>		69,173,352				149,360,254	218,533,606	15,812,316
<b>Net position, end of year</b>		66,633,648				151,728,775	218,362,423	14,853,725

The accompanying notes to financial statements are an integral part of these statements.

*City of Lake Worth, Florida*

**Balance Sheet  
Governmental Funds  
September 30, 2014**

	General	Beach Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 170,074	\$ 895,072	\$ 2,071,080	\$ 3,136,226
Investments	3,987,895	168,446	5,051,908	9,208,249
Accounts receivable, net	1,768,233	6,145	179,832	1,954,210
Accrued interest receivable	8,417	-	10,576	18,993
Due from component unit	2,811	-	-	2,811
Inventories	-	-	10,647	10,647
Land held for resale	-	-	395,175	395,175
Prepaid items	22,256	1,267	3,413	26,936
Advances to other funds	-	-	485,000	485,000
<b>Total assets</b>	<b>\$ 5,959,686</b>	<b>\$ 1,070,930</b>	<b>\$ 8,207,631</b>	<b>\$ 15,238,247</b>
<b>Liabilities:</b>				
Accounts and contracts payable	\$ 655,222	\$ 179,985	\$ 609,097	\$ 1,444,304
Accrued liabilities	582,577	176,080	39,995	798,652
Due to other funds	-	250,000	100,000	350,000
Advances from other funds	-	5,985,000	-	5,985,000
Unearned revenue	330,745	-	99,741	430,486
<b>Total liabilities</b>	<b>1,568,544</b>	<b>6,591,065</b>	<b>848,833</b>	<b>9,008,442</b>
<b>Fund balances:</b>				
Non-Spendable:				
Prepaid items	22,256	1,267	3,413	26,936
Inventories	-	-	10,647	10,647
Advances	-	-	485,000	485,000
Restricted for:				
Purpose of fund	-	-	1,803,743	1,803,743
Committed to:				
Purpose of fund	-	-	2,021,065	2,021,065
Assigned to:				
Capital projects	-	-	3,116,203	3,116,203
Housing initiative	9,267	-	-	9,267
Unassigned	4,359,619	(5,521,402)	(81,273)	(1,243,056)
<b>Total fund balances</b>	<b>4,391,142</b>	<b>(5,520,135)</b>	<b>7,358,798</b>	<b>6,229,805</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,959,686</b>	<b>\$ 1,070,930</b>	<b>\$ 8,207,631</b>	<b>\$ 15,238,247</b>

The accompanying notes to financial statements are an integral part of these statements.

*City of Lake Worth, Florida*

**Reconciliation of Total Governmental Fund Balances  
To Net Position of Governmental Activities  
September 30, 2014**

<b>Total governmental fund balances</b>	\$	6,229,805
 <b>Amounts reported for governmental activities in the statement of net position are different because:</b>		
Capital assets used in governmental activities, net of depreciation, used in governmental activities, are not financial resources and, therefore, are not reported in the funds.		59,907,246
The net position is not available to pay for current period expenditures and, therefore, is deferred in the funds		
Net pension asset	57,168	
Net pension obligation	<u>(25,035)</u>	32,133
Liabilities, including notes payable, are not due and payable in the current period and, therefore are not reported in the funds. These liabilities are comprised of the following:		
Other post employment benefits (OPEB)	(539,687)	
Compensated absences	<u>(407,461)</u>	(947,148)
Internal service fund net position	12,159,979	
Less due to business-type activities for "Look Back" allocation	<u>(10,748,367)</u>	<u>1,411,612</u>
<b>Net position of governmental activities</b>	\$	<u><u>66,633,648</u></u>

The accompanying notes to financial statements are an integral part of these statements.

*City of Lake Worth, Florida*

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended September 30, 2014**

	General	Beach Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ 5,762,505	\$ -	\$ -	\$ 5,762,505
Utility and other taxes	4,993,177	-	318,119	5,311,296
Licenses and permits	617,906	-	756,729	1,374,635
Fines and forfeitures	396,578	111,131	-	507,709
Charges for services	5,128,637	2,277,749	903,261	8,309,647
Intergovernmental	5,474,069	500,000	171,041	6,145,110
Investment income	45,648	4,060	22,365	72,073
Rents and royalties	21,921	-	-	21,921
Miscellaneous	96,073	3,685	66,141	165,899
<b>Total revenues</b>	<b>22,536,514</b>	<b>2,896,625</b>	<b>2,237,656</b>	<b>27,670,795</b>
<b>Expenditures:</b>				
Current:				
General government	5,620,494	-	131,055	5,751,549
Public safety	19,046,596	-	726,448	19,773,044
Physical environment	1,683,223	-	164	1,683,387
Transportation	815,061	314,205	466	1,129,732
Culture and recreation	1,625,834	1,574,923	1,051,245	4,252,002
Capital outlay	91,915	35,926	1,697,324	1,825,165
<b>Total expenditures</b>	<b>28,883,123</b>	<b>1,925,054</b>	<b>3,606,702</b>	<b>34,414,879</b>
Excess (deficiency) of revenues over expenditures	(6,346,609)	971,571	(1,369,046)	(6,744,084)
<b>Other financing sources (uses):</b>				
Transfers in	6,654,972	26,675	2,401,354	9,083,001
Transfers out	(287,124)	(289,636)	(2,557,179)	(3,133,939)
<b>Total other financing sources (uses)</b>	<b>6,367,848</b>	<b>(262,961)</b>	<b>(155,825)</b>	<b>5,949,062</b>
Net change in fund balances	21,239	708,610	(1,524,871)	(795,022)
<b>Fund balances, beginning of year</b>	<b>4,273,841</b>	<b>(6,228,745)</b>	<b>8,874,591</b>	<b>6,919,687</b>
Prior period adjustment	96,062	-	9,078	105,140
<b>Fund balances, beginning of year, as restated</b>	<b>4,369,903</b>	<b>(6,228,745)</b>	<b>8,883,669</b>	<b>7,024,827</b>
<b>Fund balances, end of year</b>	<b>\$ 4,391,142</b>	<b>\$ (5,520,135)</b>	<b>\$ 7,358,798</b>	<b>\$ 6,229,805</b>

The accompanying notes to financial statements are an integral part of these statements.

*City of Lake Worth, Florida*

**Reconciliation of the Statement of Revenues, Expenditures and Changes  
In Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended September 30, 2014**

<b>Net change in fund balances, total governmental funds</b>	\$	(795,022)
<b>Amounts reported for governmental activities in the statement of activities are different because:</b>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.</p>		
Capital outlay	\$ 1,825,165	
Depreciation expense	<u>(3,900,933)</u>	(2,075,768)
<p>The net effect of various miscellaneous transactions involving capital assets.</p>		
Loss on disposal of capital assets		(427)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Intergovernmental revenue		(692,917)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Change in other post employment benefits	(59,962)	
Change in compensated absences	(21,682)	
Change in net pension obligation (asset)	<u>(516)</u>	(82,160)
<p>Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue (expense) of internal service funds are reported with governmental activities.</p>		
Internal service fund change in net position	1,880,634	
Current year "Look Back" allocation to Enterprise funds	<u>(774,044)</u>	<u>1,106,590</u>
<b>Change in net position of governmental activities</b>	\$	<u><u>(2,539,704)</u></u>

The accompanying notes to financial statements are an integral part of these statements.

*City of Lake Worth, Florida*

**Statement of Net Position - Proprietary Funds  
September 30, 2014**

	<i>Business-type activities - Enterprise Funds</i>						Internal Service Funds
	Major		Regional		Non-major	Total	
	Electric	Water	Local Sewer	Sewer	Enterprise Funds	Enterprise Funds	
<b>Assets:</b>							
<b>Current assets:</b>							
Cash and cash equivalents	\$ 2,872,734	\$ 4,126,346	\$ 335,581	\$ 459,974	\$ 70,169	\$ 7,864,804	\$ 6,888,674
Investments	3,001,058	13,067,729	9,265,385	1,806,570	8,310,130	35,450,872	5,339,230
Restricted assets:							
Cash and cash equivalents	188,148	233,593	-	-	-	421,741	-
Investments	-	-	15,563	-	-	15,563	-
Accounts receivable, net	9,409,330	1,607,752	912,297	195,641	349,636	12,474,656	15,273
Accrued interest receivable	52,460	31,181	19,589	5,929	17,536	126,695	11,409
Due from other funds	100,000	167,500	-	32,771	-	300,271	82,500
Due from other governments	-	30,493	-	-	-	30,493	-
Inventories	4,005,374	253,081	-	-	-	4,258,455	170,186
Prepaid items	74,567	-	-	20,845	-	95,412	21,961
<b>Total current assets</b>	<b>19,703,671</b>	<b>19,517,675</b>	<b>10,548,415</b>	<b>2,521,730</b>	<b>8,747,471</b>	<b>61,038,962</b>	<b>12,529,233</b>
<b>Non-current assets:</b>							
Restricted assets:							
Cash and cash equivalents	-	-	-	980,018	-	980,018	-
Investments	19,388,706	1,571,018	-	1,002,292	-	21,962,016	-
Deposits	1,316,174	-	-	-	-	1,316,174	-
Advances to other funds	-	3,665,000	-	-	-	3,665,000	1,835,000
Investment in joint venture	-	-	-	16,377,600	-	16,377,600	-
Capital assets:							
Land	1,527,194	307,148	5,750	-	732,046	2,572,138	-
Construction in progress	3,391,643	1,905,720	503,971	71,790	25,618	5,898,742	32,390
Land improvements	216,163	-	6,570	4,602	241,637	468,972	-
Buildings and structures	40,494,978	51,687,099	5,829,936	20,325	296,994	98,329,332	-
Infrastructure	30,217,659	23,821,933	23,739,387	24,927,468	3,392,329	106,098,776	-
Machinery and equipment	24,363,489	3,594,825	616,406	92,081	467,465	29,134,266	906,043
Vehicles	1,951,672	377,213	1,068,400	38,320	3,566,212	7,001,817	1,184,534
Accumulated depreciation	(74,936,353)	(23,909,462)	(20,899,936)	(17,049,666)	(4,933,243)	(141,728,660)	(1,271,694)
<b>Total non-current assets</b>	<b>47,931,325</b>	<b>63,020,494</b>	<b>10,870,484</b>	<b>26,464,830</b>	<b>3,789,058</b>	<b>152,076,191</b>	<b>2,686,273</b>
<b>Total assets</b>	<b>67,634,996</b>	<b>82,538,169</b>	<b>21,418,899</b>	<b>28,986,560</b>	<b>12,536,529</b>	<b>213,115,153</b>	<b>15,215,506</b>

The accompanying notes to financial statements are an integral part of these statements.

**City of Lake Worth, Florida**

**Statement of Net Position - Proprietary Funds (continued)**  
**September 30, 2014**

	<b>Business-type activities - Enterprise Funds</b>						Internal Service Funds
	Major			Non-major		Total Enterprise Funds	
	Electric	Water	Local Sewer	Regional Sewer	Enterprise Funds		
<b>Deferred outflows of resources:</b>							
Deferred charge on refunding	645,951		640,729	-	-	1,286,680	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 68,280,947</b>	<b>\$ 83,178,898</b>	<b>\$ 21,418,899</b>	<b>\$ 28,986,560</b>	<b>\$ 12,536,529</b>	<b>\$ 214,401,833</b>	<b>\$ 15,215,506</b>
<b>Liabilities:</b>							
<b>Current liabilities:</b>							
Accounts and contracts payable	486,819	565,745	191,756	46,824	132,291	1,423,435	82,602
Accrued liabilities	3,481,742	78,312	32,055	1,209,146	80,964	4,882,219	488,717
Accrued interest payable	353,492	432,241	-	-	-	785,733	-
Due to other funds	-	-	32,771	-	-	32,771	-
Compensated absences	26,779	2,414	934	-	17,848	47,975	-
Notes payable	-	297,952	-	-	-	297,952	-
Revenue bonds payable	1,582,500	1,582,500	-	-	-	3,165,000	-
<i>Payable from restricted assets:</i>							
Accounts and contracts payable	170,519	86,122	15,563	-	-	272,204	-
<b>Total current liabilities</b>	<b>6,101,851</b>	<b>3,045,286</b>	<b>273,079</b>	<b>1,255,970</b>	<b>231,103</b>	<b>10,907,289</b>	<b>571,319</b>
<b>Non-current liabilities:</b>							
Insurance claims payable	-	-	-	-	-	-	2,439,071
Compensated absences	260,860	69,866	32,312	-	86,194	449,232	45,137
Other post-employment benefits	314,622	94,496	37,540	6,729	121,200	574,587	-
Notes payable	-	6,223,140	-	-	-	6,223,140	-
Revenue bonds payable	24,797,500	24,797,500	-	-	-	49,595,000	-
<i>Payable from restricted assets:</i>							
Deposits payable	4,649,111	1,023,066	-	-	-	5,672,177	-
<b>Total non-current liabilities</b>	<b>30,022,093</b>	<b>32,208,068</b>	<b>69,852</b>	<b>6,729</b>	<b>207,394</b>	<b>62,514,136</b>	<b>2,484,208</b>
<b>Total liabilities</b>	<b>36,123,944</b>	<b>35,253,354</b>	<b>342,931</b>	<b>1,262,699</b>	<b>438,497</b>	<b>73,421,425</b>	<b>3,055,527</b>

The accompanying notes to financial statements are an integral part of these statements.

*City of Lake Worth, Florida*

**Statement of Net Position - Proprietary Funds (continued)  
September 30, 2014**

	<i>Business-type activities - Enterprise Funds</i>					
	Major		Regional		Non-major	Total
	Electric	Water	Local Sewer	Sewer	Enterprise Funds	Enterprise Funds
<b>Net position:</b>						
Net investment in capital assets	15,999,620	25,437,991	10,870,484	8,104,920	3,789,058	64,202,073
Restricted for:						
Debt service	-	297,952	-	-	-	297,952
Working capital	1,316,174	233,593	-	-	-	1,549,767
Renewal & replacement	250,000	250,000	-	1,982,310	-	2,482,310
Unrestricted	14,591,209	21,706,008	10,205,484	17,636,631	8,308,974	72,448,306
<b>Total net position</b>	<b>32,157,003</b>	<b>47,925,544</b>	<b>21,075,968</b>	<b>27,723,861</b>	<b>12,098,032</b>	<b>140,980,408</b>
<b>Total liabilities and net position</b>	<b>\$ 68,280,947</b>	<b>\$ 83,178,898</b>	<b>\$ 21,418,899</b>	<b>\$ 28,986,560</b>	<b>\$ 12,536,529</b>	<b>\$ 214,401,833</b>

Explanation of difference between proprietary funds statement of net position and the government-wide statement of net position:

Total net position

\$ 140,980,408

Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.

10,748,367

Total net position - government-wide statement of net position

\$ 151,728,775

The accompanying notes to financial statements are an integral part of these statements.

**City of Lake Worth, Florida**

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds  
For the Fiscal Year Ended September 30, 2014**

	<b>Business-type Activities - Enterprise Funds</b>					Internal Service Funds
	<b>Major</b>		<b>Regional Sewer</b>	<b>Non-major Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
	<b>Electric</b>	<b>Water</b>	<b>Local Sewer</b>	<b>Regional Sewer</b>	<b>Non-major Enterprise Funds</b>	<b>Total Enterprise Funds</b>
<b>Operating revenues:</b>						
Charges for services	\$ 54,537,479	\$ 12,005,357	\$ 6,322,018	\$ 4,657,237	\$ 7,651,868	\$ 85,173,959
Intergovernmental	-	-	-	-	-	-
<b>Total operating revenues</b>	<b>54,537,479</b>	<b>12,005,357</b>	<b>6,322,018</b>	<b>4,657,237</b>	<b>7,651,868</b>	<b>85,173,959</b>
<b>Operating expenses:</b>						
Cost of services	44,902,146	5,307,514	5,010,509	4,355,653	5,442,722	65,018,544
General and administrative	3,126,365	1,468,466	858,469	338,389	328,715	6,120,404
Depreciation	1,660,266	2,412,876	637,067	423,988	452,925	5,587,122
<b>Total operating expenses</b>	<b>49,688,777</b>	<b>9,188,856</b>	<b>6,506,045</b>	<b>5,118,030</b>	<b>6,224,362</b>	<b>76,726,070</b>
Operating income (loss)	4,848,702	2,816,501	(184,027)	(460,793)	1,427,506	8,447,889
<b>Non-operating revenues (expenses):</b>						
Investment income	98,019	53,889	40,892	12,714	37,887	243,401
Interest and fiscal charges	(754,539)	(927,463)	-	-	-	(1,682,002)
Other	807,810	(8,550)	5,439	(688,641)	19,619	135,677
<b>Total non-operating revenues (expenses)</b>	<b>151,290</b>	<b>(882,124)</b>	<b>46,331</b>	<b>(675,927)</b>	<b>57,506</b>	<b>(1,302,924)</b>
<b>Income (loss) before transfers and contributions</b>	<b>4,999,992</b>	<b>1,934,377</b>	<b>(137,696)</b>	<b>(1,136,720)</b>	<b>1,485,012</b>	<b>7,144,965</b>
Capital contributions	-	231,294	84,866	82,414	-	398,574
Transfers in	45,409	434,050	276,494	-	232,317	988,270
Transfers out	(4,141,958)	(1,064,167)	(872,311)	-	(858,896)	(6,937,332)
Change in net position	903,443	1,535,554	(648,647)	(1,054,306)	858,433	1,594,477
<b>Net position, beginning of year</b>	<b>30,209,555</b>	<b>46,010,222</b>	<b>21,333,082</b>	<b>28,874,520</b>	<b>11,048,260</b>	<b>137,475,639</b>
Prior period adjustment	1,044,005	379,768	391,533	(96,353)	191,339	1,910,292
<b>Net position, beginning of year, as restated</b>	<b>31,253,560</b>	<b>46,389,990</b>	<b>21,724,615</b>	<b>28,778,167</b>	<b>11,239,599</b>	<b>139,385,931</b>
<b>Net position, end of year</b>	<b>\$ 32,157,003</b>	<b>\$ 47,925,544</b>	<b>\$ 21,075,968</b>	<b>\$ 27,723,861</b>	<b>\$ 12,098,032</b>	<b>\$ 140,980,408</b>

Explanation of difference between proprietary funds statement of revenues, expenses and changes in net position and the government-wide statement of activities:

Change in net position - proprietary funds financial statements	\$ 1,594,477
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.	774,044
Change in net position - government-wide statement of activities	<u>\$ 2,368,521</u>

The accompanying notes to financial statements are an integral part of these statements.

*City of Lake Worth, Florida*

**Statement of Cash Flows - Proprietary Funds  
For the Fiscal Year Ended September 30, 2014**

	Business-type Activities - Enterprise Funds						Internal Service Funds
	Major			Non-major Enterprise Funds		Total Enterprise Funds	
	Electric	Water	Local Sewer	Regional Sewer	-	-	
<b>Cash flows from operating activities:</b>							
Receipts from customers and interfund charges	\$ 54,639,546	\$ 12,391,268	\$ 6,622,518	\$ 5,222,239	\$ 7,669,219	\$ 86,544,790	\$ 12,093,819
Payments to suppliers	(35,626,724)	(2,142,947)	(3,674,655)	(2,971,925)	(2,724,850)	(47,141,101)	(10,386,201)
Payments to employees	(5,588,053)	(1,597,775)	(680,325)	(140,398)	(1,616,347)	(9,622,898)	(721,704)
Payments for interfund services received	(5,982,713)	(2,452,736)	(1,330,679)	(444,102)	(1,358,667)	(11,568,897)	-
Other receipts/(disbursements)	807,810	(8,550)	5,439	(688,641)	19,619	135,677	1,251,519
<b>Net cash provided by (used in) operating activities</b>	<b>8,249,866</b>	<b>6,189,260</b>	<b>942,298</b>	<b>977,173</b>	<b>1,988,974</b>	<b>18,347,571</b>	<b>2,237,433</b>
<b>Cash flows from non-capital financing activities:</b>							
Due from (to) other funds	110,000	1,209,329	32,771	(32,771)	-	1,319,329	(82,500)
Transfer from other funds	45,409	434,050	276,494	-	232,317	988,270	8,510
Transfer to other funds	(4,141,958)	(1,064,167)	(872,311)	-	(858,896)	(6,937,332)	(8,510)
<b>Net cash provided by (used in) non-capital financing activities</b>	<b>(3,986,549)</b>	<b>579,212</b>	<b>(563,046)</b>	<b>(32,771)</b>	<b>(626,579)</b>	<b>(4,629,733)</b>	<b>(82,500)</b>
<b>Cash flows from capital and related financing activities:</b>							
Acquisitions and construction of capital assets, net	(1,393,997)	(1,836,522)	(659,828)	(21,603)	(396,372)	(4,308,322)	(149,108)
Advances from (to) other funds	-	335,000	-	-	-	335,000	165,000
Proceeds of capital grants, cash transactions	-	231,294	84,866	82,414	-	398,574	756,165
Principal paid on revenue bonds	(635,000)	(635,000)	-	-	-	(1,270,000)	-
Principal paid on notes	-	(288,591)	-	-	-	(288,591)	-
Interest and other fiscal charges	(706,984)	(880,292)	-	-	-	(1,587,276)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(2,735,981)</b>	<b>(3,074,111)</b>	<b>(574,962)</b>	<b>60,811</b>	<b>(396,372)</b>	<b>(6,720,615)</b>	<b>772,057</b>
<b>Cash flows from investing activities:</b>							
Purchase of investments	(34,108,375)	(16,680,209)	(10,264,744)	(3,207,733)	(9,623,198)	(73,884,259)	(5,773,919)
Sale of investments	35,437,910	15,657,839	10,727,908	1,576,287	8,543,474	71,943,418	5,692,637
Investment in joint venture	-	-	-	(537,988)	-	(537,988)	-
Interest and dividend received	99,683	70,263	44,707	9,613	37,706	261,972	25,216
<b>Net cash provided by (used in) investing activities</b>	<b>1,429,218</b>	<b>(952,107)</b>	<b>507,871</b>	<b>(2,159,821)</b>	<b>(1,042,018)</b>	<b>(2,216,857)</b>	<b>(56,066)</b>
<b>Net change in cash and cash equivalents</b>	<b>2,956,554</b>	<b>2,742,254</b>	<b>312,161</b>	<b>(1,154,608)</b>	<b>(75,995)</b>	<b>4,780,366</b>	<b>2,870,924</b>
<b>Cash and cash equivalents, beginning</b>	<b>104,328</b>	<b>1,617,685</b>	<b>23,420</b>	<b>2,594,600</b>	<b>146,164</b>	<b>4,486,197</b>	<b>4,017,750</b>
<b>Cash and cash equivalents, ending</b>	<b>\$ 3,060,882</b>	<b>\$ 4,359,939</b>	<b>\$ 335,581</b>	<b>\$ 1,439,992</b>	<b>\$ 70,169</b>	<b>\$ 9,266,563</b>	<b>\$ 6,888,674</b>

The accompanying notes to financial statements are an integral part of these statements.

*City of Lake Worth, Florida*

**Statement of Cash Flows - Proprietary Funds (continued)  
For the Fiscal Year Ended September 30, 2014**

	Business-type Activities - Enterprise Funds						Internal Service Funds
	Major		Enterprise Funds		Non-major Enterprise Funds	Total Enterprise Funds	
	Electric	Water	Local Sewer	Regional Sewer	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 4,848,702	\$ 2,816,501	\$ (184,027)	\$ (460,793)	\$ 1,427,506	\$ 8,447,889	\$ (143,624)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	1,660,266	2,412,876	637,067	423,988	452,925	5,587,122	349,142
Provision for uncollectible accounts	293,911	24,505	14,164	-	-	332,580	-
Other nonoperating income (disbursements)	807,810	(8,550)	5,439	(688,641)	19,619	135,677	1,251,519
<b>Decrease (increase) in assets:</b>							
Accounts receivable	(232,085)	290,018	286,336	565,002	17,351	926,622	(13,471)
Due from other governments	-	1,146	-	-	-	1,146	-
Prepaid items	(22,158)	-	-	(20,845)	-	(43,003)	(5,307)
Inventories	478,831	6,552	-	-	-	485,383	(14,435)
<b>Increase (decrease) in liabilities:</b>							
Accounts and contracts payable	251,431	538,044	177,460	(45,223)	40,269	961,981	(13,952)
Accrued liabilities	122,779	45,650	969	1,202,798	14,753	1,386,949	97,131
Compensated absences	(31,434)	(19,160)	1,519	-	2,359	(46,716)	3,125
Insurance claims payable	-	-	-	-	-	-	727,305
Customer deposits payable	40,241	71,388	-	-	-	111,629	-
Other post employment benefits	31,572	10,290	3,371	887	14,192	60,312	-
<b>Total adjustments</b>	<u>3,401,164</u>	<u>3,372,759</u>	<u>1,126,325</u>	<u>1,437,966</u>	<u>561,468</u>	<u>9,899,682</u>	<u>2,381,057</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 8,249,866</u>	<u>\$ 6,189,260</u>	<u>\$ 942,298</u>	<u>\$ 977,173</u>	<u>\$ 1,988,974</u>	<u>\$ 18,347,571</u>	<u>\$ 2,237,433</u>
<b>Supplemental disclosure of noncash investing activities:</b>							
Unrealized gains (losses) on investments	\$ 40,985	\$ 76,640	\$ 47,641	\$ 10,142	\$ 40,718	\$ 216,126	\$ 27,377

The accompanying notes to financial statements are an integral part of these statements.

*City of Lake Worth, Florida*

**Statement of Net Position  
Fiduciary Funds  
September 30, 2014**

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 5,153,311	\$ 2,261
Investments at fair value:		
U.S. government and agency funds	19,787,711	-
Money market funds	1,346,680	-
Corporate bonds	13,310,197	-
Common stocks	59,774,222	-
Real estate	12,171,389	-
Mutual funds	24,708,810	-
Partnership	128,873	-
Unit investment trust	125,531	-
Accrued interest, dividends and contributions receivable	1,592,819	-
Due from broker	1,221,133	-
Prepaid items	50,261	-
	<u>139,370,937</u>	<u>2,261</u>
<b>Liabilities:</b>		
Accounts payable	179,079	200
Due for securities purchased	427,843	-
Deposits payable	-	2,061
	<u>606,922</u>	<u>2,261</u>
<b>Net position held in trust for pension benefits</b>	<b>\$ <u><u>138,764,015</u></u></b>	<b>\$ <u><u>-</u></u></b>

The accompanying notes to financial statements are an integral part of these statements.

*City of Lake Worth, Florida*

**Statement of Changes in Net Position  
Fiduciary Funds  
For the Fiscal Year Ended September 30, 2014**

	<u>Pension Trust Funds</u>
<b>Additions:</b>	
Contributions:	
Employer	\$ 9,199,789
Chapter 175	117,976
Plan members	1,260,532
Roll over	275,168
State	404,603
	<u>11,258,068</u>
Total contributions	
Investment income:	
Interest and dividends	3,419,894
Net change in fair value of investments	10,920,471
Other income	3,370
	<u>14,343,735</u>
Total investment income	
Less investment expenses	<u>(842,580)</u>
Net investment income	<u>13,501,155</u>
<b>Total additions</b>	<u>24,759,223</u>
<b>Deductions:</b>	
Pension benefits	16,448,991
Administrative expenses	440,403
	<u>16,889,394</u>
<b>Total deductions</b>	
<b>Change in net position</b>	7,869,829
<b>Net position, beginning of year</b>	<u>130,894,186</u>
<b>Net position, end of year</b>	\$ <u><u>138,764,015</u></u>

The accompanying notes to financial statements are an integral part of these statements.

*City of Lake Worth, Florida*

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

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

The City of Lake Worth, Florida (the City), was incorporated as a municipality in 1913 under Chapter 6713, Laws of Florida. It is located in Palm Beach County and is bordered by the City of West Palm Beach to the north, the Intracoastal Waterway and Atlantic Ocean to the east, the City of Lantana to the south and various municipalities and unincorporated county areas to the west. The City operates under a Commission-Manager form of government and provides a full range of municipal services, including police and fire protection, public works activities, park and recreation activities, and general administrative services. The City also operates six enterprise activities: electric, water, local sewer, regional sewer, storm water, and refuse collection and disposal.

The basic financial statements of the City have been prepared in accordance with the generally accepted accounting principles (GAAP) in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's governmental accounting policies are described below:

**A. Financial Reporting Entity**

The financial statements were prepared in accordance with governmental accounting standards, which establish standards for defining and reporting on the reporting entity. The definition of the financial reporting entity is based on the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The City's reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the City's financial statements to be misleading or incomplete.

In defining the City for financial reporting purposes, management has considered all potential component units. Component units are legally separate entities for which the primary government (the City) is financially accountable which should be included in the City's financial statements because of the nature and significance of their relationship with the primary government.

The decision to include a potential component unit in the City's reporting entity is based on the criteria stated in GASB Statement No 14 - *The Financial Reporting Entity* and GASB Statement No 39 - *Determining Whether Certain Organizations Are Component Units*, as amended by GASB Statement No. 61 – *The Financial Reporting Entity: Omnibus*, which includes the ability to appoint a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or (3) impose specific financial burden/benefit.

Based upon the application of the criteria in GASB Statements Nos. 14 and 39, as amended by GASB Statement No. 61, the financial statements of the City's Component Unit, the Community Redevelopment Agency (CRA), have been included in the City's reporting entity as a discretely presented component unit. The CRA is a legally separate entity governed by a board comprised of seven citizens of the City appointed by the City Commission. It does not provide services entirely or almost entirely to the primary government or otherwise, exclusively or almost exclusively, benefits the City and therefore is presented as a discrete component unit. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separated from the government.

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Discretely Presented Component Unit**

The Community Redevelopment Agency (CRA) was established under the authority of Florida Statute Chapter 163, Part III in 1993 to promote and guide the physical and economic redevelopment of targeted areas within the City. The CRA's board, appointed by the City Commission as required by statute, has full administrative responsibility. Separate financial statements for the CRA are not available. The statutorily required report can be obtained by contacting the Lake Worth Community Redevelopment Agency office at 29 South J Street, Unit 1, Lake Worth, FL 33460.

**C. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's various utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. 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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining non-major governmental funds and non-major enterprise funds are aggregated and reported as non-major funds.

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. Acquisitions of general capital assets are reported as expenditures in governmental funds. Issuance of long term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, franchise fees and other taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenues for expenditure driven grants are recognized when the qualifying expenditures are incurred. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues of the City's Enterprise and Internal Service Funds are charges to customers for sales and services. Operating revenues for the Enterprise Funds include water, electric and sewer service fees; as well as user fees related to the stormwater utility system and solid waste removal. For the Internal Service Funds, operating revenues include charges to other departments for insurance services and information technology costs and other services. Operating expenses for the Enterprise and Internal Service Funds include costs of services, administrative fees, insurance payments and depreciation. All revenues and expenses not meeting this definition are considered non-operating items.

**Major Governmental Funds:**

**General Fund** - The General Fund is the general operating fund of the City. All general tax revenue and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The general operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

**Beach Fund** – The Beach Fund was established to account for the revenues and expenditures of the beach, pier, pool, beach parking and casino building.

**Major Enterprise Funds:**

The enterprise funds are used to account for operations that are financed and operated in a manner similar to a commercial enterprise, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of the revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City's major enterprise funds accounts for the operations of providing electric, water and local and regional sewer services.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Electric** - The Electric Fund is used to account for the provision of electric service to residents of the service area. All activities to provide such service are accounted for in this fund, including administration, generation, transmission, distribution and customer service.

**Water** - The Water Fund is used to account for the provision of water service to residents of the service area. All activities to provide such service are accounted for in this fund, including administration, generation, transmission, distribution and customer service.

**Local Sewer** - The Local Sewer Fund is used to account for the provision of sewer service to customers of the local service areas. All activities to provide such service are accounted for in this fund, including administration, collection, pumping, treatment, disposal and customer service.

**Regional Sewer** - The Regional Sewer Fund is used to account for the provision of sewer service to customers of the regional service areas. All activities to provide such service are accounted for in this fund, including administration, collection, pumping, treatment, disposal and customer service.

***Additionally, the City reports the following fund types:***

***Non-Major Special Revenue Funds:***

These funds are used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects that are legally restricted to expenditures for specified purposes. These funds include the Building Permit, Golf, Parking Improvement, Foreclosure, Grants, Tree Beautification, Utility Conservation Simpkin Trust, Library Trust, Law Enforcement and Firefighters Education and Law Enforcement Confiscated Property.

***Non-Major Capital Project Funds:***

These funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds. The funds include the Park of Commerce Fund and the Capital Projects Fund.

***Non-Major Enterprise Funds:***

These funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises. It is the intent of the City Commission that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the periodic determination of net income is appropriate for accountability purposes. These funds include the Stormwater Utility Fund and the Refuse Collection and Disposal Fund.

***Internal Service Funds:***

The Internal Service Funds account for the goods or services provided by one department to other departments of the City on a cost-reimbursement basis. These funds include the Information Technology, Insurance, City Garage and Employee Benefits.

***Pension Trust Funds:***

The pension trust funds are accounted for in essentially the same manner as proprietary funds, using the same measurement focus and basis of accounting. The City has the following pension trust funds: General Employees' Retirement System; Police Officers' Relief and Retirement System and the Firefighters' Pension Trust Fund.

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Agency Funds:***

The agency fund is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets the City holds as an agent for individuals, private organizations, other governments and/or other funds.

**E. Assets, Liabilities, Net Position and Fund Balance**

**1. Interfund Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds (i.e., amounts owed for goods/services rendered to a particular fund by another fund in the reporting entity) are reported as “due to/from other funds” (current portion). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable financial resources.

**2. Receivables**

Receivables include amounts due from other governments and others for services provided by the City. Receivables are recorded and revenues are recognized as earned or as specific program expenditures/expenses are incurred. Allowances for uncollectible receivables are based on historical trends and the periodic aging of receivables.

Utility (electric, water, local and regional sewer, stormwater and refuse collection and disposal) operating revenue is generally recognized on the basis of cycle billings rendered monthly. The cycle with the meter-reading date closest to September 30 is selected as the cutoff for billing accrual purposes. The City accrues revenue for services delivered for which meters have not been read by September 30 as unbilled revenues.

**3. Inventories**

Inventories consist principally of materials and supplies held for consumption and are recorded at cost using the first-in first-out method. The cost of inventories is reported using the consumption method, whereby inventories are recorded as expenditures/expenses when used. In the governmental funds, reported inventories are included in fund balance as non-spendable resources.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4. Prepaid Items**

Prepaid items consist of certain costs which have been paid prior to the end of the fiscal year, but represent items which are applicable to future accounting periods. Reported amounts in governmental funds are equally offset by a reservation of fund balance, in the fund financial statements, which indicates that these amounts do not constitute “available spendable resources” even though they are a component of current assets.

**5. Restricted Assets**

Restricted assets in the enterprise funds consist of bond proceeds designated for construction; other monies required to be restricted for debt service, maintenance and improvements under the terms of various bonds, certificates and loans; and assets restricted by customers’ deposits.

**6. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., utility lines, roads, bridges, sidewalks, and similar items), regardless of their acquisition date, are reported at cost or estimated historical cost in the applicable governmental or business-type activities columns in the government-wide financial statements. Donated capital assets are recorded at their estimated fair value at the date of donation. Capital assets are defined as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year.

Depreciation is charged as an expense against operations using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	4-40
Infrastructure	4-20
Buildings and structure	10-40
Machinery and equipment	3-15
Vehicles	5

**7. 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. The City only has one item that qualifies for reporting in this category. It is deferred charge on refunding reported in the proprietary funds and government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial 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. The City does not have any items that qualify for reporting in this category.

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**8. Compensated Absences**

It is the City's policy to permit employees to accumulate, within certain limits, earned but unused vacation time and sick leave, which will be paid to employees upon separation from City service. All vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**9. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line amortization method, which approximates the effective interest method. Bonds are reported net of the applicable bond premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**10. Nature and Purpose of Fund Balance**

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Commission through an ordinance are classified as committed fund balances. These amounts cannot be used for any other purpose unless the City Commission removes or changes the specified use by ordinance. Amounts that are restricted to specific purposes either by (a) constraints placed on the use of resources by creditors, grantors, contributors, or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts that are constrained by the City's intent to be used for specific purposes but are neither committed nor restricted are classified as assigned fund balances. Assignments are made by the City Manager. The City Commission delegated this responsibility to the City Manager through an ordinance. Non-spendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**11. Minimum Fund Balance Policy**

The City's policy is to maintain an adequate fund balance to provide liquidity in the event of an economic downturn or natural disaster. The City Commission has adopted a financial standard to maintain an adequate level of total unassigned/unrestricted fund balance to provide for necessary cash flow to minimize any short-term borrowings. As of September 30, 2014 this balance was \$ 5,193,918.

**12. Net Position**

Net position is the result of assets and deferred outflows of resources less liabilities and deferred inflows of resources. The net position of the government-wide and proprietary funds are categorized as: 1) net investment in capital assets, reduced by accumulated depreciation and any outstanding debt incurred to acquire, construct or improve those assets excluding unexpended bond proceeds, 2) restricted or 3) unrestricted. The first category represents net position related to property, plant, equipment and infrastructure. The restricted category represents the balance of assets restricted by requirements of revenue bonds and other externally imposed constraints or by legislation in excess of the related liabilities payable from restricted assets. Unrestricted net position consists of the net position not meeting the definition of either of the two other components.

**13. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from estimates.

**14. Prior Period Adjustments**

During 2014, it was determined that prior period adjustments were required to restate accruals/revenues in the governmental funds which increased fund balance by \$ 105,140. In addition, prior period adjustments were required to restate accruals/revenues and capital assets and depreciation in the enterprise funds. The change increased net position in the enterprise funds by \$ 1,910,292. The Internal Service Insurance Fund required a prior period adjustment for insurance claims payable. This resulted in a decrease of net position of \$ 1,711,766. The Component Unit's NSP2 Fund required a prior period adjustment for sales of property not recorded. This decreased fund balance by \$ 1,415,047.

The City recognized prior period adjustments, in net position, at the government-wide level totaling a \$ 2,174,327 decrease in governmental activities, \$ 800,896 increase in business-type activities and \$ 641,841 decrease to the Component Unit. The adjustments were due to restatements of capital assets and depreciation, accruals/revenues, property sales and insurance payables.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Excess of Expenditures over Appropriations**

The following expenditures exceeded appropriations by the amounts indicated:

General Fund:		
General Government	\$	11,714
Beach Fund:		
Capital Outlay	\$	18,641

These over-expenditures were funded by other categories and/or appropriate fund balance, where applicable.

**B. Fund Deficits**

The Beach Fund has a deficit balance in unassigned fund balance as of September 30, 2014 of \$ 5,521,402. The deficit is due to the internal loan which originated in 2013 to improve and rebuild the casino building. Due to unprecedented low interest rates that the City is receiving on its investments, the City has determined that continuing the internal financing was the most economical alternative for the foreseeable future.

The Golf Course Fund has a deficit balance in unassigned fund balance as of September 30, 2014 of \$ 81,273. During 2013, the City developed a restructured business plan to provide resources for the operations and elimination of the fund deficit. The restructured business plan resulted in a decrease of the deficit of unassigned fund balance of \$ 152,430 during 2014. It is anticipated that the deficit will be eliminated over time.

**NOTE 3. DEPOSITS AND INVESTMENTS**

**A. Deposits**

In addition to insurance provided by the Federal Depository Insurance Corporation (FDIC), all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name.

**B. Investments**

As required by Florida Statutes, the City has adopted a written investment policy, which, from time to time, is amended by the City. Investments are made in accordance with provisions of the Florida Statutes and the City's policies. The City is authorized to invest in the State Board of Administration (SBA) funds, obligations of the U.S. Treasury, its agencies, repurchase agreements collateralized by U.S. Treasury, and U.S. Government Agency-Backed Obligations, money market mutual funds comprised of U.S. Treasury and/or U.S. Government Agency-Backed Obligations.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 3. DEPOSITS AND INVESTMENTS (continued)**

The State Board of Administration (SBA) administers the Florida PRIME (formerly known as the Local Government Surplus Funds Trust (LGIP), which is governed by Chapter 19-7 of the Florida Administrative Code and Chapter 215 and 218 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME. The investments in the Florida PRIME are not insured by the FDIC or any other governmental agency.

The Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirement for a 2a-7 like fund, which permits money market funds to use amortized cost to maintain a constant net position value (NAV) of \$1 per share. The fair value of the position in the pool is equal to the value of the pool share. One hundred percent of the pool's shares are available as liquid balance. The Florida PRIME is rated by Standard and Poor's and has a current rating of AAAM.

The City's pension fund investment policies are determined by the respective Boards of Trustees. Their portfolios may consist of obligations guaranteed by the U.S. government, time or savings accounts, corporate bonds, common or preferred stocks, international equity funds, mutual funds and certain other investments.

The investment objectives of the Plans are to preserve the purchasing power of each Plan's assets and earn a reasonable rate of return over the long-term while minimizing short-term volatility. To achieve these objectives, the Plans seek to create a conservative, well diversified and balanced portfolio of high quality equity, fixed income and money market securities. Unless authorized by law or local ordinance, investments of the assets of the Plans are subject to the limitations of state statutes.

**City Investments**

As of September 30, 2014, the City had the following investments:

<u>City Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
Short Term Investments, Money Market Funds	N/A	\$ 1,380,935
Local Government Surplus Funds Trust:		
Florida PRIME	39 days	32,497
U.S. Government Obligations:		
U.S. Treasury	09/30/2015 - 05/31/2017	50,918,869
Federal Agency Bond/Note	08/28/2015 - 09/27/2017	17,385,295
Federal Agency Discount Note	12/31/14	<u>2,258,334</u>
Total Investments		<u>\$ 71,975,930</u>

*City of Lake Worth, Florida*

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 3. DEPOSITS AND INVESTMENTS (continued)**

**Discretely Presented Component Unit**

<u>Community Redevelopment Agency</u>	<u>Maturities</u>	<u>Fair Value</u>
Short Term Investments, Money Market Funds	N/A	\$ 12,857
U.S. Government Obligations: Federal Agency Discount Note	09/28/15	<u>2,097,879</u>
Total Investments		<u>\$ 2,110,736</u>

The City's pension plan investment for debt-type securities had maturities as follows:

**General Employees' Retirement System**

	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Corporate Bonds	\$ 7,953,684	\$ 1,108,863	\$ 2,861,331	\$ 1,794,866	\$ 2,188,624
U.S. Agencies	3,357,205	63,355	358,128	-	2,935,722
U.S. Treasuries	5,524,545	-	2,008,321	2,782,330	733,894
Total Investments	<u>\$ 16,835,434</u>	<u>\$ 1,172,218</u>	<u>\$ 5,227,780</u>	<u>\$ 4,577,196</u>	<u>\$ 5,858,240</u>

**Police Officer's Relief and Retirement System**

	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Corporate Bonds	\$ 4,392,559	\$ 589,220	\$ 1,545,076	\$ 1,104,507	\$ 1,153,756
U.S. Agencies	1,747,652	-	114,259	-	1,633,393
U.S. Treasuries	2,881,373	-	965,722	1,540,740	374,911
Total Investments	<u>\$ 9,021,584</u>	<u>\$ 589,220</u>	<u>\$ 2,625,057</u>	<u>\$ 2,645,247</u>	<u>\$ 3,162,060</u>

**Firefighters' Pension Trust Fund**

	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Corporate Bonds	\$ 963,954	-	\$ 75,938	\$ 888,016	-
U.S. Agencies	6,276,936	-	1,187,596	4,125,972	963,368
Total Investments	<u>\$ 7,240,890</u>	<u>\$ -</u>	<u>\$ 1,263,534</u>	<u>\$ 5,013,988</u>	<u>\$ 963,368</u>

**C. Interest Rate Risk**

The City has an investment policy that limits the maturities on individual investments to no more than ten years.

The investment policies of the Pension Trust Funds do not have a limit on investment maturities as a means of managing its exposure from increasing interest rates.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 3. DEPOSITS AND INVESTMENTS (continued)**

**D. Credit Risk**

The City's investment policy does not address the requirement of ratings by a nationally recognized statistical rating organization (NRSRO), i.e. Standard and Poor's and Moody's Investment Services. The Florida PRIME is rated AAAM by Standard and Poor's. The rest of the City's investments were rated AA+ by Standard and Poor's.

The investment policies of the City's General Employees and Police Officers Pension Trust Funds require corporate fixed income securities to have a rating of "A" or higher under one of the national rating agencies or be liquidated at the earliest beneficial opportunity. Additionally, commercial paper must be rated A-1 or higher by one of the national rating agencies.

The ratings for the fixed income investments for the general employees and police officers pension trust funds are as follows:

Ratings	General Employees Fair Value	Police Officers Fair Value
Aaa	\$ 6,177,294	\$ 3,172,514
Aa1	75,646	4,636
Aa2	371,049	155,592
Aa3	390,918	175,957
A1	823,807	527,983
A2	2,413,082	1,244,368
A3	1,801,008	1,060,442
Baa1	333,439	345,234
Baa2	698,388	314,684
Unrated U.S. Government Securities	3,669,420	1,988,873
WR	81,383	31,301
<b>Total</b>	<b>\$ <u>16,835,434</u></b>	<b>\$ <u>9,021,584</u></b>

The Firefighters' Pension Trust Fund limits investments in corporate bonds and commercial paper to the top three ratings provided by NRSRO, provided that investment grade bonds shall be permitted as long as not more than 10% of the fixed income portfolio shall hold an investment rating of Baa.

The ratings for the fixed income investments for the firefighters pension trust fund are as follows:

Ratings	Firefighters Fair Value
A1	\$ 71,596
A3	383,937
Aa1	75,746
Aa3	76,535
Aaa	3,247,603
Baa1	105,317
Baa2	250,824
Unrated U.S. Government Securities	3,029,332
<b>Total</b>	<b>\$ <u>7,240,890</u></b>

**NOTE 3. DEPOSITS AND INVESTMENTS (continued)**

**E. Concentration of Credit Risk**

The City's investment policy limits its investments in the State Board of Administration PRIME Fund to 25% at any one time. Investments in U.S. Treasuries can be up to 100% while federal agencies are limited to 50% of all City investment balances at any one time. GASB Statement No. 40 requires disclosure when the percentage is 5% or more in any one issuer. Investments guaranteed by the U.S. Government and mutual funds, external investment pools and other pooled investments are exempt from this disclosure.

The General Employees and Police Officers Pension Trust Funds investment policy provides that no more than 5% of the equity or fixed income portfolio value may be invested in the shares of a single corporate issuer. Additionally, investments in equity and fixed income securities issued by foreign governments or corporations domiciled outside the U.S., and which are not guaranteed by a corporation domiciled in the U.S., are limited to no more than 5% of total plan assets. Investments in collateralized mortgage obligations are limited to 15% of the market value of the total fixed income portfolio. No more than 15% of the equity portfolio total value may be invested in the shares of companies that have been publicly traded for less than one year. There is no limit on investments in fixed income securities issued directly by the U.S. Government or any agency or instrumentality thereof. The General Employees and Police Officers Pension Trust Funds do not allow investments in a single issuer to exceed 5% of Plan Net Position, other than those of the U.S. Government or its agencies. More than 5% of the plan investments are invested in debt securities issued by U.S. Government agencies.

The Firefighters' Pension Trust Fund does not allow investments in a single issuer to exceed 5% of Plan Net Position, other than those of the U.S. Government or its agencies. More than 5% of the plan investments are invested in debt securities issued by U.S. Government agencies.

**F. Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy seeks to reduce custodial risk by the utilization of third party safe keeping for City owned securities.

**G. Risks and Uncertainties**

The City's Pension Plans have investments in a combination of stocks, bonds, government securities and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect balances and the amounts reported in the statement of plan net position and the statement of changes in plan net position. The Plans, through their investment advisors, monitor the Plan's investments and the risks associated therewith on a regular basis, which the Plans believe minimizes these risks.

*City of Lake Worth, Florida*

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 4. PROPERTY TAXES**

Property taxes are billed and collected within the same fiscal period. Ad valorem taxes on property values are assessed as of January 1st and are levied the following October. Taxes are payable on November 1st, with discounts allowed of 1% to 4% if paid prior to March 1st of the following calendar year. All unpaid taxes on real and personal property become delinquent and subject to lien on April 1st. Real and personal property taxes are collected by Palm Beach County (the County) and remitted to the City. Revenue is recognized at the time when monies are received by the City. State law permits Florida cities to levy a maximum of \$10 per \$1,000 (10 mills) of assessed taxable value for general government services. The City levied taxes at a rate of approximately 5.495 mills plus County-levied Fire Municipal Services Taxing Unit rate of 3.458, for a total of 8.953 on all City parcels, leaving a margin of 1.047 mills under the maximum possible assessment of 10 mills.

**NOTE 5. RECEIVABLES**

Accounts, special assessments and other receivables, including restricted accounts receivable and the related allowance for doubtful accounts as of September 30, 2014, are as follows:

	<u>General</u>	<u>Beach Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Electric</u>	<u>Water</u>
Customer Accounts	\$ 124,844	\$ 14,425	\$ 81,433	\$ 9,904,949	\$ 1,776,005
Utility and Other Taxes	624,239	-	49,682	314,898	-
Claims and Assessments	-	-	-	-	10,465
Intergovernmental	1,182,405	43,563	85,352	-	-
Other Receivables	<u>23,017</u>	<u>-</u>	<u>-</u>	<u>370,092</u>	<u>-</u>
Gross Receivables	1,954,505	57,988	216,467	10,589,939	1,786,470
Less: Allowance for Doubtful Accounts	<u>(186,272)</u>	<u>(51,843)</u>	<u>(36,635)</u>	<u>(1,180,609)</u>	<u>(178,718)</u>
Total	<u>\$ 1,768,233</u>	<u>\$ 6,145</u>	<u>\$ 179,832</u>	<u>\$ 9,409,330</u>	<u>\$ 1,607,752</u>

	<u>Local Sewer</u>	<u>Regional Sewer</u>	<u>Non-Major Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>
Customer Accounts	\$ 1,008,150	\$ 195,641	\$ 366,111	\$ 15,273	\$ 13,486,831
Utility and Other Taxes	-	-	-	-	988,819
Claims and Assessments	-	-	-	-	10,465
Intergovernmental	-	-	-	-	1,311,320
Other Receivables	<u>-</u>	<u>-</u>	<u>40,551</u>	<u>-</u>	<u>433,660</u>
Gross Receivables	1,008,150	195,641	406,662	15,273	16,231,095
Less: Allowance for Doubtful Accounts	<u>(95,853)</u>	<u>-</u>	<u>(57,026)</u>	<u>-</u>	<u>(1,786,956)</u>
Total	<u>\$ 912,297</u>	<u>\$ 195,641</u>	<u>\$ 349,636</u>	<u>\$ 15,273</u>	<u>\$ 14,444,139</u>

At September 30, 2014, accounts receivable for the Discretely Presented Component Unit was \$ 28,679.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 6. INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS**

Interfund activity balances for the City are summarized as follows as of and for the fiscal year ended September 30, 2014:

**A. Advances to/from Other Funds**

	<u>Advance From</u>	<u>Advance To</u>
Beach Fund	\$ -	\$ 5,985,000
Water Fund	3,665,000	-
Insurance Fund **	1,835,000	-
Capital Project Fund*	485,000	-
	\$ 5,985,000	\$ 5,985,000

- \* Non Major Capital Project Fund
- \*\* Internal Service Fund

The \$ 485,000 in the Capital Project Fund represents an internal loan to the Beach Fund to help support daily operations. This amount is not expected to be repaid within one year.

The \$ 3,665,000 in the Water Fund and the \$ 1,835,000 in the Self Insurance Fund represent internal loans to the Beach Fund for the renovation/construction of the casino building during 2013. These loans are not expected to be repaid within one year.

**B. Due to/from Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water Fund	Beach Fund	\$ 167,500
Electric Fund	Golf Fund*	100,000
Regional Sewer Fund	Local Sewer Fund	32,771
Insurance Fund**	Beach Fund	82,500
		\$ 382,771

- \* Non-Major Special Revenue Fund
- \*\* Internal Service Fund

The balances in interfund receivables/payables resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

*City of Lake Worth, Florida*

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 6. INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS (continued)**

**C. Interfund Transfers**

<u>Transfers In</u>	<u>Transfers Out</u>				
	General	Beach	Non-Major Governmental Funds	Electric	Water
<b>Governmental Funds:</b>					
General	\$ -	\$ -	\$ 133,370	\$ 4,141,958	\$ 1,030,564
Beach	-	-	-	-	-
Non-Major	287,124	289,636	1,480,948	-	33,603
<b>Proprietary Funds:</b>					
Electric	-	-	-	-	-
Water	-	-	434,050	-	-
Local Sewer	-	-	276,494	-	-
Non-Major	-	-	232,317	-	-
Internal Service	-	-	-	-	-
Total	<u>\$ 287,124</u>	<u>\$ 289,636</u>	<u>\$ 2,557,179</u>	<u>\$ 4,141,958</u>	<u>\$ 1,064,167</u>

<u>Transfers In</u>	<u>Transfers Out</u>			
	Local Sewer	Non-Major Enterprise Funds	Internal Service Funds	Total
<b>Governmental Funds:</b>				
General	\$ 595,817	\$ 753,263	\$ -	\$ 6,654,972
Beach	26,675	-	-	26,675
Non-Major	249,819	60,224	-	2,401,354
<b>Proprietary Funds:</b>				
Electric	-	45,409	-	45,409
Water	-	-	-	434,050
Local Sewer	-	-	-	276,494
Non-Major	-	-	-	232,317
Internal Service	-	-	8,510	8,510
Total	<u>\$ 872,311</u>	<u>\$ 858,896</u>	<u>\$ 8,510</u>	<u>\$ 10,079,781</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due and (3) use restricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

*City of Lake Worth, Florida*

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 7. CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets for the year ended September 30, 2014:

	Restated Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 7,336,548	\$ 99,379	\$ -	\$ -	\$ 7,435,927
Construction-in-progress	37,000	1,410,792	-	-	1,447,792
Total capital assets, not being depreciated	<u>7,373,548</u>	<u>1,510,171</u>	<u>-</u>	<u>-</u>	<u>8,883,719</u>
Capital assets, being depreciated:					
Land improvements	2,817,915	-	-	-	2,817,915
Buildings and structure	31,206,372	146,212	-	-	31,352,584
Infrastructure	69,101,633	-	-	-	69,101,633
Machinery and equipment	3,665,260	125,618	(106,723)	-	3,684,155
Vehicles	1,645,766	43,164	(164,383)	-	1,524,547
Total capital assets, being depreciated	<u>108,436,946</u>	<u>314,994</u>	<u>(271,106)</u>	<u>-</u>	<u>108,480,834</u>
Less accumulated depreciation for:					
Land improvements	1,698,588	109,073	-	-	1,807,661
Buildings and structure	8,254,097	980,759	-	-	9,234,856
Infrastructure	39,490,371	2,615,033	-	-	42,105,404
Machinery and equipment	2,789,865	168,113	(106,296)	-	2,851,682
Vehicles	1,594,132	27,955	(164,383)	-	1,457,704
Total accumulated depreciation	<u>53,827,053</u>	<u>3,900,933</u>	<u>(270,679)</u>	<u>-</u>	<u>57,457,307</u>
Total capital assets, being depreciated, net	<u>54,609,893</u>	<u>(3,585,939)</u>	<u>(427)</u>	<u>-</u>	<u>51,023,527</u>
Governmental activities capital assets, net	<u>\$ 61,983,441</u>	<u>\$ (2,075,768)</u>	<u>\$ (427)</u>	<u>\$ -</u>	<u>\$ 59,907,246</u>

Depreciation expense was charged to the functions/programs of the primary government as follows:

Transportation	\$ 2,602,037
Culture and recreation	1,057,047
Public safety	200,703
General government	29,881
Physical environment	11,265
Total depreciation expense	<u>\$ 3,900,933</u>

*City of Lake Worth, Florida*

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 7. CAPITAL ASSETS**

**B. Business-Type Activities Capital Assets**

Summary by category of changes in business-type activities capital assets for the year ended September 30, 2014:

	Restated Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<b>Business-Type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 2,572,138	\$ -	\$ -	\$ -	\$ 2,572,138
Construction-in-progress	<u>3,279,818</u>	<u>2,667,451</u>	<u>-</u>	<u>(16,137)</u>	<u>5,931,132</u>
Total capital assets, not being depreciated	<u>5,851,956</u>	<u>2,667,451</u>	<u>-</u>	<u>(16,137)</u>	<u>8,503,270</u>
Capital assets, being depreciated:					
Land improvements	462,622	6,350	-	-	468,972
Buildings and structure	97,450,870	878,462	-	-	98,329,332
Infrastructure	105,709,226	380,973	-	8,577	106,098,776
Machinery and equipment	29,854,053	429,707	(251,011)	7,560	30,040,309
Vehicles	<u>8,352,826</u>	<u>108,572</u>	<u>(275,047)</u>	<u>-</u>	<u>8,186,351</u>
Total capital assets, being depreciated	<u>241,829,597</u>	<u>1,804,064</u>	<u>(526,058)</u>	<u>16,137</u>	<u>243,123,740</u>
Less accumulated depreciation for:					
Land improvements	358,824	19,180	-	-	378,004
Buildings and structure	42,644,201	2,393,073	-	-	45,037,274
Infrastructure	62,684,129	2,276,425	-	-	64,960,554
Machinery and equipment	25,188,911	692,077	(251,011)	-	25,629,977
Vehicles	<u>6,706,186</u>	<u>555,509</u>	<u>(267,150)</u>	<u>-</u>	<u>6,994,545</u>
Total accumulated depreciation	<u>137,582,251</u>	<u>5,936,264</u>	<u>(518,161)</u>	<u>-</u>	<u>143,000,354</u>
Total capital assets, being depreciated, net	<u>104,247,346</u>	<u>(4,132,200)</u>	<u>(7,897)</u>	<u>16,137</u>	<u>100,123,386</u>
Business-type activities capital assets, net	<u>\$ 110,099,302</u>	<u>\$ (1,464,749)</u>	<u>\$ (7,897)</u>	<u>\$ -</u>	<u>\$ 108,626,656</u>

Depreciation expenses was charged to the functions/programs of the primary government as follows:

Water	\$ 2,412,876
Electric	1,660,266
Local sewer	637,067
Regional sewer	423,988
Stormwater	284,471
City garage	227,754
Refuse collection and disposal	168,454
Information technology	<u>121,388</u>
Total depreciation expense	<u>\$ 5,936,264</u>

*City of Lake Worth, Florida*

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 7. CAPITAL ASSETS (continued)**

**C. Discretely Presented Component Unit**

Summary by category of changes in the discretely presented component unit capital assets for the year ended September 30, 2014:

	Restated Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<b>Component Unit Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 773,206	\$ -	\$ -	\$ -	\$ 773,206
Total capital assets, not being depreciated	773,206	-	-	-	773,206
Capital assets, being depreciated:					
Land improvements	223,831	-	-	-	223,831
Infrastructure	9,183,579	-	-	-	9,183,579
Buildings and structure	1,097,058	-	-	-	1,097,058
Machinery and equipment	107,050	17,515	-	-	124,565
Total capital assets, being depreciated	10,611,518	17,515	-	-	10,629,033
Less accumulated depreciation for:					
Land improvements	27,513	11,192	-	-	38,705
Infrastructure	1,252,191	360,677	-	-	1,612,868
Buildings and structure	119,808	36,569	-	-	156,377
Machinery and equipment	34,373	20,014	-	-	54,387
Total accumulated depreciation	1,433,885	428,452	-	-	1,862,337
Total capital assets, being depreciated, net	9,177,633	(410,937)	-	-	8,766,696
Component unit activities capital assets, net	\$ 9,950,839	\$ (410,937)	\$ -	\$ -	\$ 9,539,902

Depreciation expenses was charged to the functions/programs of the primary government as follows:

Community redevelopment	\$ 428,452
Total depreciation expense	\$ 428,452

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 8. INVESTMENT IN JOINT VENTURE**

In September 1992, the City entered into a joint interlocal agreement (the "Agreement") with Palm Beach County (the "County") and three municipalities (Riviera Beach, Lake Worth and the Town of Palm Beach) (together with the City, the "Entities") whereby prior separate agreements were consolidated into a single unified agreement to establish rules and procedures for the operation and management of the existing East Central Regional Wastewater Facility (ECR) in which each participating Entity has an equity interest. The ECR was created to receive, treat and dispose of sewage generated within each participating municipality and the County (the "Members"). The initial term of the Agreement is for thirty years with a renewable term of thirty years. In the event the ECR is sold or disposed of, proceeds of the sale or disposition shall be prorated among each Member, based on their reserve capacity as of the date of disposition.

The Agreement provides for the establishment of a Governing Board (the "Board"), comprised of one Member representative participating in the Agreement, to administer the ECR. In accordance with the Agreement, the Board has the power to enter into contracts, employ personnel and enter into debt in accordance with Section 163.01(7) of Florida Statutes. The City of West Palm Beach operates and manages the ECR on behalf of the Board consistent with the terms of the Agreement.

Annually, the Board establishes a schedule of wastewater flow charges to pass onto the Entities so the ECR is self-sustaining. The Board shall not be authorized to create or distribute a profit or surplus to any Entity. In addition, the Board shall calculate an annual renewal and replacement fund contribution for the sole purpose of funding each Entity's pro-rata share of extraordinary expenses, renewal and improvements or replacement of capital assets or any other part thereof at the facility.

The agreement may not be amended except upon the written agreement of the Entities holding a cumulative capacity allocation of 100%.

In September 2012, ECR entered into a \$ 14,000,000 loan agreement. The proceeds were used for the purpose of prepaying the SRF loans and a portion of the cost of the project. In April 2013, ECR entered into a \$ 11,000,000 loan agreement. The proceeds were used to purchase processing capacity in the Solid Waste Authority's Bio-Solids Processing Facility. The City's estimated share of this debt as of September 30, 2014 was approximately \$ 4,500,000 and is reflected net of the investment in joint venture in the Regional Sewer Fund. Under GAAP, the City is required to account for this Joint Venture using the equity method.

Reserve Capacity Percentages are estimated to be as follows:

Entity	Flow Allocation MGD	Percentage
City of Lake Worth	12.5	17.86%
City of Riviera Beach	8.0	11.43%
City of West Palm Beach	20.5	29.28%
Town of Palm Beach	5.0	7.14%
Palm Beach County	24.0	34.29%
Total	70.0	100.00%

Complete audited financial statements for ECR may be obtained at the City of West Palm Beach Finance Department, 200 Second Street, West Palm Beach, Florida 33402.

*City of Lake Worth, Florida*

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 9. LONG-TERM DEBT AND LIABILITIES**

The following is a summary of the changes in long-term debt and liabilities for the year ended September 30, 2014 for both governmental and business-type activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Compensated absences	\$ 385,779	\$ 427,384	\$ (405,702)	\$ 407,461	\$ 106,657
Other post-employment benefits	479,725	59,962	-	539,687	-
Total	<u>\$ 865,504</u>	<u>\$ 487,346</u>	<u>\$ (405,702)</u>	<u>\$ 947,148</u>	<u>\$ 106,657</u>
<b>Business-Type Activities:</b>					
Bonds payable:					
Revenue bonds	\$ 54,030,000	\$ -	\$ (1,270,000)	\$ 52,760,000	\$ 3,165,000
Notes payable	6,809,683	-	(288,591)	6,521,092	297,952
Compensated absences	585,935	946,804	(990,395)	542,344	47,975
Other post-employment benefits	514,275	60,312	-	574,587	-
Insurance claims payable	<u>1,711,766</u>	<u>2,284,158</u>	<u>(1,556,853)</u>	<u>2,439,071</u>	<u>-</u>
Total	<u>\$ 63,651,659</u>	<u>\$ 3,291,274</u>	<u>\$ (4,105,839)</u>	<u>\$ 62,837,094</u>	<u>\$ 3,510,927</u>

For the governmental activities, compensated absences and other post-employment benefits are generally liquidated by the General Fund.

Discretely Presented Component Unit:

The following is a summary of the changes in long-term debt and liabilities for the Community Redevelopment Agency for the year ended September 30, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes payable	\$ 2,938,738	\$ -	\$ (616,230)	\$ 2,322,508	\$ 645,907
Capital lease	<u>102,807</u>	<u>-</u>	<u>(102,807)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,041,545</u>	<u>\$ -</u>	<u>\$ (719,037)</u>	<u>\$ 2,322,508</u>	<u>\$ 645,907</u>

**A. Business – Type Activities**

**1. Revenue Bonds Payable**

Business-type revenue bonds payable as of September 30, 2014 consist of:

2013 Series Utility System Refunding Revenue Bonds (2008 Series Bonds) – On April 24, 2013, \$ 54,030,000 in 2013 Series Bonds with an interest rate of 2.68% were issued to advance refund \$ 54,955,000 of outstanding 2008 Series Bonds which had previously refunded the 2004 Series Bonds. The 2008 Series Bonds had an interest rate of 4.20%. The 2013 Series Bonds are due in annual principal installments of \$ 3,165,000 to \$ 4,309,000 through October 1, 2028. The annual bond interest rate is 2.68% which is subject to adjustment upon an event of taxability, as provided in the series 2013 bond agreement. As of September 30, 2014, the principal amount outstanding on the bonds is \$ 52,760,000.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 9. LONG-TERM DEBT AND LIABILITIES (continued)**

Debt service requirements to maturity on the bonds are as follows:

Fiscal Year Ending September 30,	Principal	Interest
2015	\$ 3,165,000	\$ 1,371,557
2016	3,255,000	1,285,529
2017	3,340,000	1,197,156
2018	3,435,000	1,106,371
2019	3,530,000	1,013,040
2020-2024	19,170,000	3,572,306
2025-2029	16,865,000	953,745
	<u>\$ 52,760,000</u>	<u>\$ 10,499,704</u>

**2. State Revolving Loan Payable (Notes Payable)**

In connection with the City's Reverse Osmosis Treatment Plant, the City entered into loan agreements with the State Department of Environmental Protection's Drinking Water Revolving Fund Loan Program. The resulting loans were \$ 6,622,765 at an interest rate of 2.61% and \$ 469,252 at an interest rate of 2.82%. The City is required to maintain rates and charges for the services furnished by the water system which will be sufficient to provide revenues equal to or exceeding 1.15 times the sum of the semi-annual loan payments (debt service). The loans are payable in semi-annual principal installments of \$ 297,952 to \$ 452,137 through October 2031. As of September 30, 2014, the principal outstanding on the notes was \$ 6,521,092.

Debt service requirements to maturity on the notes payable are as follows:

Fiscal Year Ending September 30,	Principal	Interest
2015	\$ 297,952	\$ 169,150
2016	305,819	161,283
2017	313,895	153,207
2018	322,185	144,918
2019	330,692	136,410
2020-2024	1,789,161	546,352
2025-2029	2,038,221	297,291
2030-2032	1,123,167	44,589
	<u>\$ 6,521,092</u>	<u>\$ 1,653,200</u>

**Bond Covenants**

The various bond indebtedness and note agreements provide for annual debt service requirements, provisions for the flow of monies through various restricted accounts and minimum amounts to be contained in various sinking funds. Additionally, the utility system revenue bonds include rate covenants and renewal and replacement fund requirements.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 9. LONG-TERM DEBT AND LIABILITIES (continued)**

The City Charter permits the City to pledge the funds or property taxing power of the City for the payment of debt and bonds. This is subject to mandatory requirements that the total indebtedness of the City shall never exceed an amount equal to 25% of the total assessed value of the taxable property within its corporate limits. As of September 30, 2014, the City's debt limit is \$ 299,504,250.

**B. Discretely Presented Component Unit**

**1. Community Redevelopment Agency**

Community Redevelopment Agency (CRA) Revenue Note, Series 2005 (Series 2005 Note) - On May 25, 2005, the City issued a CRA Series 2005 \$ 8,000,000 Private Placement Revenue Note. The note was issued for the purpose of funding improvements in the designated CRA area of the City. The current interest rate on the Note is 3.466% per annum. The Note is due in annual installments of \$ 645,907 to \$ 1,676,601 through 2016. The note is payable as to both principal and interest, from a lien on and pledge of tax increment revenues. In addition, the City of Lake Worth entered into an interlocal agreement with the CRA to support the final payment. Any support provided by the City to the CRA, to be used for the balloon payment, the CRA shall make payments to the City from the tax increments in the Redevelopment Agency Fund. As of September 30, 2014, the principal outstanding on the note was \$ 2,322,508.

Debt service requirements to maturity on the notes payable are as follows:

Fiscal Year Ending September 30,	Principal	Interest
2015	\$ 645,907	\$ 69,485
2016	1,676,601	29,056
	\$ 2,322,508	\$ 98,541

**C. Pledged Revenues**

The City issues bonds and notes that are served by a pledge of specific revenues. Total pledged revenues to repay the principal and interest of those bonds and notes for the year ended September 30, 2014 are as follows:

	Primary Government Business- Type Activities	Discretely Presented Component Unit
Sources of Revenue Pledged:	Electric and Water Revenues	Tax Increment Revenues
Current Revenue Pledged	\$ 11,511,263	\$ 1,163,917
Current Debt Service	5,003,659	715,392
Total Future Revenues Pledged	71,433,996	2,421,049

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 9. LONG-TERM DEBT AND LIABILITIES (continued)**

Purpose of Debt Term of Commitment Percentage of Debt Service to Current Year Pledged Revenues	Utilities & Refunding 2013-2031  2.54%	To Fund Gateway 2005-2016  1.63%
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**NOTE 10. EMPLOYEE RETIREMENT SYSTEMS**

**A. Description of Plans**

The City contributes to three single-employer retirement systems covering substantially all full-time employees. The General Employees' Retirement System (General Employees'), the Police Officers' Relief and Retirement System (Police Officers') and the Firefighters' Pension Trust Fund (Firefighters') (collectively, the Pension Trust Funds) are defined benefit pension plans. Each plan issues a publicly available financial report that includes the applicable financial statements and required supplementary information for the plan.

**1. General Employees' Retirement System (GERS)**

**General** - The GERS is a single-employer defined benefit plan covering all eligible employees. The GERS was established by the City effective October 1, 1996 under the Code of Ordinance for the City of Lake Worth, Florida, Chapter 10, Article II. The GERS was amended October 1, 2010 under Ordinance No 2010-19.

The GERS is administered by a board of five trustees comprised of the mayor of the City, the City's finance director, one member appointed by the City Commission, that must be a resident of the City, and two persons elected by the members.

**Funding** - Employees are required by City Ordinance to contribute 7.8% of their annual salary to the GERS. The City is required to contribute the remaining amounts necessary to fund the system, based on an amount determined by the plan's actuaries as of October 1st of each preceding year. The contribution requirements of plan members and the City are established and may be amended by the GERS Board of Trustees and the City Commission.

**2. Police Officers' Relief and Retirement System (PRS)**

**General** - The PRS is a single-employer defined benefit plan covering all eligible police officers. The PRS was established by the City under the Code of Ordinances for the City of Lake Worth, Florida, Chapter 16, Article IV Division I. The PRS was amended June 5, 2012 under Ordinance No 2012-23. The PRS is also governed by certain provisions of Chapter 185, Florida Statutes, Part VII, Chapter 112, Florida Statutes and the Internal Revenue Code. Effective July 1, 2013 and in accordance to Ordinance 2013-31, the Lake Worth Police Officer's Relief and Pension Fund, Division 2 Share Accounts, merged into the PRS.

The PRS is administered by a board of five trustees comprised of the mayor of the City, the City's finance director, one member appointed by the City Commission, that must be a resident of the City, and two police officers elected by the members.

**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended September 30, 2014**

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**NOTE 10. EMPLOYEE RETIREMENT SYSTEMS (continued)**

The City transferred its police functions to the Palm Beach County Sheriff's Office effective October 1, 2009. At that time, the plan became closed to new members. All of the City's former full-time sworn police officers are eligible to participate in the PRS.

**Funding** - Police employees are required by an ordinance of the City to contribute 7.06% of their annual salary to the PRS. The City is required to contribute the remaining amounts necessary to fund the system, based on an amount determined by the plan's actuaries as of October 1st of each preceding year. The contribution requirements of plan members and the City are established and may be amended by the PRS Board of Trustees and the City Commission.

**3. Firefighters' Pension Trust Fund (FPTF)**

The FPTF is a single-employer defined benefit plan covering all eligible firefighters. The FPTF was established by the City in accordance with City Ordinances and state statutes.

The City transferred its fire operations to Palm Beach County effective October 1, 2009. At that time, the plan became closed to new members. All of the City's former certified firefighters are eligible to participate in the FPTF.

**Funding** - Firefighters are required by Lake Worth City Ordinance to contribute 11.25% of their annual salary to the FPTF. The City is required to contribute the remaining amounts necessary to fund the system, based on an amount determined by the plan's actuaries as of October 1st of each preceding year. The contribution requirements of plan members and the City are established and may be amended by the FPTF Board of Trustees and the City Commission.

Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014

NOTE 10. EMPLOYEE RETIREMENT SYSTEMS (continued)

**B. Financial Reports**

The financial statements of the GERS are shown below.

General Employees' Retirement System  
Statement of Net Position  
September 30, 2014

<b>Assets:</b>	
Cash and cash equivalents	\$ 3,442,847
Investments at fair value:	
U.S Government and agency funds	8,881,750
Corporate bonds	7,953,684
Common stocks	30,755,115
Real estate	6,844,668
Mutual funds	10,090,345
Partnership	128,873
Accrued interest, dividends and contributions receivable	567,339
Due from broker	303,134
Prepaid items	8,917
<b>Total assets</b>	<b>68,976,672</b>
<b>Liabilities:</b>	
Accounts payable	87,091
Due for securities purchased	282,582
<b>Total liabilities</b>	<b>369,673</b>
<b>Net position held in trust for pension benefits</b>	<b>\$ 68,606,999</b>

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 10. EMPLOYEE RETIREMENT SYSTEMS (continued)**

**General Employees' Retirement System  
Statement of Changes in Net Position  
For the Fiscal Year Ended September 30, 2014**

<b>Additions:</b>	
Contributions:	
Employer	\$ 4,553,202
Plan members	928,387
Total contributions	5,481,589
Investment Income:	
Interest and dividends	1,630,214
Net change in fair value of investments	6,326,109
Other income	544
Total investment income	7,956,867
Less investment expenses	(440,951)
Net investment income	7,515,916
<b>Total additions</b>	<b>12,997,505</b>
<b>Deductions:</b>	
Pension benefits	9,308,177
Administrative expenses	126,863
<b>Total deductions</b>	<b>9,435,040</b>
Change in net position	3,562,465
<b>Net position, beginning of year</b>	<b>65,044,534</b>
<b>Net position, end of year</b>	<b>\$ 68,606,999</b>

Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014

NOTE 10. EMPLOYEE RETIREMENT SYSTEMS (continued)

The financial statements of the PRS are shown below.

Police Officers' Relief and Retirement System  
Statement of Net Position  
September 30, 2014

<b>Assets:</b>	
Cash and cash equivalents	\$ 1,290,270
Investments at fair value:	
U.S. Government and agency funds	4,629,025
Corporate bonds	4,392,559
Common stocks	13,241,373
Real estate	3,219,952
Mutual funds	4,806,972
Accrued interest, dividends and contributions receivable	644,831
Due from broker	110,759
Prepaid items	38,712
<b>Total assets</b>	<b>32,374,453</b>
<b>Liabilities:</b>	
Accounts payable	43,423
Due for securities purchased	145,261
<b>Total liabilities</b>	<b>188,684</b>
<b>Net position held in trust for pension benefits</b>	<b>\$ 32,185,769</b>

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 10. EMPLOYEE RETIREMENT SYSTEMS (continued)**

**Police Officers' Relief and Retirement System  
Statement of Changes in Net Position  
For the Fiscal Year Ended September 30, 2014**

<b>Additions:</b>	
Contributions:	
Employer	\$ 2,139,353
Plan members	208,801
State	<u>404,603</u>
Total contributions	<u>2,752,757</u>
Investment Income:	
Interest and dividends	727,944
Net change in fair value of investments	2,364,277
Other income	<u>375</u>
Total investment income	3,092,596
Less investment expenses	<u>(186,417)</u>
Net investment income	<u>2,906,179</u>
<b>Total additions</b>	<u>5,658,936</u>
<b>Deductions:</b>	
Pension benefits	3,923,670
Administrative expenses	<u>96,476</u>
<b>Total deductions</b>	<u>4,020,146</u>
Change in net position	1,638,790
<b>Net position, beginning of year</b>	<u>30,546,979</u>
<b>Net position, end of year</b>	<u><u>\$ 32,185,769</u></u>

Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014

NOTE 10. EMPLOYEE RETIREMENT SYSTEMS (continued)

The financial statements of the FPTF are shown below.

Firefighters' Pension Trust Fund  
Statement of Net Position  
September 30, 2014

<b>Assets:</b>	
Cash and cash equivalents	\$ 420,194
Investments at fair value:	
U.S. Government and agency funds	6,276,936
Money market funds	1,346,680
Corporate bonds	963,954
Common stocks	15,777,734
Real estate	2,106,769
Mutual funds	9,811,493
Unit investment trust	125,531
Accrued interest, dividends and contributions receivable	380,649
Due from broker	807,240
Prepaid items	2,632
<b>Total assets</b>	<b><u>38,019,812</u></b>
<b>Liabilities:</b>	
Accounts payable	<u>48,565</u>
<b>Total liabilities</b>	<b><u>48,565</u></b>
<b>Net position held in trust for pension benefits</b>	<b>\$ <u><u>37,971,247</u></u></b>

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 10. EMPLOYEE RETIREMENT SYSTEMS (continued)**

**Firefighters' Pension Trust Fund  
Statement of Changes in Net Position  
For the Fiscal Year Ended September 30, 2014**

<b>Additions:</b>	
Contributions:	
Employer	\$ 2,507,234
Chapter 175	117,976
Plan members	123,344
Roll over	<u>275,168</u>
Total contributions	<u>3,023,722</u>
Investment Income:	
Interest and dividends	1,061,736
Net change in fair value of investments	2,230,085
Other income	<u>2,451</u>
Total investment income	3,294,272
Less investment expenses	<u>(215,212)</u>
Net investment income	<u>3,079,060</u>
<b>Total additions</b>	<u><b>6,102,782</b></u>
<b>Deductions:</b>	
Pension benefits	3,217,144
Administrative expenses	<u>217,064</u>
<b>Total deductions</b>	<u><b>3,434,208</b></u>
Change in net position	2,668,574
<b>Net position, beginning of year</b>	<u><b>35,302,673</b></u>
<b>Net position, end of year</b>	<u><b>\$ 37,971,247</b></u>

**C. Summary of Significant Accounting Policies**

The City's Pension Trust Funds are presented in accordance with GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers." The objective of these Statements is to enhance the understandability and usefulness of pension information included in the financial statements of state and local governmental employers. The Pension Trust Funds financial statements are prepared using the accrual basis of accounting. Contributions to the Pension Trust Funds are recognized as revenue at the time they are due. Benefit payments and refunds are recognized as expenses as they become payable and administrative expenses are recognized at the time the expense is incurred. Interest and dividend income is recognized when earned. Gains and losses on sales and exchanges of securities are valued at the last reported sales price at current exchange rates. The General Fund is typically used to liquidate net pension obligations.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 10. EMPLOYEE RETIREMENT SYSTEMS (continued)**

The City has issued audited stand-alone financial statements for the General Employees', Police Officers' and Firefighters' plans. The provisions of *GASB Statement No. 67, Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, have been implemented by those plans in their stand-alone reports.

The financial statements for the City's Pension Trust Funds can be obtained by contacting the City's Finance Department.

**D. Funding Policy and Annual Required Contributions**

The City's funding policy is to provide for periodic employer contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due.

Annual pension cost ("APC") is a measure of the periodic cost of an employer's participation in a defined benefit pension plan and the net pension obligation ("NPO") at the valuation date is the cumulative difference between the APC and actual employer contributions since the adoption date of GASB Statement No. 27.

The City's APC and NPO information for each plan are as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>General Employees' Retirement System:</b>			
Annual pension cost (APC)	\$ 3,984,130	\$ 3,295,290	\$ 2,787,850
Contributions made	\$ 3,982,877	\$ 3,293,953	\$ 2,786,433
Percent of APC contributed	100.0%	100.0%	99.9%
NPO (overfunding) end of year	\$ (38,483)	\$ (39,736)	\$ (41,073)
<b>Police Officers' Relief and Retirement System:</b>			
Annual pension cost (APC)	\$ 2,069,136	\$ 1,729,944	\$ 1,565,461
Contributions made	\$ 2,071,189	\$ 1,733,395	\$ 1,569,833
Percent of APC contributed	100.1%	100.2%	100.3%
NPO (overfunding) end of year	\$ 25,035	\$ 27,088	\$ 30,539
<b>Firefighters' Pension Trust Fund:</b>			
Annual pension cost (APC)	\$ 2,334,111	\$ 1,846,765	\$ 1,707,303
Contributions made	\$ 2,332,795	\$ 1,845,288	\$ 1,705,530
Percent of APC contributed	99.9%	99.9%	99.9%
NPO (overfunding) end of year	\$ (18,685)	\$ (20,001)	\$ (21,478)

*City of Lake Worth, Florida*

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 10. EMPLOYEE RETIREMENT SYSTEMS (continued)**

	General Employees' Retirement System	Police Officers' Relief and Retirement System	Firefighters' Pension Trust Fund
Annual required contributions (ARC)	\$ 3,982,877	\$ 2,071,189	\$ 2,332,795
Interest on net pension obligation (NPO)	(3,139)	2,140	(1,610)
Adjustments to ARC	4,392	(4,193)	2,926
Annual pension cost (APC)	3,984,130	2,069,136	2,334,111
Contributions made	3,982,877	2,071,189	2,332,795
Increase (decrease) in NPO	1,253	(2,053)	1,316
NPO at beginning of year	(39,736)	27,088	(20,001)
NPO at end of year	\$ (38,483)	\$ 25,035	\$ (18,685)

Actuarial methods and significant actuarial assumptions used to determine the annual required contributions for the current year follow:

	General Employees' Retirement System	Police Officers' Relief and Retirement System	Firefighters' Pension Trust Fund
Actuarial valuation date	October 1, 2013	October 1, 2013	October 1, 2013
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level dollar, closed	Level dollar, closed
Remaining amortization period	30 years	19 years	20 years
Asset valuation method	5 years smoothed market	5 years smoothed market	5 years smoothed market
Actuarial assumptions:			
Investment rate of return *	7.75%	7.75%	7.90%
Projected salary increases *	5.8% - 11.00%	6.50%	6.50%
Changes since last valuation	(a)	(b)	(c)
* Includes inflation at	3.00%	3.00%	4.00%

(a) Assumption changes - 2013: Investment return updated to 7.75%; inflation adjusted from 4.00%.

(b) Assumption changes - 2013: Investment return updated to 7.75%; amortization adjusted to 19 years; inflation adjusted from 4.00%.

(c) Assumption changes - 2013: Investment return updated to 7.90%; amortization adjusted to 20 years.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 10. EMPLOYEE RETIREMENT SYSTEMS (continued)**

**E. Funding Status and Funding Progress**

The funded status of the Plans as of October 1, 2013, the most recent actuarial valuation date, is as follows:

	<u>General Employees' Retirement System</u>	<u>Police Officers' Relief and Retirement System</u>	<u>Firefighters' Pension Trust Fund</u>
Actuarial valuation date	October 1, 2013	October 1, 2013	October 1, 2013
Actuarial value of assets (a)	\$ 56,945,738	\$ 22,590,332	\$ 21,657,152
Actuarial accrued liability (AAL) (b)	<u>100,849,882</u>	<u>45,553,757</u>	<u>44,339,294</u>
Unfunded (UAAL) (b-a)	<u>\$ 43,904,144</u>	<u>\$ 22,963,425</u>	<u>\$ 22,682,142</u>
Funded ratio (a/b)	56.5%	49.6%	48.8%
Annual Covered Payroll (c)	\$ 11,547,885	\$ 1,445,490	\$ 994,538
UAAL as a percentage of annual Covered payroll ((b-a)/c)	380.2%	1,588.6%	2,280.7%

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liability (AAL) for benefits.

**NOTE 11. DEFERRED COMPENSATION PLANS**

The City offers its employees two deferred compensation plans in accordance with Internal Revenue Code Sections 401a and 457. The funds are administrated by ICMA Retirement Corporation. All assets of the plans are held in trust, custodial accounts or annuity contracts, for the exclusive benefit of the participants and their beneficiaries. Consequently, those plan assets and liabilities are not recorded by the City. During fiscal year 2014, the City contributed approximately \$ 112,000 into the 401a plan on behalf of employees. The City does not contribute to the 457 plan, as it is 100% employee contributions.

**NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**A. Plan Description**

Employees who retire from the City and their dependents are eligible to continue to participate ("single employer plan") in the City's health insurance plan currently offered through the City at the "blended" employee group rate, which is determined annually by the City. The benefits of the plan conform to Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue a separate financial report.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)**

**B. Funding Policy and Annual OPEB Cost**

The City does not directly make a contribution to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates as are charged to the City for active employees by its healthcare provider. However, the City's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits as an Employer Contribution, based upon an implicit rate subsidy. This offset equals the total age-adjusted cost paid by the City or its active employees for coverage of the retirees and their dependents for the year, net of the retiree's own payments for the year.

The annual other post-employment benefit (OPEB) cost is calculated based on the annual retired contribution of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The annual OPEB cost for the City for the current year and the related information is as follows:

Required contribution rates:		
Employer		Pay-as-you-go
Plan member		N/A
Normal cost	\$	79,084
Amortization		448,429
Interest		32,305
Adjustments to ARC		<u>(105,493)</u>
Annual OPEB cost		454,325
Estimated Contribution made		<u>(334,051)</u>
Increase in net OPEB obligation		120,274
Net OPEB obligation, beginning of year		994,000
Net OPEB obligation, end of year	\$	<u><u>1,114,274</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and two preceding years were as follows:

	2014		2013		2012
Annual OPEB cost	\$ 454,325	\$	460,136	\$	640,865
Percentage of OPEB cost contributed	73.53%		69.32%		70.05%
Net OPEB obligation	\$ 1,114,274	\$	994,000	\$	856,179

**C. Funded Status and Funding Progress**

The funded status of the plan as of October 1, 2012, the most recent actuarial valuation date, was as follows:

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

**NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)**

Actuarial accrued liability	\$	4,158,245
Actuarial value of assets		-
Unfunded actuarial accrued liability (UAAL)	\$	4,158,245
Funded ratio		0.0%
Covered payroll	\$	12,292,104
UAAL as a percentage of covered payroll		33.8%

Other post – employment benefit obligations attributable to governmental activities are generally liquidated by the General Fund or the appropriate proprietary fund for business – type activities.

The actuarial valuation for the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, the City has not contributed assets to the plan at this time.

**D. Actuarial Methods and Assumptions**

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial valuation date	October 1, 2012
Actuarial cost method	Entry age
Amortization method	Level percent, closed
Remaining amortization period	11 Years
Asset valuation method	Unfunded
Actuarial assumptions:	
Investment rate of return	3.25%
Projected salary increases	5.80% - 11.00%
Payroll growth assumptions	0.00%
Initial per capita cost trend rate	13.00%
2nd trend rate	3.00%
3rd trend rate	7.50%
Ultimate trend rate	5.23%
Years to ultimate rate	8/16
Inflation	3.00%

**NOTE 13. COMMITMENTS AND CONTINGENCIES**

**A. Florida Municipal Power Agency (FMPA) Agreements**

The City's electric utility operates pursuant to various power sales contracts with a number of other power producers and a Power Supply Acquisition Agreement and Project Support contract with the FMPA. FMPA owns an 8.806% undivided interest in Florida Power & Light Company's St. Lucie Unit No. 2 (St. Lucie Unit No. 2), a nuclear powered electric generating facility and a 25% interest in Orlando Utilities Commission's Stanton Energy Center Coal Fired Unit No. 1 (Stanton Unit No. 1). The contracts with FMPA give the City and each of the other participants in the St. Lucie Project and the Stanton Project entitlement shares aggregating 100% of FMPA's ownership interest in St. Lucie Unit No. 2 and Stanton Unit No. 1. FMPA also has a Reliability Exchange Agreement with Florida Power & Light Company that enables the City to exchange 50% of its share of the output from St. Lucie Unit No. 2 for a like amount from St. Lucie Unit No. 1. Under the FMPA agreements, the City is to receive approximately 21 megawatts (mw) of power from St. Lucie and 10 mw of power from Stanton. Costs associated with power purchases under these agreements are charged against operations as incurred. Revenue from participating sales contracts are recognized as earned.

Pursuant to the City's agreement with the FMPA, the City was required to make a specified contribution to the FMPA. The City satisfied part of this requirement during fiscal year 2003 by transferring certain fuel inventory. The City has recorded a long-term, restricted deposit of \$1,316,174 as it would be refundable to the City in the event that the FMPA were to dissolve.

**B. Orlando Utility Commission (OUC) Agreement**

As of December 31, 2013, the City exited its contract with FMPA for power supply acquisition and project support. As of January 1, 2014, the City's electric utility entered a power supply acquisition agreement with Orlando Utilities Commission (OUC). The agreement provides for OUC to provide the least costly power and energy for the City's Electric Utilities Department by either operating the City's existing equipment or by providing power and energy from various facilities with which the City has a generation entitlement contacts. Costs associated with power purchases under this agreement are charged against operations as incurred. Revenue from participating sales contracts are recognized as earned.

During the duration of the contract the City shall maintain on its senior unsecured debt securities, a rating by Standard and Poor's Corporation of BB+, Moody's Investors Service, Inc., of Baa1, Fitch IBCA of BBB+, or another nationally recognized rating service reasonable acceptable to OUC Standard, whichever is lower. In the event the City's ratings fall below the specified minimum rating, the City will be required to provide a Letter of Credit, cash or bond or other assurances reasonably sufficient to assure the City's performance of its purchase and payment obligations under the agreement.

The agreement with OUC is for a three year term beginning January 1, 2014 with two additional option years.

**C. Litigation, Claims and Assessments**

The City is the defendant in several personnel-related and other lawsuits occurring in the normal course of operation. While the ultimate outcome of the litigation cannot be determined at this time, management and the City Attorney believe that any amounts not covered by insurance, if any, resulting from these lawsuits would not materially affect the financial position of the City.

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

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**NOTE 13. COMMITMENTS AND CONTINGENCIES (continued)**

**D. FEMA Grants**

The City worked with FEMA to finalize all of the claims filed by the City related to Hurricanes Jeanne, Frances and Wilma in 2004 and 2005. Amounts received or receivable from FEMA are subject to audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability to the City. The City received initial determination letters for all large projects (those with a cost of more than \$57,500) in late December of 2011. The net questioned costs for the three storms were approximately \$ 2.8 million. The City has availed itself of the appeal opportunities afforded under 44 CFR, Sec 206.206 Federal Regulations, which allows for two appeals. That appeal process will not likely be resolved until fiscal year 2016. Resources for any ultimately disallowed costs are available from the City's \$ 5.2 million emergency reserve.

The U.S. Department of Homeland Security, Office of Inspector General (DHSOIG) conducted an audit of FEMA Disaster Declarations Nos. 1545 (Hurricane Frances), 1561 (Hurricane Jeanne) and 1609 (Hurricane Wilma) between January and May 2012. The purpose of this was to review the findings of the FEMA/State of Florida closeout audits. DHSOIG issued reports to the FEMA Regional Director in November 2012 and December 2012. In July of 2013, the City was notified by the State that there were additional net questioned costs for the three storms which were approximately \$ 1.1 million. The City has availed itself of the appeal opportunities afforded under 44 CFR, Sec. 206.206 Federal Regulations which allows for two appeals. That appeal process will not likely be resolved until FY 2016. Reserves for any ultimately disallowed costs are available from the City's \$ 5.2 million emergency reserve.

**NOTE 14. SELF-INSURANCE PROGRAM**

The City is subject to Florida State Statutes regarding civil actions to recover damages for covered claims under Florida Sovereign Immunity Laws, which effectively limits the amount of liability of municipalities to individual claims of \$ 200,000 or \$ 300,000, for all claims relating to the same incident.

Liabilities are recorded when a claim or loss has been reported. The City analyzes its losses and finances, both uninsured and insured risks. All insurance premiums and claims are charged to the appropriate Fund.

The City is a member of a self-insured risk retention group for property coverage on all properties, other than Utilities. The approximately \$ 38 million of coverage is purchased with a shared limit of \$ 250,000,000 and a \$ 25,000,000 named windstorm sublimit. There is a \$ 25,000 all other peril deductible and a 5% windstorm deductible. Utility property is insured with Star Tech Insurance Company with a dedicated limit of approximately \$ 116 million. This is subject to a \$ 300,000 all other peril deductible and a 5% windstorm deductible. The City purchases \$ 1,000,000 excess 3<sup>rd</sup> party liability over the sovereign immunity limit.

The City is self-insured for workers' compensation and has a self-insured retention level of \$ 500,000 per claim, with statutory excess, and \$ 1,000,000 excess for employer's liability through PGIT. In the past 3 years all workers' compensation claims were within the limit of the policy. There were no significant reductions in coverage during the fiscal year compared to prior year.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2014**

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**NOTE 14. SELF-INSURANCE PROGRAM (continued)**

The City has a self-insured retention level of \$ 100,000 per occurrence for general and professional liability and automobile liability.

Due to risk limitations, the City's beach, pier and lifeguard stands are considered uninsurable by the City's risk pool. Therefore, the cost of repair or replacement to these assets must be absorbed directly by the City unless reimbursement is provided by federal emergency funding.



***REQUIRED SUPPLEMENTARY INFORMATION***

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*City of Lake Worth, Florida*

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
General Fund  
For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Property taxes	\$ 5,788,123	\$ 5,788,123	\$ 5,762,505	\$ (25,618)
Utility service taxes	4,259,000	4,259,000	4,124,306	(134,694)
Sales and use taxes	813,000	813,000	832,744	19,744
Franchise fees	41,600	41,600	36,127	(5,473)
Total taxes	<u>10,901,723</u>	<u>10,901,723</u>	<u>10,755,682</u>	<u>(146,041)</u>
Licenses and permits:				
Business	660,000	660,000	510,087	(149,913)
Non-business	138,000	138,000	107,819	(30,181)
Total licenses and permits	<u>798,000</u>	<u>798,000</u>	<u>617,906</u>	<u>(180,094)</u>
Fines and forfeitures:				
Public safety	65,000	65,000	64,601	(399)
Library fines	7,000	7,000	8,542	1,542
Violations of local ordinances	211,500	211,500	323,435	111,935
Total fines and forfeitures	<u>283,500</u>	<u>283,500</u>	<u>396,578</u>	<u>113,078</u>
Charges for services:				
General government	3,893,192	3,893,192	3,853,368	(39,824)
Public safety	395,000	395,000	415,392	20,392
Physical environment	660,000	660,000	691,040	31,040
Transportation	33,000	33,000	36,446	3,446
Culture and recreation	132,940	132,940	132,391	(549)
Total charges for services	<u>5,114,132</u>	<u>5,114,132</u>	<u>5,128,637</u>	<u>14,505</u>
Intergovernmental:				
State shared revenues	5,688,743	5,688,743	5,474,069	(214,674)
Total intergovernmental	<u>5,688,743</u>	<u>5,688,743</u>	<u>5,474,069</u>	<u>(214,674)</u>
Other revenues:				
Investment income	61,000	61,000	45,648	(15,352)
Rents and royalties	21,300	21,300	21,921	621
Miscellaneous	10,000	10,000	96,073	86,073
Total other revenues	<u>92,300</u>	<u>92,300</u>	<u>163,642</u>	<u>71,342</u>
<b>Total revenues</b>	<u>22,878,398</u>	<u>22,878,398</u>	<u>22,536,514</u>	<u>(341,884)</u>
<b>Expenditures:</b>				
General Government:				
City commission	226,981	239,481	226,023	13,458
City manager	472,562	513,712	492,735	20,977
City clerk	424,856	406,956	381,191	25,765
Finance	1,452,902	1,497,652	1,449,821	47,831
Internal auditing	223,905	205,905	156,195	49,710
Personnel	200,443	202,368	212,006	(9,638)
City attorney	590,085	864,585	746,658	117,927
Community development	842,036	844,291	822,339	21,952
Business license	105,652	114,827	116,903	(2,076)
Building maintenance	1,031,332	1,025,332	953,093	72,239
Cost of services	80,000	84,100	63,530	20,570
Total general government	<u>5,650,754</u>	<u>5,999,209</u>	<u>5,620,494</u>	<u>378,715</u>

*City of Lake Worth, Florida*

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
General Fund (continued)  
For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public safety:				
Police	15,057,593	15,057,593	14,800,555	257,038
Fire	2,890,607	3,008,583	2,830,595	177,988
Building and zoning	562,156	591,946	554,991	36,955
Code and administration	894,745	924,388	860,455	63,933
Total public safety	<u>19,405,101</u>	<u>19,582,510</u>	<u>19,046,596</u>	<u>535,914</u>
Physical environment:				
Cemetery	282,872	281,372	242,868	38,504
Grounds maintenance	1,575,253	1,585,603	1,440,355	145,248
Total physical environment	<u>1,858,125</u>	<u>1,866,975</u>	<u>1,683,223</u>	<u>183,752</u>
Transportation:				
Administration	590,547	603,063	588,263	14,800
Streets, drains and sidewalks	234,475	234,459	226,798	7,661
Total transportation	<u>825,022</u>	<u>837,522</u>	<u>815,061</u>	<u>22,461</u>
Culture and recreation:				
Library	481,574	481,574	459,680	21,894
Recreation	1,352,767	1,304,408	1,166,154	138,254
Total culture and recreation	<u>1,834,341</u>	<u>1,785,982</u>	<u>1,625,834</u>	<u>160,148</u>
Capital outlay	<u>36,100</u>	<u>122,730</u>	<u>91,915</u>	<u>30,815</u>
<b>Total expenditures</b>	<u>29,609,443</u>	<u>30,194,928</u>	<u>28,883,123</u>	<u>1,311,805</u>
Excess (deficiency) of revenues over expenditures	<u>(6,731,045)</u>	<u>(7,316,530)</u>	<u>(6,346,609)</u>	<u>969,921</u>
<b>Other financing sources (uses):</b>				
Transfers in	6,637,602	6,654,972	6,654,972	-
Transfers out	(278,617)	(288,617)	(287,124)	1,493
Appropriated fund balance	372,060	950,175	-	(950,175)
<b>Total other financing sources (uses)</b>	<u>6,731,045</u>	<u>7,316,530</u>	<u>6,367,848</u>	<u>(948,682)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	21,239	\$ <u>21,239</u>
<b>Fund balance, beginning of year, as restated</b>			<u>4,369,903</u>	
<b>Fund balance, end of year</b>			\$ <u>4,391,142</u>	

*City of Lake Worth, Florida*

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Beach Fund  
For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 1,858,335	\$ 1,863,335	\$ 2,277,749	\$ 414,414
Fines and forfeitures	100,000	100,000	111,131	11,131
Intergovernmental	-	-	500,000	500,000
Investment income	-	-	4,060	4,060
Miscellaneous	-	-	3,685	3,685
<b>Total revenues</b>	<u>1,958,335</u>	<u>1,963,335</u>	<u>2,896,625</u>	<u>933,290</u>
<b>Expenditures:</b>				
Current:				
Transportation	347,235	347,235	314,205	33,030
Culture and recreation	1,711,274	1,716,063	1,574,923	141,140
Capital outlay	9,975	17,285	35,926	(18,641)
<b>Total expenditures</b>	<u>2,068,484</u>	<u>2,080,583</u>	<u>1,925,054</u>	<u>155,529</u>
Excess (deficiency) of revenues over expenditures	<u>(110,149)</u>	<u>(117,248)</u>	<u>971,571</u>	<u>1,088,819</u>
<b>Other financing sources (uses):</b>				
Transfers in	26,675	26,675	26,675	-
Transfers out	(50,000)	(1,566,465)	(289,636)	1,276,829
Appropriated fund balance	133,474	1,657,038	-	(1,657,038)
<b>Total other financing sources (uses)</b>	<u>110,149</u>	<u>117,248</u>	<u>(262,961)</u>	<u>(380,209)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	708,610	<u>\$ 708,610</u>
<b>Fund balance, beginning of year</b>			<u>(6,228,745)</u>	
<b>Fund balance, end of year</b>			<u>\$ (5,520,135)</u>	

*City of Lake Worth, Florida*

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**Notes to Required Supplementary Information  
For the Fiscal Year Ended September 30, 2014**

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**NOTE 1. BUDGETS AND LEGAL COMPLIANCE**

The City follows these procedures in establishing budgetary data:

- a. The City Manager submits to the City Commission a proposed operating budget for the General Fund the ensuing fiscal year. The operating budget includes proposed expenditures and the sources of receipts to finance them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. The budget is approved by the City Commission and becomes the basis for the millage levied by the City Commission.
- d. The City Manager is authorized to transfer budgeted amounts within any department; however, any revisions that alter the total expenditures of any department or fund must be approved by the City Commission. The City Commission may amend the current year's budget appropriation by passage of a budget amendment resolution. Expenditures may not exceed legal appropriations at the department level. Encumbrances lapse at year-end. Encumbrances are re-appropriated in the following year's budget. All budget amendments are essentially a reallocation of existing appropriations.
- e. Formal budgetary integration is employed as a management control device during the year.
- f. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements and schedules represent final authorized amounts. Therefore, the department level is the legal level of budgetary control. Budgeted amounts are as originally adopted or as amended.

**NOTE 2. EXPLANATION OF DIFFERENCES BETWEEN IN FUND BALANCE – BUDGET TO ACTUAL AND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR CAPITAL PROJECTS**

Amounts reported for budget to actual are different because:

Revenues and expenditures in certain funds have legally adopted budgets in those funds for budgetary purposes; but are reported as combined in the Capital Projects Fund in the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Capital Projects Funds:

Net change in fund balance - Road Improvement Fund (1)	\$ 272,466
Net change in fund balance - Capital Projects Fund (2)	<u>(1,107,908)</u>
Capital Projects Fund net change in fund balance per the Statement of Revenues, Expenditures, and Changes in Fund Balances - Capital Projects Fund - Page 78.	<u>\$ (835,442)</u>

(1) See budget to actual comparison schedule on page 93.

(2) See budget to actual comparison schedule on page 92.

*City of Lake Worth, Florida*

**Schedule of Funding Progress  
Pension Trust Funds**

	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	(Overfunded) Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAAL (Overfunded) as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
<u>Actuarial Valuation Date</u>						
General Employees' Retirement System: (a)						
October 1, 2013 (b)	\$ 56,945,738	\$ 100,849,882	\$ 43,904,144	56.5%	\$ 11,547,885	380.2%
October 1, 2012	56,005,517	99,469,324	43,463,807	56.3%	11,916,382	364.7%
October 1, 2011	59,904,551	101,558,913	41,654,362	59.0%	10,951,357	380.4%
October 1, 2010	64,793,490	99,487,517	34,694,027	65.1%	12,563,517	276.1%
October 1, 2009	66,607,594	96,981,960	30,374,366	68.7%	13,257,113	229.1%
October 1, 2008	67,624,920	91,906,160	24,281,240	73.6%	13,332,893	182.1%
Police Officers' Relief and Retirement System: (a)						
October 1, 2013 (b)	\$ 22,590,332	\$ 45,553,757	\$ 22,963,425	49.6%	\$ 1,445,490	1588.6%
October 1, 2012	22,548,900	44,209,567	21,660,667	51.0%	1,460,425	1483.2%
October 1, 2011	23,728,194	42,922,206	19,194,012	55.3%	1,553,664	1235.4%
October 1, 2010	25,331,745	40,679,243	15,347,498	62.3%	2,037,850	753.1%
October 1, 2009	25,634,799	38,438,528	12,803,729	66.7%	2,885,722	443.7%
October 1, 2008	26,107,595	37,488,750	11,381,155	69.6%	3,504,813	324.7%
Firefighters' Pension Trust Fund: (a)						
October 1, 2013 (b)	\$ 21,657,152	\$ 44,339,294	\$ 22,682,142	48.8%	\$ 994,538	2280.7%
October 1, 2012	21,106,494	44,699,951	23,593,457	47.2%	1,073,889	2197.0%
October 1, 2011	22,463,958	43,451,205	20,987,247	51.7%	1,118,599	1876.2%
October 1, 2010	24,165,929	40,888,512	16,722,583	59.1%	1,312,204	1274.4%
October 1, 2009	24,985,737	40,299,376	15,313,639	62.0%	1,309,166	1169.7%
October 1, 2008	25,336,434	40,647,163	15,310,729	62.3%	3,293,733	464.8%

(a) Actuarial cost method is entry age normal.  
(b) This is the latest valuation date.

Source: Gabriel, Roeder, Smith & Company, Actuaries

*City of Lake Worth, Florida*

**Schedule of Employer Contributions  
Pension Trust Funds**

<u>Actuarial Valuation Date</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
General Employees' Retirement System:		
October 1, 2013 (a)	\$ 3,982,877	100.0%
October 1, 2012	3,293,953	100.0%
October 1, 2011	2,786,433	100.0%
October 1, 2010	3,413,861	100.0%
October 1, 2009	2,900,325	100.0%
October 1, 2008	2,852,007	100.0%
Police Officers' Relief and Retirement System:		
October 1, 2013 (a)	\$ 2,071,189	100.0%
October 1, 2012	1,733,395	100.0%
October 1, 2011	1,569,833	100.0%
October 1, 2010	1,453,457	100.0%
October 1, 2009	1,452,892	100.0%
October 1, 2008	1,414,687	100.0%
Firefighters' Pension Trust Fund:		
October 1, 2013 (a)	\$ 2,332,795	100.0%
October 1, 2012	1,845,288	100.0%
October 1, 2011	1,705,530	100.0%
October 1, 2010	1,794,081	100.0%
October 1, 2009	2,113,667	100.0%
October 1, 2008	1,803,579	100.0%

(a) This is the latest valuation date.

Source: Gabriel, Roeder, Smith & Company, Actuaries

*City of Lake Worth, Florida*

**Schedule of Funding Progress  
Other Post-Employment Benefits**

	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liabilities (AAL) <u>(b)</u>	(Overfunded) Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAAL (Overfunded) as a Percentage of Covered Payroll <u>((b-a)/c)</u>
<u>Actuarial Valuation Date</u>						
October 1, 2012 (a)	\$ -	\$ 4,158,245	\$ 4,158,245	\$ 0.00%	\$ 12,292,104	33.83%
October 1, 2009	-	6,201,458	6,201,458	0.00%	12,401,348	50.01%
October 1, 2007	-	7,799,266	7,799,266	0.00%	17,689,510	44.09%

(a) This is the latest valuation date.

The above schedule reflects data for three years only, this includes all reports required since the implementation of GASB Statement No. 45.

Source: Gabriel, Roeder, Smith & Company, Actuaries

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**  
**AND SCHEDULES**

THE FOLLOWING COMBINING STATEMENTS INCLUDE THE NON-MAJOR GOVERNMENTAL FUNDS, NON-MAJOR ENTERPRISE FUNDS, INTERNAL SERVICE FUNDS, FIDUCIARY FUNDS AND THE DISCRETELY PRESENTED COMPONENT UNIT. IN ADDITION BUDGET –TO- ACTUAL SCHEDULES ARE PRESENTED.

## *City of Lake Worth, Florida*

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### **Non-Major Governmental Funds**

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#### **Special Revenue Funds**

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Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to private purpose trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

##### **Building Permit Fund**

To account for revenues and expenditures associated with the services provided by the building department.

##### **Golf Fund**

This fund accounts for the operations and rental payments of City-owned golf courses.

##### **Parking Improvement Fund**

Was established by the City Commission to segregate funds and accumulate funds from development assessments on downtown-area properties. These funds are to be used for parking lot maintenance, striping and the possible installation of parking meters to control downtown parking use.

##### **Foreclosure Fund**

To account for the transactions from code compliance liens placed on city properties which have been vacated and the properties acquired through foreclosures.

##### **Grants Fund**

To account for certain revenues and expenditures related to federal, state and local grants awarded to the City.

##### **Tree Beautification Fund**

Accounts for the collection of tree removal fees and donations that are to be used for the preservation, maintenance, relocation or restoration of tree ecosystems on public or private land within the city limits.

##### **Utility Conservation Fund**

To account for the receipt and disbursement of funds collected from surcharges (Resolution 48-2009) for Energy Conservation programs.

##### **Simpkin Trust Fund**

To account for the receipt and disbursement of donated monies for the library.

##### **Library Trust Fund**

To account for the receipt and disbursement of monies for the library.

##### **Law Enforcement and Firefighters Education Fund**

To account for state contributions for police and firefighter education and the expenditures incurred.

##### **Law Enforcement Confiscated Property Fund**

To account for the receipt of monies from the sale of confiscated property and disbursement for special law enforcement activities in accordance with Florida statutes and federal regulations.

**Capital Projects Funds**

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The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

**Park of Commerce Fund**

To account for the construction costs of the Park of Commerce Project, funded by City funds, grants, and other financing.

**Master Infrastructure Plan**

Was used account for comprehensive, city-wide improvement plan projects. This fund was closed in 2014.

**Capital Projects Fund**

To account for the acquisition or construction of major capital facilities and the purchase of capital items other than those financed by proprietary fund operations.

*City of Lake Worth, Florida*

**Combining Balance Sheet  
Non-Major Governmental Funds  
September 30, 2014**

	<u>Non-Major Special Revenue Funds</u>	<u>Non-Major Capital Projects Funds</u>	<u>Total Non-Major Governmental Funds</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 844,000	\$ 1,227,080	\$ 2,071,080
Investments	2,668,062	2,383,846	5,051,908
Accounts receivable, net	135,773	44,059	179,832
Accrued interest receivable	5,632	4,944	10,576
Inventories	10,647	-	10,647
Land held for resale	395,175	-	395,175
Prepaid items	3,413	-	3,413
Advances to other funds	-	485,000	485,000
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total assets</b>	<b>\$ 4,062,702</b>	<b>\$ 4,144,929</b>	<b>\$ 8,207,631</b>
<b>Liabilities:</b>			
Accounts and contracts payable	\$ 65,371	\$ 543,726	\$ 609,097
Accrued liabilities	39,995	-	39,995
Due to other funds	100,000	-	100,000
Unearned revenue	99,741	-	99,741
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total liabilities</b>	<b>305,107</b>	<b>543,726</b>	<b>848,833</b>
<b>Fund balances:</b>			
Non-spendable:			
Prepaid items	3,413	-	3,413
Inventories	10,647	-	10,647
Advances	-	485,000	485,000
Restricted for:			
Purpose of fund	1,803,743	-	1,803,743
Committed to:			
Purpose of fund	2,021,065	-	2,021,065
Assigned to:			
Capital projects	-	3,116,203	3,116,203
Unassigned	(81,273)	-	(81,273)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total fund balances</b>	<b>3,757,595</b>	<b>3,601,203</b>	<b>7,358,798</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total liabilities and fund balances</b>	<b>\$ 4,062,702</b>	<b>\$ 4,144,929</b>	<b>\$ 8,207,631</b>

*City of Lake Worth, Florida*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Fiscal Year Ended September 30, 2014**

	<u>Non-Major Special Revenue Funds</u>	<u>Non-Major Capital Projects Funds</u>	<u>Total Non-Major Governmental Funds</u>
<b>Revenues:</b>			
Utility and other taxes	\$ -	\$ 318,119	\$ 318,119
Licenses and permits	756,729	-	756,729
Charges for services	903,261	-	903,261
Intergovernmental	171,041	-	171,041
Investment income	12,338	10,027	22,365
Miscellaneous	66,141	-	66,141
<b>Total revenues</b>	<u>1,909,510</u>	<u>328,146</u>	<u>2,237,656</u>
<b>Expenditures:</b>			
Current:			
General government	129,819	1,236	131,055
Public safety	726,448	-	726,448
Physical environment	164	-	164
Transportation	29	437	466
Culture and recreation	1,051,245	-	1,051,245
Capital outlay	35,200	1,662,124	1,697,324
<b>Total expenditures</b>	<u>1,942,905</u>	<u>1,663,797</u>	<u>3,606,702</u>
Excess (deficiency) of revenues over expenditures	<u>(33,395)</u>	<u>(1,335,651)</u>	<u>(1,369,046)</u>
<b>Other financing sources (uses):</b>			
Transfers in	520,673	1,880,681	2,401,354
Transfers out	(199,740)	(2,357,439)	(2,557,179)
<b>Total other financing sources (uses)</b>	<u>320,933</u>	<u>(476,758)</u>	<u>(155,825)</u>
Net change in fund balance	<u>287,538</u>	<u>(1,812,409)</u>	<u>(1,524,871)</u>
<b>Fund balances, beginning of year</b>	3,470,057	5,404,534	8,874,591
Prior period adjustment	-	9,078	9,078
<b>Fund balances, beginning of year, as restated</b>	<u>3,470,057</u>	<u>5,413,612</u>	<u>8,883,669</u>
<b>Fund balances, end of year</b>	<u>\$ 3,757,595</u>	<u>\$ 3,601,203</u>	<u>\$ 7,358,798</u>

*City of Lake Worth, Florida*

**Combining Balance Sheet  
Non-Major Special Revenue Funds  
September 30, 2014**

	Building Permit	Golf	Parking Improvement	Foreclosure	Grants	Tree Beautification	Utility Conservation	Simpkin Trust	Library Trust	Law Enforcement and Firefighters Education	Law Enforcement Confiscated Property	Non-Major Special Revenue Funds	Total
<b>Assets:</b>													
Cash and cash equivalents	\$ 379,650	\$ 119,139	\$ 24,711	\$ 93,658	\$ 99,075	\$ 8,816	\$ 20,311	\$ 15,381	\$ 21,763	\$ 47,538	\$ 13,958	\$ 844,000	
Investments	1,176,731	-	41,687	385,914	-	-	703,254	317,587	-	-	42,889	2,668,062	
Accounts receivable, net	-	17,735	-	32,622	85,352	-	-	-	50	14	-	135,773	
Accrued interest receivable	2,484	-	88	815	-	-	1,484	670	-	-	91	5,632	
Inventories	-	10,647	-	-	-	-	-	-	-	-	-	10,647	
Land held for resale	-	-	-	395,175	-	-	-	-	-	-	-	395,175	
Prepaid items	-	3,413	-	-	-	-	-	-	-	-	-	3,413	
<b>Total assets</b>	<b>\$ 1,558,865</b>	<b>\$ 150,934</b>	<b>\$ 66,486</b>	<b>\$ 908,184</b>	<b>\$ 184,427</b>	<b>\$ 8,816</b>	<b>\$ 725,049</b>	<b>\$ 333,638</b>	<b>\$ 21,813</b>	<b>\$ 47,552</b>	<b>\$ 56,938</b>	<b>\$ 4,062,702</b>	
<b>Liabilities:</b>													
Accounts and contracts payable	\$ 14,483	\$ 1,642	\$ -	\$ 40,541	\$ 8,705	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,371	
Accrued liabilities	16,491	16,764	-	-	4,360	-	2,380	-	-	-	-	39,995	
Due to other funds	-	100,000	-	-	-	-	-	-	-	-	-	100,000	
Unearned revenue	-	99,741	-	-	-	-	-	-	-	-	-	99,741	
<b>Total liabilities</b>	<b>30,974</b>	<b>218,147</b>	<b>-</b>	<b>40,541</b>	<b>13,065</b>	<b>-</b>	<b>2,380</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>305,107</b>	
<b>Fund balances:</b>													
Non-spendable:													
Prepaid items	-	3,413	-	-	-	-	-	-	-	-	-	3,413	
Inventories	-	10,647	-	-	-	-	-	-	-	-	-	10,647	
Restricted for:													
Purpose of fund	1,527,891	-	-	171,362	-	-	-	-	-	47,552	56,938	1,803,743	
Committed to:													
Purpose of fund	-	-	66,486	867,643	-	8,816	722,669	333,638	21,813	-	-	2,021,065	
Unassigned	-	(81,273)	-	-	-	-	-	-	-	-	-	(81,273)	
<b>Total fund balances</b>	<b>1,527,891</b>	<b>(67,213)</b>	<b>66,486</b>	<b>867,643</b>	<b>171,362</b>	<b>8,816</b>	<b>722,669</b>	<b>333,638</b>	<b>21,813</b>	<b>47,552</b>	<b>56,938</b>	<b>3,757,595</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 1,558,865</b>	<b>\$ 150,934</b>	<b>\$ 66,486</b>	<b>\$ 908,184</b>	<b>\$ 184,427</b>	<b>\$ 8,816</b>	<b>\$ 725,049</b>	<b>\$ 333,638</b>	<b>\$ 21,813</b>	<b>\$ 47,552</b>	<b>\$ 56,938</b>	<b>\$ 4,062,702</b>	

# City of Lake Worth, Florida

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Special Revenue Funds  
For the Fiscal Year Ended September 30, 2014**

	Building Permit	Golf	Parking Improvement	Foreclosure	Grants	Tree Beautification	Utility Conservation	Simpkin Trust	Library Trust	Law Enforcement and Firefighters Education	Law Enforcement Confiscated Property	Non-Major Special Revenue Funds	Total
<b>Revenues:</b>													
Licenses and permits	\$ 756,729	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 756,729
Charges for services	170	903,091	-	-	-	-	-	-	-	-	-	-	903,261
Intergovernmental	-	-	-	-	156,350	-	-	-	-	7,410	7,281	-	171,041
Investment income	5,437	-	215	1,845	-	-	3,268	1,373	-	-	200	-	12,338
Miscellaneous	1,260	570	-	58,363	-	310	579	-	5,059	-	-	-	66,141
<b>Total revenues</b>	<b>763,596</b>	<b>903,661</b>	<b>215</b>	<b>60,208</b>	<b>156,350</b>	<b>310</b>	<b>3,847</b>	<b>1,373</b>	<b>5,059</b>	<b>7,410</b>	<b>7,481</b>	<b>-</b>	<b>1,909,510</b>
<b>Expenditures:</b>													
Current:													
General government	-	-	-	-	-	-	129,819	-	-	-	-	-	129,819
Public safety	568,557	-	-	74,250	82,236	-	-	-	-	-	1,405	-	726,448
Physical environment	-	-	-	-	-	164	-	-	-	-	-	-	164
Transportation	-	-	29	-	-	-	-	-	-	-	-	-	29
Culture and recreation	-	1,037,420	-	-	13,583	-	-	227	15	-	-	-	1,051,245
Capital outlay	-	-	-	-	35,200	-	-	-	-	-	-	-	35,200
<b>Total expenditures</b>	<b>568,557</b>	<b>1,037,420</b>	<b>29</b>	<b>74,250</b>	<b>131,019</b>	<b>164</b>	<b>129,819</b>	<b>227</b>	<b>15</b>	<b>-</b>	<b>1,405</b>	<b>-</b>	<b>1,942,905</b>
Excess (deficiency) of revenues over expenditures	195,039	(133,759)	186	(14,042)	25,331	146	(125,972)	1,146	5,044	7,410	6,076	-	(33,395)
<b>Other financing sources (uses):</b>													
Transfers in	23,985	284,277	-	202,411	10,000	-	-	-	-	-	-	-	520,673
Transfers out	-	-	-	-	(83,740)	-	-	(63,000)	(53,000)	-	-	-	(199,740)
<b>Total other financing sources (uses)</b>	<b>23,985</b>	<b>284,277</b>	<b>-</b>	<b>202,411</b>	<b>(73,740)</b>	<b>-</b>	<b>-</b>	<b>(63,000)</b>	<b>(53,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>320,933</b>
Net change in fund balances	219,024	150,518	186	188,369	(48,409)	146	(125,972)	(61,854)	(47,956)	7,410	6,076	-	287,538
<b>Fund balances, beginning of year</b>	<b>1,308,867</b>	<b>(217,731)</b>	<b>66,300</b>	<b>679,274</b>	<b>219,771</b>	<b>8,670</b>	<b>848,641</b>	<b>395,492</b>	<b>69,769</b>	<b>40,142</b>	<b>50,862</b>	<b>-</b>	<b>3,470,057</b>
<b>Fund balances, end of year</b>	<b>\$ 1,527,891</b>	<b>\$ (67,213)</b>	<b>\$ 66,486</b>	<b>\$ 867,643</b>	<b>\$ 171,362</b>	<b>\$ 8,816</b>	<b>\$ 722,669</b>	<b>\$ 333,638</b>	<b>\$ 21,813</b>	<b>\$ 47,552</b>	<b>\$ 56,938</b>	<b>\$ -</b>	<b>\$ 3,757,595</b>

*City of Lake Worth, Florida*

**Combining Balance Sheet  
Non-Major Capital Projects Funds  
September 30, 2014**

	Park of Commerce	Master Infrastructure Plan	Capital Projects	Total Non-Major Capital Projects Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 253,019	\$ -	\$ 974,061	\$ 1,227,080
Investments	-	-	2,383,846	2,383,846
Accounts receivable, net	-	-	44,059	44,059
Accrued interest receivable	-	-	4,944	4,944
Advances to other funds	-	-	485,000	485,000
<b>Total assets</b>	<b>\$ 253,019</b>	<b>\$ -</b>	<b>\$ 3,891,910</b>	<b>\$ 4,144,929</b>
<b>Liabilities:</b>				
Accounts and contracts payable	\$ 82,644	\$ -	\$ 461,082	\$ 543,726
<b>Total liabilities</b>	<b>82,644</b>	<b>-</b>	<b>461,082</b>	<b>543,726</b>
<b>Fund balances:</b>				
Non-spendable:				
Advances	-	-	485,000	485,000
Assigned to:				
Capital projects	170,375	-	2,945,828	3,116,203
<b>Total fund balances</b>	<b>170,375</b>	<b>-</b>	<b>3,430,828</b>	<b>3,601,203</b>
<b>Total liabilities and fund balances</b>	<b>\$ 253,019</b>	<b>\$ -</b>	<b>\$ 3,891,910</b>	<b>\$ 4,144,929</b>

*City of Lake Worth, Florida*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Capital Projects Funds  
For the Fiscal Year Ended September 30, 2014**

	Park of Commerce	Master Infrastructure Plan	Capital Projects	Total Non-Major Capital Projects Funds
<b>Revenues:</b>				
Utility and other taxes	\$ -	\$ -	\$ 318,119	\$ 318,119
Investment income	-	-	10,027	10,027
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>328,146</u>	<u>328,146</u>
<b>Expenditures:</b>				
Current:				
General government	-	-	1,236	1,236
Transportation	-	-	437	437
Capital outlay	529,625	-	1,132,499	1,662,124
<b>Total expenditures</b>	<u>529,625</u>	<u>-</u>	<u>1,134,172</u>	<u>1,663,797</u>
Excess (deficiency) of revenues over expenditures	<u>(529,625)</u>	<u>-</u>	<u>(806,026)</u>	<u>(1,335,651)</u>
<b>Other financing sources (uses):</b>				
Transfers in	700,000	310,097	870,584	1,880,681
Transfers out	-	(1,457,439)	(900,000)	(2,357,439)
<b>Total other financing sources (uses)</b>	<u>700,000</u>	<u>(1,147,342)</u>	<u>(29,416)</u>	<u>(476,758)</u>
Net change in fund balances	<u>170,375</u>	<u>(1,147,342)</u>	<u>(835,442)</u>	<u>(1,812,409)</u>
<b>Fund balances, beginning of year</b>	-	1,147,342	4,257,192	5,404,534
Prior period adjustment	<u>-</u>	<u>-</u>	<u>9,078</u>	<u>9,078</u>
<b>Fund balances, beginning of year, as restated</b>	<u>-</u>	<u>1,147,342</u>	<u>4,266,270</u>	<u>5,413,612</u>
<b>Fund balances, end of year</b>	<u>\$ 170,375</u>	<u>\$ -</u>	<u>\$ 3,430,828</u>	<u>\$ 3,601,203</u>

*City of Lake Worth, Florida*

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Building Permit Fund  
For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Licenses and permits	\$ 625,000	\$ 625,000	\$ 756,729	\$ 131,729
Charges for services	100	100	170	70
Investment income	-	-	5,437	5,437
Miscellaneous	-	-	1,260	1,260
<b>Total revenues</b>	<u>625,100</u>	<u>625,100</u>	<u>763,596</u>	<u>138,496</u>
<b>Expenditures:</b>				
Public safety	596,142	601,342	568,557	32,785
<b>Total expenditures</b>	<u>596,142</u>	<u>601,342</u>	<u>568,557</u>	<u>32,785</u>
Excess (deficiency) of revenues over expenditures	<u>28,958</u>	<u>23,758</u>	<u>195,039</u>	<u>171,281</u>
<b>Other financing sources (uses):</b>				
Transfers in	23,985	23,985	23,985	-
Appropriated fund balance	(52,943)	(47,743)	-	47,743
<b>Total other financing sources (uses)</b>	<u>(28,958)</u>	<u>(23,758)</u>	<u>23,985</u>	<u>47,743</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	219,024	<u>\$ 219,024</u>
<b>Fund balance, beginning of year</b>			<u>1,308,867</u>	
<b>Fund balance, end of year</b>			<u>\$ 1,527,891</u>	

*City of Lake Worth, Florida*

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Golf Fund  
For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 1,135,628	\$ 1,135,628	\$ 903,091	\$ (232,537)
Miscellaneous	-	10,000	570	(9,430)
<b>Total revenues</b>	<u>1,135,628</u>	<u>1,145,628</u>	<u>903,661</u>	<u>(241,967)</u>
<b>Expenditures:</b>				
Culture and recreation	1,102,848	1,112,848	1,037,420	75,428
<b>Total expenditures</b>	<u>1,102,848</u>	<u>1,112,848</u>	<u>1,037,420</u>	<u>75,428</u>
Excess (deficiency) of revenues over expenditures	<u>32,780</u>	<u>32,780</u>	<u>(133,759)</u>	<u>(166,539)</u>
<b>Other financing sources (uses):</b>				
Transfers in	285,770	285,770	284,277	(1,493)
Transfers out	(110,000)	(110,000)	-	110,000
Appropriated fund balance	(208,550)	(208,550)	-	208,550
<b>Total other financing sources (uses)</b>	<u>(32,780)</u>	<u>(32,780)</u>	<u>284,277</u>	<u>317,057</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	150,518	<u>\$ 150,518</u>
<b>Fund balance, beginning of year</b>			<u>(217,731)</u>	
<b>Fund balance, end of year</b>			<u>\$ (67,213)</u>	

*City of Lake Worth, Florida*

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Parking Improvement Fund  
For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 215	\$ 215
<b>Total revenues</b>	-	-	215	215
<b>Expenditures:</b>				
Transportation	67,998	67,998	29	67,969
<b>Total expenditures</b>	67,998	67,998	29	67,969
Excess (deficiency) of revenues over expenditures	(67,998)	(67,998)	186	68,184
<b>Other financing sources (uses):</b>				
Appropriated fund balance	67,998	67,998	-	(67,998)
<b>Total other financing sources (uses)</b>	67,998	67,998	-	(67,998)
Net change in fund balance	\$ -	\$ -	186	\$ 186
<b>Fund balance, beginning of year</b>			66,300	
<b>Fund balance, end of year</b>			\$ 66,486	

*City of Lake Worth, Florida*

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Foreclosure Fund  
For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 1,845	\$ 1,845
Miscellaneous	-	-	58,363	58,363
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>60,208</u>	<u>60,208</u>
<b>Expenditures:</b>				
Public safety	294,825	409,525	74,250	335,275
<b>Total expenditures</b>	<u>294,825</u>	<u>409,525</u>	<u>74,250</u>	<u>335,275</u>
Excess (deficiency) of revenues over expenditures	<u>(294,825)</u>	<u>(409,525)</u>	<u>(14,042)</u>	<u>395,483</u>
<b>Other financing sources (uses):</b>				
Transfers in	202,411	293,111	202,411	(90,700)
Appropriated fund balance	92,414	116,414	-	(116,414)
<b>Total other financing sources (uses)</b>	<u>294,825</u>	<u>409,525</u>	<u>202,411</u>	<u>(207,114)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	188,369	<u>\$ 188,369</u>
<b>Fund balance, beginning of year</b>			<u>679,274</u>	
<b>Fund balance, end of year</b>			<u>\$ 867,643</u>	

*City of Lake Worth, Florida*

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Grants Fund  
For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 1,880,342	\$ 2,387,868	\$ 156,350	\$ (2,231,518)
<b>Total revenues</b>	<b>1,880,342</b>	<b>2,387,868</b>	<b>156,350</b>	<b>(2,231,518)</b>
<b>Expenditures:</b>				
Current:				
General government	775	-	-	-
Public safety	50,247	134,993	82,236	52,757
Culture and recreation	199,801	907,892	13,583	894,309
Capital outlay	1,629,519	1,491,014	35,200	1,455,814
<b>Total expenditures</b>	<b>1,880,342</b>	<b>2,533,899</b>	<b>131,019</b>	<b>2,402,880</b>
Excess (deficiency) of revenues over expenditures	-	(146,031)	25,331	171,362
<b>Other financing sources (uses):</b>				
Transfers in	-	10,000	10,000	-
Transfers out	-	(83,740)	(83,740)	-
Appropriated fund balance	-	219,771	-	(219,771)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>146,031</b>	<b>(73,740)</b>	<b>(219,771)</b>
Net change in fund balance	\$ -	\$ -	(48,409)	\$ (48,409)
<b>Fund balance, beginning of year</b>			<b>219,771</b>	
<b>Fund balance, end of year</b>			<b>\$ 171,362</b>	

*City of Lake Worth, Florida*

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Tree Beautification Fund  
For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Miscellaneous	\$ 1,000	\$ 1,000	\$ 310	\$ (690)
<b>Total revenues</b>	<u>1,000</u>	<u>1,000</u>	<u>310</u>	<u>(690)</u>
<b>Expenditures:</b>				
Physical environment	1,000	1,000	164	836
<b>Total expenditures</b>	<u>1,000</u>	<u>1,000</u>	<u>164</u>	<u>836</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>146</u>	<u>146</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	146	<u>\$ 146</u>
<b>Fund balance, beginning of year</b>			<u>8,670</u>	
<b>Fund balance, end of year</b>			<u>\$ 8,816</u>	

*City of Lake Worth, Florida*

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Utility Conservation Fund  
For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 3,268	\$ 3,268
Miscellaneous	-	-	579	579
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>3,847</u>	<u>3,847</u>
<b>Expenditures:</b>				
General government	<u>735,379</u>	<u>735,379</u>	<u>129,819</u>	<u>605,560</u>
<b>Total expenditures</b>	<u>735,379</u>	<u>735,379</u>	<u>129,819</u>	<u>605,560</u>
Excess (deficiency) of revenues over expenditures	<u>(735,379)</u>	<u>(735,379)</u>	<u>(125,972)</u>	<u>609,407</u>
<b>Other financing sources (uses):</b>				
Appropriated fund balance	<u>735,379</u>	<u>735,379</u>	<u>-</u>	<u>(735,379)</u>
<b>Total other financing sources (uses)</b>	<u>735,379</u>	<u>735,379</u>	<u>-</u>	<u>(735,379)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(125,972)</u>	<u>\$ (125,972)</u>
<b>Fund balance, beginning of year</b>			<u>848,641</u>	
<b>Fund balance, end of year</b>			<u>\$ 722,669</u>	

*City of Lake Worth, Florida*

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Simpkin Trust Fund  
For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Investment income	\$ 1,000	\$ 1,000	\$ 1,373	\$ 373
<b>Total revenues</b>	<u>1,000</u>	<u>1,000</u>	<u>1,373</u>	<u>373</u>
<b>Expenditures:</b>				
Culture and recreation	528	528	227	301
<b>Total expenditures</b>	<u>528</u>	<u>528</u>	<u>227</u>	<u>301</u>
Excess (deficiency) of revenues over expenditures	<u>472</u>	<u>472</u>	<u>1,146</u>	<u>674</u>
<b>Other financing sources (uses):</b>				
Transfers out	(63,000)	(63,000)	(63,000)	-
Appropriated fund balance	<u>62,528</u>	<u>62,528</u>	<u>-</u>	<u>(62,528)</u>
<b>Total other financing sources (uses)</b>	<u>(472)</u>	<u>(472)</u>	<u>(63,000)</u>	<u>(62,528)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(61,854)	<u>\$ (61,854)</u>
<b>Fund balance, beginning of year</b>			<u>395,492</u>	
<b>Fund balance, end of year</b>			<u>\$ 333,638</u>	

*City of Lake Worth, Florida*

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Library Trust Fund  
For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Miscellaneous	\$ 1,800	\$ 1,800	\$ 5,059	\$ 3,259
<b>Total revenues</b>	1,800	1,800	5,059	3,259
<b>Expenditures:</b>				
Culture and recreation	117	117	15	102
<b>Total expenditures</b>	117	117	15	102
Excess (deficiency) of revenues over expenditures	1,683	1,683	5,044	3,361
<b>Other financing sources (uses):</b>				
Transfers out	(53,000)	(53,000)	(53,000)	-
Appropriated fund balance	51,317	51,317	-	(51,317)
<b>Total other financing sources (uses)</b>	(1,683)	(1,683)	(53,000)	(51,317)
Net change in fund balance	\$ -	\$ -	(47,956)	\$ (47,956)
<b>Fund balance, beginning of year</b>			69,769	
<b>Fund balance, end of year</b>			\$ 21,813	

*City of Lake Worth, Florida*

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Law Enforcement and Firefighters Education Fund  
For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 6,000	\$ 6,000	\$ 7,410	\$ 1,410
<b>Total revenues</b>	<u>6,000</u>	<u>6,000</u>	<u>7,410</u>	<u>1,410</u>
<b>Expenditures:</b>				
Public safety	<u>45,020</u>	<u>45,020</u>	-	<u>45,020</u>
<b>Total expenditures</b>	<u>45,020</u>	<u>45,020</u>	-	<u>45,020</u>
Excess (deficiency) of revenues over expenditures	<u>(39,020)</u>	<u>(39,020)</u>	<u>7,410</u>	<u>46,430</u>
<b>Other financing sources (uses):</b>				
Appropriated fund balance	<u>39,020</u>	<u>39,020</u>	-	<u>(39,020)</u>
<b>Total other financing sources (uses)</b>	<u>39,020</u>	<u>39,020</u>	-	<u>(39,020)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	7,410	<u>\$ 7,410</u>
<b>Fund balance, beginning of year</b>			<u>40,142</u>	
<b>Fund balance, end of year</b>			<u>\$ 47,552</u>	

*City of Lake Worth, Florida*

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Law Enforcement Confiscated Property Fund  
For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ 7,281	\$ 7,281
Investment income	-	-	200	200
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>7,481</b>	<b>7,481</b>
<b>Expenditures:</b>				
Public safety	47,197	47,197	1,405	45,792
<b>Total expenditures</b>	<b>47,197</b>	<b>47,197</b>	<b>1,405</b>	<b>45,792</b>
Excess (deficiency) of revenues over expenditures	(47,197)	(47,197)	6,076	53,273
<b>Other financing sources (uses):</b>				
Appropriated fund balance	47,197	47,197	-	(47,197)
<b>Total other financing sources (uses)</b>	<b>47,197</b>	<b>47,197</b>	<b>-</b>	<b>(47,197)</b>
Net change in fund balance	\$ -	\$ -	6,076	\$ 6,076
<b>Fund balance, beginning of year</b>			<b>50,862</b>	
<b>Fund balance, end of year</b>			<b>\$ 56,938</b>	

*City of Lake Worth, Florida*

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Park of Commerce Fund  
For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Capital outlay	700,000	700,000	529,625	170,375
<b>Total expenditures</b>	<b>700,000</b>	<b>700,000</b>	<b>529,625</b>	<b>170,375</b>
Excess (deficiency) of revenues over expenditures	(700,000)	(700,000)	(529,625)	170,375
<b>Other financing sources (uses):</b>				
Transfers in	700,000	700,000	700,000	-
<b>Total other financing sources (uses)</b>	<b>700,000</b>	<b>700,000</b>	<b>700,000</b>	<b>-</b>
Net change in fund balance	\$ -	\$ -	170,375	\$ 170,375
<b>Fund balance, beginning of year</b>			-	
<b>Fund balance, end of year</b>			<b>\$ 170,375</b>	

*City of Lake Worth, Florida*

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Master Infrastructure Plan Fund  
For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
<b>Revenues:</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
General government	211,789	261,789	-	261,789
Capital outlay	17,813,940	17,763,940	-	17,763,940
<b>Total expenditures</b>	<u>18,025,729</u>	<u>18,025,729</u>	-	<u>18,025,729</u>
Excess (deficiency) of revenues over expenditures	<u>(18,025,729)</u>	<u>(18,025,729)</u>	-	<u>18,025,729</u>
<b>Other financing sources (uses):</b>				
Transfers in	12,483,771	12,483,771	310,097	(12,173,674)
Transfers out	-	-	(1,457,439)	(1,457,439)
Proceeds from debt issuance	5,541,958	5,541,958	-	(5,541,958)
<b>Total other financing sources (uses)</b>	<u>18,025,729</u>	<u>18,025,729</u>	<u>(1,147,342)</u>	<u>(19,173,071)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(1,147,342)	<u>\$ (1,147,342)</u>
<b>Fund balance, beginning of year</b>			<u>1,147,342</u>	
<b>Fund balance, end of year</b>			<u>\$ -</u>	

*City of Lake Worth, Florida*

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Capital Projects Fund  
For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 6,972	\$ 6,972
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>6,972</u>	<u>6,972</u>
<b>Expenditures:</b>				
General government	140,543	1,235	1,235	-
Capital outlay	8,251,302	2,417,927	503,281	1,914,646
<b>Total expenditures</b>	<u>8,391,845</u>	<u>2,419,162</u>	<u>504,516</u>	<u>1,914,646</u>
Excess (deficiency) of revenues over expenditures	<u>(8,391,845)</u>	<u>(2,419,162)</u>	<u>(497,544)</u>	<u>1,921,618</u>
<b>Other financing sources (uses):</b>				
Transfers in	50,000	289,636	289,636	-
Transfers out	(900,000)	(900,000)	(900,000)	-
Proceeds from debt issuance	6,600,000	-	-	-
Appropriated fund balance	2,641,845	3,029,526	-	(3,029,526)
<b>Total other financing sources (uses)</b>	<u>8,391,845</u>	<u>2,419,162</u>	<u>(610,364)</u>	<u>(3,029,526)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(1,107,908)	<u>\$ (1,107,908)</u>
<b>Fund balance, beginning of year as restated</b>			<u>3,424,277</u>	
<b>Fund balance, end of year</b>			<u>\$ 2,316,369</u>	

*City of Lake Worth, Florida*

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Road Improvement Fund  
For the Fiscal Year Ended September 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Utility and other taxes	\$ 358,000	\$ 356,173	\$ 318,119	\$ (38,054)
Investment income	10,000	10,000	3,055	(6,945)
<b>Total revenues</b>	368,000	366,173	321,174	(44,999)
<b>Expenditures:</b>				
Transportation	1,932	438	438	-
Capital outlay	1,164,335	1,164,002	629,218	534,784
<b>Total expenditures</b>	1,166,267	1,164,440	629,656	534,784
Excess (deficiency) of revenues over expenditures	(798,267)	(798,267)	(308,482)	489,785
<b>Other financing sources (uses):</b>				
Transfers in	-	-	580,948	580,948
Appropriated fund balance	798,267	798,267	-	(798,267)
<b>Total other financing sources (uses)</b>	798,267	798,267	580,948	(217,319)
Net change in fund balance	\$ -	\$ -	272,466	\$ 272,466
<b>Fund balance, beginning of year, as restated</b>			841,993	
<b>Fund balance, end of year</b>			\$ 1,114,459	

*City of Lake Worth, Florida*

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***Non-Major Enterprise Funds***

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Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the City Commission is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the periodic determination of net income is appropriate for accountability purposes.

**Stormwater Utility Fund**

This fund accounts for fees and charges related to the operation and maintenance of a stormwater management system.

**Refuse Collection and Disposal Fund**

To account for the provision of solid waste removal for the residents of the service area. All activities to provide such service are accounted for, including collection and disposal.

*City of Lake Worth, Florida*

**Combining Statement of Net Position  
Non-Major Enterprise Funds  
September 30, 2014**

	<u>Stormwater</u>	<u>Refuse Collection and Disposal</u>	<u>Total Non-Major Enterprise Funds</u>
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 16,147	\$ 54,022	\$ 70,169
Investments	4,914,285	3,395,845	8,310,130
Accounts receivable, net	28	349,608	349,636
Accrued interest receivable	10,372	7,164	17,536
<b>Total current assets</b>	<u>4,940,832</u>	<u>3,806,639</u>	<u>8,747,471</u>
<b>Non-current assets:</b>			
Capital assets:			
Land	138,346	593,700	732,046
Construction in progress	25,618	-	25,618
Land improvements	241,637	-	241,637
Buildings and structures	-	296,994	296,994
Infrastructure	3,392,329	-	3,392,329
Machinery and equipment	378,753	88,712	467,465
Vehicles	816,853	2,749,359	3,566,212
Accumulated depreciation	(2,368,678)	(2,564,565)	(4,933,243)
<b>Total non-current assets</b>	<u>2,624,858</u>	<u>1,164,200</u>	<u>3,789,058</u>
<b>Total assets</b>	<u>\$ 7,565,690</u>	<u>\$ 4,970,839</u>	<u>\$ 12,536,529</u>
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts and contracts payable	\$ 36,562	\$ 95,729	\$ 132,291
Accrued liabilities	19,532	61,432	80,964
	2,689	15,159	17,848
<b>Total current liabilities</b>	<u>58,783</u>	<u>172,320</u>	<u>231,103</u>
<b>Non-current liabilities:</b>			
Compensated absences	13,838	72,356	86,194
Other post-employment benefits	16,408	104,792	121,200
<b>Total non-current liabilities</b>	<u>30,246</u>	<u>177,148</u>	<u>207,394</u>
<b>Total liabilities</b>	<u>89,029</u>	<u>349,468</u>	<u>438,497</u>
<b>Net position:</b>			
Net investment in capital assets	2,624,858	1,164,200	3,789,058
Unrestricted	4,851,803	3,457,171	8,308,974
<b>Total net position</b>	<u>7,476,661</u>	<u>4,621,371</u>	<u>12,098,032</u>
<b>Total liabilities and net position</b>	<u>\$ 7,565,690</u>	<u>\$ 4,970,839</u>	<u>\$ 12,536,529</u>

*City of Lake Worth, Florida*

**Combining Statement of Revenues, Expenses and Changes in Net Position**

**Non-Major Enterprise Funds**

**For the Fiscal Year Ended September 30, 2014**

	<u>Stormwater</u>	<u>Refuse Collection and Disposal</u>	<u>Total Non-Major Enterprise Funds</u>
<b>Operating revenues:</b>			
Charges for services	\$ 1,811,731	\$ 5,840,137	\$ 7,651,868
<b>Total operating revenues</b>	<u>1,811,731</u>	<u>5,840,137</u>	<u>7,651,868</u>
<b>Operating expenses:</b>			
Cost of services	938,427	4,504,295	5,442,722
General and administrative	138,522	190,193	328,715
Depreciation	284,471	168,454	452,925
<b>Total operating expenses</b>	<u>1,361,420</u>	<u>4,862,942</u>	<u>6,224,362</u>
Operating income (loss)	<u>450,311</u>	<u>977,195</u>	<u>1,427,506</u>
<b>Non-operating revenues (expenses):</b>			
Investment income	22,325	15,562	37,887
Other	5,695	13,924	19,619
<b>Total non-operating revenues (expenses)</b>	<u>28,020</u>	<u>29,486</u>	<u>57,506</u>
<b>Income (loss) before transfers</b>	478,331	1,006,681	1,485,012
Transfers in	232,317	-	232,317
Transfers out	<u>(164,071)</u>	<u>(694,825)</u>	<u>(858,896)</u>
Change in net position	<u>546,577</u>	<u>311,856</u>	<u>858,433</u>
<b>Net position, beginning of year</b>	6,930,778	4,117,482	11,048,260
Prior period adjustment	<u>(694)</u>	<u>192,033</u>	<u>191,339</u>
<b>Net position, beginning of year, as restated</b>	<u>6,930,084</u>	<u>4,309,515</u>	<u>11,239,599</u>
<b>Net position, end of year</b>	<u>\$ 7,476,661</u>	<u>\$ 4,621,371</u>	<u>\$ 12,098,032</u>

*City of Lake Worth, Florida*

**Combining Statement of Cash Flows  
Non-Major Enterprise Funds  
For the Fiscal Year Ended September 30, 2014**

	<u>Stormwater</u>	<u>Refuse Collection and Disposal</u>	<u>Total Non-Major Enterprise Funds</u>
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 1,822,120	\$ 5,847,099	\$ 7,669,219
Payments to suppliers	(343,134)	(2,381,716)	(2,724,850)
Payments to employees	(365,308)	(1,251,039)	(1,616,347)
Payments for interfund services received	(352,664)	(1,006,003)	(1,358,667)
Other receipts	5,695	13,924	19,619
<b>Net cash provided by (used in) operating activities</b>	<u>766,709</u>	<u>1,222,265</u>	<u>1,988,974</u>
<b>Cash flows from non-capital financing activities:</b>			
Due from (to) other funds	100,000	(100,000)	-
Transfer from other funds	232,317	-	232,317
Transfer to other funds	(164,071)	(694,825)	(858,896)
<b>Net cash provided by (used in) non-capital financing activities</b>	<u>168,246</u>	<u>(794,825)</u>	<u>(626,579)</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition and construction of capital asset, net	(350,553)	(45,819)	(396,372)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(350,553)</u>	<u>(45,819)</u>	<u>(396,372)</u>
<b>Cash flows from investing activities:</b>			
Purchase of investments	(5,773,919)	(3,849,279)	(9,623,198)
Sale of investments	5,085,553	3,457,921	8,543,474
Interest and dividends received	22,103	15,603	37,706
<b>Net cash provided by (used in) investing activities</b>	<u>(666,263)</u>	<u>(375,755)</u>	<u>(1,042,018)</u>
<b>Net change in cash and cash equivalents</b>	(81,861)	5,866	(75,995)
<b>Cash and cash equivalents, beginning</b>	<u>98,008</u>	<u>48,156</u>	<u>146,164</u>
<b>Cash and cash equivalents, ending</b>	<u>\$ 16,147</u>	<u>\$ 54,022</u>	<u>\$ 70,169</u>

*City of Lake Worth, Florida*

**Combining Statement of Cash Flows  
Non-Major Enterprise Funds (continued)  
For the Fiscal Year Ended September 30, 2014**

	<u>Stormwater</u>	<u>Refuse Collection and Disposal</u>	<u>Total Non-Major Enterprise Funds</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
<b>Operating income (loss)</b>	\$ <u>450,311</u>	\$ <u>977,195</u>	\$ <u>1,427,506</u>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</b>			
Depreciation	284,471	168,454	452,925
Other non-operating income	5,695	13,924	19,619
<b>Decrease (increase) in assets:</b>			
Accounts receivable	10,389	6,962	17,351
<b>Increase (decrease) in liabilities:</b>			
Accounts and contracts payable	3,718	36,551	40,269
Accrued liabilities	4,670	10,083	14,753
Compensated absences	4,971	(2,612)	2,359
Other post-employment benefits	<u>2,484</u>	<u>11,708</u>	<u>14,192</u>
<b>Total adjustments</b>	<u>316,398</u>	<u>245,070</u>	<u>561,468</u>
<b>Net cash provided by (used in) operating activities</b>	\$ <u><u>766,709</u></u>	\$ <u><u>1,222,265</u></u>	\$ <u><u>1,988,974</u></u>
<b>Supplemental disclosure of investing activities:</b>			
Unrealized gains (losses) on investments	\$ <u><u>23,935</u></u>	\$ <u><u>16,783</u></u>	\$ <u><u>40,718</u></u>

*City of Lake Worth, Florida*

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## *City of Lake Worth, Florida*

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### **Internal Service Funds**

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Internal Service Funds are used to account for activity that provides goods or services to other funds or departments of the primary government and its component units on a cost reimbursement basis.

#### **Information Technology**

The fund was established to centralize oversight, management and funding of the City's computer network, telephone and internet communication system.

#### **Insurance Fund**

This fund was established to enable centralized oversight, management and funding of the City's insurance coverage, deductibles and uninsured risks.

#### **Garage Fund**

This fund was established to centralize oversight, management and funding of maintaining the City's vehicles.

#### **Employee Benefits**

This fund was established to enable centralized oversight, management and funding of the City's employee benefits.

*City of Lake Worth, Florida*

**Combining Statement of Net Position  
Internal Service Funds  
September 30, 2014**

	<u>Information Technology</u>	<u>Insurance</u>	<u>City Garage</u>	<u>Employee Benefits</u>	<u>Total Internal Service Funds</u>
<b>Assets:</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 1,109,258	\$ 2,008,118	\$ 1,767,648	\$ 2,003,650	\$ 6,888,674
Investments	-	5,339,230	-	-	5,339,230
Accounts receivable, net	12,485	567	-	2,221	15,273
Accrued interest receivable	-	11,409	-	-	11,409
Due from other funds	-	82,500	-	-	82,500
Inventories	-	-	170,186	-	170,186
Prepaid items	-	21,961	-	-	21,961
<b>Total current assets</b>	<u>1,121,743</u>	<u>7,463,785</u>	<u>1,937,834</u>	<u>2,005,871</u>	<u>12,529,233</u>
<b>Non-current assets:</b>					
Advances to other funds	-	1,835,000	-	-	1,835,000
Construction in progress	32,390	-	-	-	32,390
Machinery and equipment	906,043	-	-	-	906,043
Vehicles	45,764	-	1,138,770	-	1,184,534
Accumulated depreciation	(659,992)	-	(611,702)	-	(1,271,694)
<b>Total non-current assets</b>	<u>324,205</u>	<u>1,835,000</u>	<u>527,068</u>	<u>-</u>	<u>2,686,273</u>
<b>Total assets</b>	<u>\$ 1,445,948</u>	<u>\$ 9,298,785</u>	<u>\$ 2,464,902</u>	<u>\$ 2,005,871</u>	<u>\$ 15,215,506</u>
<b>Liabilities:</b>					
<b>Current liabilities:</b>					
Accounts and contracts payable	\$ 32,453	\$ 16,475	\$ 27,298	\$ 6,376	\$ 82,602
Accrued liabilities	16,355	38,651	18,947	414,764	488,717
<b>Total current liabilities</b>	<u>48,808</u>	<u>55,126</u>	<u>46,245</u>	<u>421,140</u>	<u>571,319</u>
<b>Non-current liabilities:</b>					
Insurance claims payable	-	2,439,071	-	-	2,439,071
Compensated absences	26,833	-	18,304	-	45,137
<b>Total non-current liabilities</b>	<u>26,833</u>	<u>2,439,071</u>	<u>18,304</u>	<u>-</u>	<u>2,484,208</u>
<b>Total liabilities</b>	<u>75,641</u>	<u>2,494,197</u>	<u>64,549</u>	<u>421,140</u>	<u>3,055,527</u>
<b>Net position:</b>					
Net investment in capital assets	324,205	-	527,068	-	851,273
Unrestricted	1,046,102	6,804,588	1,873,285	1,584,731	11,308,706
<b>Total net position</b>	<u>1,370,307</u>	<u>6,804,588</u>	<u>2,400,353</u>	<u>1,584,731</u>	<u>12,159,979</u>
<b>Total liabilities and net position</b>	<u>\$ 1,445,948</u>	<u>\$ 9,298,785</u>	<u>\$ 2,464,902</u>	<u>\$ 2,005,871</u>	<u>\$ 15,215,506</u>

*City of Lake Worth, Florida*

**Combining Statement of Revenues, Expenses and Changes in Net Position  
Internal Service Funds  
For the Fiscal Year Ended September 30, 2014**

	Information Technology	Insurance	City Garage	Employee Benefits	Total Internal Service Funds
<b>Operating revenues:</b>					
Charges for services	\$ 1,445,939	\$ 1,742,360	\$ 837,256	\$ 8,057,719	\$ 12,083,274
Intergovernmental	-	-	-	24,016	24,016
<b>Total operating revenues</b>	<u>1,445,939</u>	<u>1,742,360</u>	<u>837,256</u>	<u>8,081,735</u>	<u>12,107,290</u>
<b>Operating expenses:</b>					
Cost of services	1,092,182	2,431,693	623,099	7,754,798	11,901,772
Depreciation	121,388	-	227,754	-	349,142
<b>Total operating expenses</b>	<u>1,213,570</u>	<u>2,431,693</u>	<u>850,853</u>	<u>7,754,798</u>	<u>12,250,914</u>
<b>Operating income (loss)</b>	<u>232,369</u>	<u>(689,333)</u>	<u>(13,597)</u>	<u>326,937</u>	<u>(143,624)</u>
<b>Non-operating revenues (expenses):</b>					
Investment income	-	16,574	-	-	16,574
Other	1,904	1,222,118	23,912	3,585	1,251,519
<b>Total non-operating revenues (expenses)</b>	<u>1,904</u>	<u>1,238,692</u>	<u>23,912</u>	<u>3,585</u>	<u>1,268,093</u>
<b>Income (loss) before transfers and contributions</b>	234,273	549,359	10,315	330,522	1,124,469
Capital contributions	31,500	-	724,665	-	756,165
Transfers in	8,510	-	-	-	8,510
Transfers out	-	(8,510)	-	-	(8,510)
<b>Change in net position</b>	<u>274,283</u>	<u>540,849</u>	<u>734,980</u>	<u>330,522</u>	<u>1,880,634</u>
<b>Net position, beginning of year</b>	1,096,024	7,975,505	1,665,373	1,254,209	11,991,111
Prior period adjustment	-	(1,711,766)	-	-	(1,711,766)
<b>Net position, beginning of year, as restated</b>	<u>1,096,024</u>	<u>6,263,739</u>	<u>1,665,373</u>	<u>1,254,209</u>	<u>10,279,345</u>
<b>Net position, end of year</b>	<u>\$ 1,370,307</u>	<u>\$ 6,804,588</u>	<u>\$ 2,400,353</u>	<u>\$ 1,584,731</u>	<u>\$ 12,159,979</u>

*City of Lake Worth, Florida*

**Combining Statement of Cash Flows**

**Internal Service Funds**

**For the Fiscal Year Ended September 30, 2014**

	Information Technology	Insurance	City Garage	Employee Benefits	Total Internal Service Funds
<b>Cash flows from operating activities:</b>					
Receipts from interfund charges	\$ 1,433,454	\$ 1,741,793	\$ 837,256	\$ 8,081,316	\$ 12,093,819
Payments to suppliers	(758,628)	(1,600,961)	(360,099)	(7,666,513)	(10,386,201)
Payments to employees	(317,303)	(111,620)	(256,071)	(36,710)	(721,704)
Other receipts (disbursements)	1,904	1,222,118	23,912	3,585	1,251,519
<b>Net cash provided by (used in) operating activities</b>	<u>359,427</u>	<u>1,251,330</u>	<u>244,998</u>	<u>381,678</u>	<u>2,237,433</u>
<b>Cash flows from non-capital financing activities:</b>					
Due from (to) other funds	-	(82,500)	-	-	(82,500)
Transfer from other funds	8,510	-	-	-	8,510
Transfer to other funds	-	(8,510)	-	-	(8,510)
<b>Net cash provided by (used in) non-capital financing activities</b>	<u>8,510</u>	<u>(91,010)</u>	<u>-</u>	<u>-</u>	<u>(82,500)</u>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition and construction of capital assets, net	(149,108)	-	-	-	(149,108)
Advances from (to) other funds	-	165,000	-	-	165,000
Contributed capital, cash transactions	31,500	-	724,665	-	756,165
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(117,608)</u>	<u>165,000</u>	<u>724,665</u>	<u>-</u>	<u>772,057</u>
<b>Cash flows from investing activities:</b>					
Purchase of investments	-	(5,773,919)	-	-	(5,773,919)
Sale of investments	-	5,692,637	-	-	5,692,637
Interest and dividends received	-	25,216	-	-	25,216
<b>Net cash provided by (used in) investing activities</b>	<u>-</u>	<u>(56,066)</u>	<u>-</u>	<u>-</u>	<u>(56,066)</u>
<b>Net change in cash and cash equivalents</b>	250,329	1,269,254	969,663	381,678	2,870,924
<b>Cash and cash equivalents, beginning</b>	<u>858,929</u>	<u>738,864</u>	<u>797,985</u>	<u>1,621,972</u>	<u>4,017,750</u>
<b>Cash and cash equivalents, ending</b>	<u>\$ 1,109,258</u>	<u>\$ 2,008,118</u>	<u>\$ 1,767,648</u>	<u>\$ 2,003,650</u>	<u>\$ 6,888,674</u>

*City of Lake Worth, Florida*

**Combining Statement of Cash Flows  
Internal Service Funds (continued)  
For the Fiscal Year Ended September 30, 2014**

	<u>Information Technology</u>	<u>Insurance</u>	<u>City Garage</u>	<u>Employee Benefits</u>	<u>Total Internal Service Funds</u>
<b>Reconciliation of operating income</b>					
<b>(loss) to net cash provided by (used in)</b>					
<b>operating activities:</b>					
<b>Operating income (loss)</b>	\$ 232,369	\$ (689,333)	\$ (13,597)	\$ 326,937	\$ (143,624)
<b>Adjustments to reconcile operating</b>					
<b>income (loss) to net cash provided by</b>					
<b>(used in) operating activities:</b>					
Depreciation	121,388	-	227,754	-	349,142
Other non-operating income (disbursements)	1,904	1,222,118	23,912	3,585	1,251,519
<b>Decrease (increase) in assets:</b>					
Accounts receivable	(12,485)	(567)	-	(419)	(13,471)
Prepaid items	1,654	(6,961)	-	-	(5,307)
Inventories	-	-	(14,435)	-	(14,435)
<b>Increase (decrease) in liabilities:</b>					
Accounts and contracts payable	9,787	(25,626)	14,288	(12,401)	(13,952)
Accrued liabilities	2,092	24,394	6,669	63,976	97,131
Insurance claims payable	-	727,305	-	-	727,305
Compensated absences	2,718	-	407	-	3,125
<b>Total adjustments</b>	<u>127,058</u>	<u>1,940,663</u>	<u>258,595</u>	<u>54,741</u>	<u>2,381,057</u>
<b>Net cash provided by (used in)</b>					
<b>operating activities</b>	\$ <u>359,427</u>	\$ <u>1,251,330</u>	\$ <u>244,998</u>	\$ <u>381,678</u>	\$ <u>2,237,433</u>
<b>Supplemental disclosure of noncash</b>					
<b>investing activities:</b>					
Unrealized gains (losses) on investments	\$ -	\$ 27,377	\$ -	\$ -	\$ 27,377

*City of Lake Worth, Florida*

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## *City of Lake Worth, Florida*

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### **Fiduciary Funds**

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Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

### **Pension Trust Funds**

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#### **General Employees' Retirement System Pension Fund**

To account for the accumulation of resources to be used for retirement benefits of all employees at appropriate amounts and times in the future. Resources are provided by employee and employer contributions, determined by an actuarial study, and investment earnings.

#### **Police Officers' Relief and Retirement System Pension Fund**

To account for the accumulation of resources to be used for retirement benefits for police officers. Resources are provided by annual employee and employer contributions, state contributions, and investment earnings. Individual participation is based upon years of service. Individuals may withdraw their equity upon retirement.

#### **Firefighters' Pension Trust Fund**

To account for the accumulation of resources to be used for retirement benefits for firefighters. Resources are provided by annual employee and employer contributions, state contributions, and investment earnings. Individual participation is based upon years of service. Individuals may withdraw their equity upon retirement.

### **Agency Fund**

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#### **Agency Fund**

The Agency fund is used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds.

*City of Lake Worth, Florida*

**Combining Statement of Net Position  
Pension Trust Funds  
September 30, 2014**

	General Employees' Retirement System	Police Officers' Relief and Retirement System	Firefighters' Pension Trust Fund	Total Pension Trust Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 3,442,847	\$ 1,290,270	\$ 420,194	\$ 5,153,311
Investments at fair value:				
U.S. Government and agency funds	8,881,750	4,629,025	6,276,936	19,787,711
Money market funds	-	-	1,346,680	1,346,680
Corporate bonds	7,953,684	4,392,559	963,954	13,310,197
Common stocks	30,755,115	13,241,373	15,777,734	59,774,222
Real estate	6,844,668	3,219,952	2,106,769	12,171,389
Mutual funds	10,090,345	4,806,972	9,811,493	24,708,810
Partnership	128,873	-	-	128,873
Unit investment trust	-	-	125,531	125,531
Accrued interest, dividends and contributions receivable	567,339	644,831	380,649	1,592,819
Due from broker	303,134	110,759	807,240	1,221,133
Prepaid items	8,917	38,712	2,632	50,261
<b>Total assets</b>	<u>68,976,672</u>	<u>32,374,453</u>	<u>38,019,812</u>	<u>139,370,937</u>
<b>Liabilities:</b>				
Accounts payable	87,091	43,423	48,565	179,079
Due for securities purchased	282,582	145,261	-	427,843
<b>Total liabilities</b>	<u>369,673</u>	<u>188,684</u>	<u>48,565</u>	<u>606,922</u>
<b>Net position held in trust for pension benefits</b>	<u>\$ 68,606,999</u>	<u>\$ 32,185,769</u>	<u>\$ 37,971,247</u>	<u>\$ 138,764,015</u>

*City of Lake Worth, Florida*

**Combining Statement of Changes in Net Position  
Pension Trust Funds  
For the Fiscal Year Ended September 30, 2014**

	General Employees' Retirement System	Police Officers' Relief and Retirement System	Firefighters' Pension Trust Fund	Total Pension Trust Funds
<b>Additions:</b>				
Contributions:				
Employer	\$ 4,553,202	\$ 2,139,353	\$ 2,507,234	\$ 9,199,789
Chapter 175	-	-	117,976	117,976
Plan members	928,387	208,801	123,344	1,260,532
Roll over	-	-	275,168	275,168
State	-	404,603	-	404,603
<b>Total contributions</b>	<b>5,481,589</b>	<b>2,752,757</b>	<b>3,023,722</b>	<b>11,258,068</b>
Investment income:				
Interest and dividends	1,630,214	727,944	1,061,736	3,419,894
Net change in fair value of investments	6,326,109	2,364,277	2,230,085	10,920,471
Other income	544	375	2,451	3,370
<b>Total investment income</b>	<b>7,956,867</b>	<b>3,092,596</b>	<b>3,294,272</b>	<b>14,343,735</b>
Less investment expenses	(440,951)	(186,417)	(215,212)	(842,580)
<b>Net investment income</b>	<b>7,515,916</b>	<b>2,906,179</b>	<b>3,079,060</b>	<b>13,501,155</b>
<b>Total additions</b>	<b>12,997,505</b>	<b>5,658,936</b>	<b>6,102,782</b>	<b>24,759,223</b>
<b>Deductions:</b>				
Pension benefits	9,308,177	3,923,670	3,217,144	16,448,991
Administrative expenses	126,863	96,476	217,064	440,403
<b>Total deductions</b>	<b>9,435,040</b>	<b>4,020,146</b>	<b>3,434,208</b>	<b>16,889,394</b>
<b>Change in net position</b>	<b>3,562,465</b>	<b>1,638,790</b>	<b>2,668,574</b>	<b>7,869,829</b>
<b>Net position, beginning of year</b>	<b>65,044,534</b>	<b>30,546,979</b>	<b>35,302,673</b>	<b>130,894,186</b>
<b>Net position, end of year</b>	<b>\$ 68,606,999</b>	<b>\$ 32,185,769</b>	<b>\$ 37,971,247</b>	<b>\$ 138,764,015</b>

*City of Lake Worth, Florida*

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**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**For the Fiscal Year Ended September 30, 2014**

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	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014
<b>Assets:</b>				
Cash and cash equivalents	\$ 6,847	\$ 13,650	\$ (18,236)	\$ 2,261
Accounts receivable	-	5,050	(5,050)	-
<b>Total assets</b>	<u>\$ 6,847</u>	<u>\$ 18,700</u>	<u>\$ (23,286)</u>	<u>\$ 2,261</u>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 11,740	\$ (11,540)	\$ 200
Deposit payable	6,847	14,650	(19,436)	2,061
<b>Total liabilities</b>	<u>\$ 6,847</u>	<u>\$ 26,390</u>	<u>\$ (30,976)</u>	<u>\$ 2,261</u>

*City of Lake Worth, Florida*

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***Discretely Presented Component Unit***

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**Community Redevelopment Agency Fund**

To account for receipt and disbursements of general funds used for physical and economic redevelopment of targeted areas within the City.

**NSP2 Fund**

To account for the receipt and disbursements of governmental grant money (NSP) used for purchasing and rehabilitating foreclosed and abandoned properties of targeted areas within the City.

**CRA Capital Projects Fund**

To account for the acquisition or construction of major capital projects used for physical and economic redevelopment of targeted areas within the City.

*City of Lake Worth, Florida*

**Combining Balance Sheet  
Discretely Presented Component Unit  
September 30, 2014**

	Community Redevelopment Agency	NSP2	CRA Capital Projects	Total Component Unit
<b>Assets:</b>				
Cash and cash equivalents	\$ 307,190	\$ 1,208,267	\$ 381	\$ 1,515,838
Investments	1,642,813	-	467,923	2,110,736
Accounts receivable, net	1,201	27,478	-	28,679
Due from other funds	-	60	-	60
Land held for resale	-	4,024,790	-	4,024,790
Advances to other funds	5,000	-	-	5,000
Prepaid items	14,495	11,288	-	25,783
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total assets</b>	<u>\$ 1,970,699</u>	<u>\$ 5,271,883</u>	<u>\$ 468,304</u>	<u>\$ 7,710,886</u>
<b>Liabilities:</b>				
Accounts and contracts payable	\$ 3,492	\$ 15,472	\$ -	\$ 18,964
Accrued liabilities	8,640	18,975	-	27,615
Due to other funds	2,433	438	-	2,871
Advances from other funds	-	5,000	-	5,000
Unearned revenue	6,288	401	-	6,689
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total liabilities</b>	<u>20,853</u>	<u>40,286</u>	<u>-</u>	<u>61,139</u>
<b>Fund balances:</b>				
Non-Spendable:				
Land held for resale	-	4,024,790	-	4,024,790
Prepaid items	14,495	11,288	-	25,783
Restricted for:				
Purpose of fund	1,935,351	1,195,519	-	3,130,870
Assigned to:				
Capital projects	-	-	468,304	468,304
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total fund balances</b>	<u>1,949,846</u>	<u>5,231,597</u>	<u>468,304</u>	<u>7,649,747</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,970,699</u>	<u>\$ 5,271,883</u>	<u>\$ 468,304</u>	<u>\$ 7,710,886</u>

*City of Lake Worth, Florida*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Discretely Presented Component Unit  
For the Year Ended September 30, 2014**

	Community Redevelopment Agency	NSP2	CRA Capital Projects	Total Component Unit
<b>Revenues:</b>				
Property taxes	\$ 1,163,917	\$ -	\$ -	\$ 1,163,917
Intergovernmental	-	483,201	-	483,201
Investment income	3,331	-	798	4,129
Rents and royalties	7,200	-	-	7,200
Miscellaneous	55,498	185	-	55,683
<b>Total revenues</b>	<u>1,229,946</u>	<u>483,386</u>	<u>798</u>	<u>1,714,130</u>
<b>Expenditures:</b>				
Current:				
Community redevelopment	\$ 493,239	\$ 1,643,491	\$ 7,883	\$ 2,144,613
Debt service:				
Principal	719,037	-	-	719,037
Interest and fiscal charges	103,216	-	-	103,216
Capital outlay	17,515	-	-	17,515
<b>Total expenditures</b>	<u>1,333,007</u>	<u>1,643,491</u>	<u>7,883</u>	<u>2,984,381</u>
Excess (deficiency) of revenues over expenditures	<u>(103,061)</u>	<u>(1,160,105)</u>	<u>(7,085)</u>	<u>(1,270,251)</u>
<b>Fund balances, beginning of year</b>	2,052,907	7,806,749	475,389	10,335,045
Prior period adjustment	<u>-</u>	<u>(1,415,047)</u>	<u>-</u>	<u>(1,415,047)</u>
<b>Fund balances, beginning of year, as restated</b>	<u>2,052,907</u>	<u>6,391,702</u>	<u>475,389</u>	<u>8,919,998</u>
<b>Fund balances, end of year</b>	<u>\$ 1,949,846</u>	<u>\$ 5,231,597</u>	<u>\$ 468,304</u>	<u>\$ 7,649,747</u>

*City of Lake Worth, Florida*

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## ***STATISTICAL SECTION***

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

### *Contents*

Financial Trends	S2 – S11
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	S12– S15
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	S16 – S23
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Economic and Demographic Information	S24 – S25
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	S26 – S31
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

#### Sources Note:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

*City of Lake Worth, Florida*

**NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS (accrual basis of accounting)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities:				
Net investment in capital assets	\$ 20,317,332	\$ 23,461,231	\$ 25,550,312	\$ 57,367,332
Restricted	7,407,188	10,934,880	9,086,004	8,524,651
Unrestricted	14,354,348	14,894,093	19,960,135	19,705,440
Total governmental activities net position	<u>42,078,868</u>	<u>49,290,204</u>	<u>54,596,451</u>	<u>85,597,423</u>
Business-Type Activities:				
Net investment in capital assets	77,689,949	76,919,792	85,288,499	75,118,328
Restricted	9,861,417	10,858,741	10,061,616	19,642,872
Unrestricted	<u>22,700,280</u>	<u>44,187,657</u>	<u>42,536,712</u>	<u>44,785,774</u>
Total business-type activities net position	<u>110,251,646</u>	<u>131,966,190</u>	<u>137,886,827</u>	<u>139,546,974</u>
Total Government:				
Net investment in capital assets	98,007,281	100,381,023	110,838,811	132,485,660
Restricted	17,268,605	21,793,621	19,147,620	28,167,523
Unrestricted	<u>37,054,628</u>	<u>59,081,750</u>	<u>62,496,847</u>	<u>64,491,214</u>
Total government net position	<u>\$ 152,330,514</u>	<u>\$ 181,256,394</u>	<u>\$ 192,483,278</u>	<u>\$ 225,144,397</u>

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	60,803,680	\$ 59,067,959	\$ 60,345,422	\$ 63,132,112	\$ 63,660,538	\$ 59,907,246
	9,638,809	12,939,913	5,630,464	6,374,614	1,631,956	1,803,743
	13,434,653	13,881,744	21,765,696	2,624,576	6,055,185	4,922,659
	<u>83,877,142</u>	<u>85,889,616</u>	<u>87,741,582</u>	<u>72,131,302</u>	<u>71,347,679</u>	<u>66,633,648</u>
	70,255,454	65,016,315	73,913,475	60,153,130	66,248,211	65,053,346
	17,522,478	17,398,012	17,043,315	22,390,764	2,803,258	4,330,029
	54,291,217	58,134,674	53,714,975	68,980,999	79,507,888	82,345,400
	<u>142,069,149</u>	<u>140,549,001</u>	<u>144,671,765</u>	<u>151,524,893</u>	<u>148,559,357</u>	<u>151,728,775</u>
	131,059,134	124,084,274	134,258,897	123,285,242	129,908,749	124,960,592
	27,161,287	30,337,925	22,673,779	28,765,378	4,435,214	6,133,772
	67,725,870	72,016,418	75,480,671	71,605,575	85,563,073	87,268,059
\$	<u><u>225,946,291</u></u>	<u><u>226,438,617</u></u>	<u><u>232,413,347</u></u>	<u><u>223,656,195</u></u>	<u><u>219,907,036</u></u>	<u><u>218,362,423</u></u>

*City of Lake Worth, Florida*

**CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS (accrual basis of accounting)**

	2005	2006	2007	2008
<b>Expenses:</b>				
<b>Governmental Activities:</b>				
General Government	\$ 3,575,710	\$ 3,357,391	\$ 4,332,707	\$ 3,595,041
Public Safety	21,267,956	21,659,488	25,031,728	24,218,855
Physical Environment	706,525	1,273,494	1,271,527	1,246,126
Transportation	4,495,261	4,539,585	1,984,675	2,062,494
Culture and Recreation	3,544,092	4,034,193	4,564,347	6,376,489
Community Redevelopment	258,129	434,412	699,254	1,661,848
Interest on Long-Term Debt	304,387	378,695	389,230	353,096
Total Governmental Activities Expenses	<u>34,152,060</u>	<u>35,677,258</u>	<u>38,273,468</u>	<u>39,513,949</u>
<b>Business-Type Activities:</b>				
Electric	42,728,189	56,080,287	46,947,158	57,490,812
Water	5,412,204	6,535,047	7,531,626	9,619,267
Local Sewer	9,506,528	9,692,162	5,558,581	5,262,561
Regional Sewer	-	5,082,477	5,723,073	5,184,429
Golf Course	1,972,107	2,171,315	2,190,970	2,023,117
Stormwater	701,522	815,732	836,700	1,307,365
Refuse Collection and Disposal	3,541,314	3,774,872	5,247,076	3,810,654
Total Business-Type Activities Expenses	<u>63,861,864</u>	<u>84,151,892</u>	<u>74,035,184</u>	<u>84,698,205</u>
Total Primary Government Expenses	<u>\$ 98,013,924</u>	<u>\$ 119,829,150</u>	<u>\$ 112,308,652</u>	<u>\$ 124,212,154</u>
<b>Program Revenues:</b>				
<b>Governmental Activities:</b>				
<b>Charges for Services:</b>				
General Government	1,764,704	1,893,398	1,920,609	2,337,022
Public Safety	1,674,694	1,469,251	1,697,091	1,536,383
Physical Environment	247,462	316,389	507,040	573,727
Transportation	468,584	488,994	457,878	367,892
Culture and Recreation	193,724	151,109	122,410	150,229
Community Redevelopment	-	-	-	487,013
Operating Grants and Contributions	3,976,864	6,158,444	3,752,060	1,594,136
Capital Grants and Contributions	473,199	336,396	809,702	2,404,587
Total Governmental Activities Program Revenues	<u>8,799,231</u>	<u>10,813,981</u>	<u>9,266,790</u>	<u>9,450,989</u>
<b>Business-Type Activities:</b>				
<b>Charges for Services:</b>				
Electric	45,186,261	60,786,014	52,706,489	57,474,801
Water	7,498,550	8,348,026	9,278,503	9,879,269
Local and Regional Sewer	7,144,828	5,175,080	5,265,096	5,277,244
Regional Sewer	-	3,804,657	4,135,849	3,481,035
Golf Course	1,799,645	2,012,331	2,028,454	1,921,702
Stormwater	851,215	1,649,918	1,594,645	1,651,158
Refuse Collection and Disposal	3,564,745	4,334,017	4,544,261	4,678,227
Operating Grants and Contributions	-	41,803	491,000	-
Capital Grants and Contributions	8,407,889	10,912,745	2,020,250	1,421,392
Total Business-Type Activities Program Revenues	<u>74,453,133</u>	<u>97,064,591</u>	<u>82,064,547</u>	<u>85,784,828</u>
Total Primary Program Revenues	<u>\$ 83,252,364</u>	<u>\$ 107,878,572</u>	<u>\$ 91,331,337</u>	<u>\$ 95,235,817</u>

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	4,447,237	\$ 1,808,565	\$ 2,779,104	\$ 2,625,404	\$ 2,326,955	\$ 2,297,354
	26,611,820	20,206,868	19,077,692	18,516,774	19,624,339	19,971,563
	2,810,190	3,171,382	2,510,728	2,021,308	1,841,328	1,709,220
	3,813,671	3,869,570	1,382,039	3,388,138	3,923,414	3,775,229
	2,320,000	2,867,839	4,761,357	4,480,875	6,666,221	4,219,879
	1,341,898	1,514,545	2,664,189	-	-	-
	303,538	266,896	228,457	21,401	24,000	-
	<u>41,648,354</u>	<u>33,705,665</u>	<u>33,403,566</u>	<u>31,053,900</u>	<u>34,406,257</u>	<u>31,973,245</u>
	55,353,581	53,936,852	49,596,103	52,552,814	51,377,436	50,529,559
	8,942,867	9,171,596	8,712,797	10,569,901	10,790,441	10,218,577
	5,676,010	6,174,317	5,460,696	6,239,262	5,304,658	6,522,133
	5,611,951	4,884,662	3,815,581	6,070,749	11,061,208	5,827,196
	1,641,346	1,436,970	1,343,390	-	-	-
	1,081,029	1,124,438	2,092,756	2,075,984	1,340,812	1,365,026
	3,538,792	3,419,697	3,245,043	3,954,656	3,956,006	4,880,048
	<u>81,845,576</u>	<u>80,148,532</u>	<u>74,266,366</u>	<u>81,463,366</u>	<u>83,830,561</u>	<u>79,342,539</u>
\$	<u>123,493,930</u>	<u>113,854,197</u>	<u>107,669,932</u>	<u>112,517,266</u>	<u>118,236,818</u>	<u>111,315,784</u>
	1,548,336	2,846,869	2,332,345	2,062,610	2,229,910	1,791,964
	876,141	1,099,226	717,382	526,601	572,064	934,486
	34,005	17,995	82,768	25,250	22,200	15,420
	471,675	614,943	793,998	650,724	1,021,207	1,425,139
	246,592	353,038	316,993	1,543,131	1,799,711	1,936,822
	4,139	-	-	-	-	-
	840,361	879,328	1,948,280	940,072	1,275,649	809,270
	2,422,946	3,477,733	4,683,790	3,533,795	2,913,927	559,996
	<u>6,444,195</u>	<u>9,289,132</u>	<u>10,875,556</u>	<u>9,282,183</u>	<u>9,834,668</u>	<u>7,473,097</u>
	58,406,242	59,380,987	55,903,189	53,885,218	51,062,159	54,537,479
	10,178,854	11,392,126	12,004,104	11,731,448	11,487,086	12,005,357
	5,613,738	6,417,177	6,983,675	7,705,072	7,222,939	6,322,018
	4,913,736	5,613,322	5,043,689	6,586,821	5,231,267	4,657,237
	1,476,811	1,348,186	1,184,647	-	-	-
	1,364,897	1,582,863	1,564,276	1,936,918	1,865,303	1,811,731
	4,543,339	4,601,480	4,906,260	5,491,867	5,587,032	5,840,137
	-	-	-	-	-	-
	1,026,062	173,887	148,343	-	677,280	398,574
	<u>87,523,679</u>	<u>90,510,028</u>	<u>87,738,183</u>	<u>87,337,344</u>	<u>83,133,066</u>	<u>85,572,533</u>
\$	<u>93,967,874</u>	<u>99,799,160</u>	<u>98,613,739</u>	<u>96,619,527</u>	<u>92,967,734</u>	<u>93,045,630</u>

*City of Lake Worth, Florida*

**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS (accrual basis of accounting) (continued)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Net (Expense) / Revenue:				
Governmental Activities	\$ (25,352,829)	\$ (24,863,277)	\$ (29,006,678)	\$ (30,062,960)
Business-Type Activities	10,591,269	12,912,699	8,029,363	1,086,623
Total Primary Government Net Expenses	<u>\$ (14,761,560)</u>	<u>\$ (11,950,578)</u>	<u>\$ (20,977,315)</u>	<u>\$ (28,976,337)</u>
General Revenues:				
Governmental Activities:				
Taxes:				
Property Taxes	\$ 11,182,050	\$ 13,162,483	\$ 16,367,654	\$ 17,339,044
Franchise Taxes	107,187	124,548	126,043	401,349
Utility Taxes	4,854,066	6,478,627	5,217,773	5,283,661
Sales Taxes	932,734	971,351	928,943	3,550,446
Intergovernmental - Unrestricted	4,330,470	4,383,743	4,184,826	1,287,185
Investment Income - Unrestricted	326,669	1,121,130	1,576,297	1,126,412
Miscellaneous	209,536	1,014,453	790,207	203,202
Transfers	6,077,675	4,895,213	5,121,182	2,849,991
Total Governmental Activities Revenues	<u>28,020,387</u>	<u>32,151,548</u>	<u>34,312,925</u>	<u>32,041,290</u>
Business-Type Activities:				
Investment Income - Unrestricted	1,784,203	2,730,865	2,830,772	2,436,509
Miscellaneous	443,297	1,304,750	181,684	370,328
Transfers	(6,077,675)	(4,895,213)	(5,121,182)	(2,849,991)
Total Business-Type Activities Revenues	<u>(3,850,175)</u>	<u>(859,598)</u>	<u>(2,108,726)</u>	<u>(43,154)</u>
Total Primary Government General Revenues	<u>\$ 24,170,212</u>	<u>\$ 31,291,950</u>	<u>\$ 32,204,199</u>	<u>\$ 31,998,136</u>
Change in Net Position:				
Governmental Activities	\$ 2,667,558	\$ 7,288,271	\$ 5,306,247	\$ 1,978,330
Business-type Activities	6,741,094	12,053,101	5,920,637	1,043,469
Total Primary Government	<u>\$ 9,408,652</u>	<u>\$ 19,341,372</u>	<u>\$ 11,226,884</u>	<u>\$ 3,021,799</u>

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	(35,204,159)	\$ (24,416,533)	\$ (22,528,010)	\$ (21,771,717)	\$ (24,571,589)	\$ (24,500,148)
	5,678,103	10,361,496	13,471,817	5,873,978	(697,495)	6,229,994
\$	<u>(29,526,056)</u>	<u>(14,055,037)</u>	<u>(9,056,193)</u>	<u>(15,897,739)</u>	<u>(25,269,084)</u>	<u>(18,270,154)</u>
\$	14,784,901	\$ 7,764,745	\$ 6,773,150	\$ 6,592,349	\$ 6,256,979	\$ 6,530,263
	88,226	99,913	43,337	42,836	54,068	36,127
	5,498,780	5,709,719	5,864,811	5,335,753	5,020,040	5,118,045
	3,098,708	3,153,448	3,170,175	3,170,202	3,288,619	3,488,545
	2,653,336	2,212,812	1,215,448	1,245,229	1,262,112	661,551
	1,168,908	360,493	146,788	85,908	50,884	72,073
	404,767	1,296,289	17,599	200,291	479,396	104,778
	5,786,252	6,640,517	7,379,240	2,310,223	7,270,342	5,949,062
	<u>33,483,878</u>	<u>27,237,936</u>	<u>24,610,548</u>	<u>18,982,791</u>	<u>23,682,440</u>	<u>21,960,444</u>
	2,160,175	1,430,064	488,511	-	228,997	293,379
	470,149	2,991,767	753,906	3,834,357	4,352,763	1,794,210
	(5,786,252)	(6,640,517)	(7,379,240)	(2,310,223)	(7,270,342)	(5,949,062)
	<u>(3,155,928)</u>	<u>(2,218,686)</u>	<u>(6,136,823)</u>	<u>1,524,134</u>	<u>(2,688,582)</u>	<u>(3,861,473)</u>
\$	<u>30,327,950</u>	<u>25,019,250</u>	<u>18,473,725</u>	<u>20,506,925</u>	<u>20,993,858</u>	<u>18,098,971</u>
\$	(1,720,281)	\$ 2,821,403	\$ 2,082,538	\$ (2,788,926)	\$ (889,149)	\$ (2,539,704)
	2,522,175	8,142,810	7,334,994	7,398,112	(3,386,077)	2,368,521
\$	<u>801,894</u>	<u>10,964,213</u>	<u>9,417,532</u>	<u>4,609,186</u>	<u>(4,275,226)</u>	<u>(171,183)</u>

*City of Lake Worth, Florida*

**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS (modified accrual basis of accounting)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund:				
Reserved	\$ 1,269,254	\$ 1,128,001	\$ 1,314,269	\$ 2,487,554
Unreserved, designated	10,833,870	14,995,636	8,217,901	9,602,723
Unreserved, undesignated	2,388,948	880,097	7,523,232	4,044,241
Non-Spendable:				
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Advances	-	-	-	-
Committed to:				
Emergencies	-	-	-	-
Assigned to:				
Incentive	-	-	-	-
Housing Initiative	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 14,492,072</u>	<u>\$ 17,003,734</u>	<u>\$ 17,055,402</u>	<u>\$ 16,134,518</u>
All Other Governmental Funds:				
Reserved	12,696,247	8,559,106	6,105,141	5,372,993
Unreserved, designated	792,749	650,000	1,472,218	94,567
Unreserved, undesignated, reported:				
Special Revenue Funds	1,214,563	3,672,632	6,248,591	8,316,059
Capital Projects Funds	2,129,875	1,719,784	2,285,481	2,448,836
Non Spendable:				
Land held for resale	-	-	-	-
Prepaid items	-	-	-	-
Inventories	-	-	-	-
Advances	-	-	-	-
Restricted for:				
Purpose of fund	-	-	-	-
Debt Service	-	-	-	-
Committed to:				
Purpose of fund	-	-	-	-
Assigned to:				
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>16,833,434</u>	<u>14,601,522</u>	<u>16,111,431</u>	<u>16,232,455</u>
Total Governmental Funds	<u>\$ 31,325,506</u>	<u>\$ 31,605,256</u>	<u>\$ 33,166,833</u>	<u>\$ 32,366,973</u>

NOTE: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011. Information for fiscal years 2005-2010 have not been restated.

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	559,088	\$ 1,555,329	\$ -	\$ -	\$ -	\$ -
	6,613,235	5,193,918	-	-	-	-
	-	843,977	-	-	-	-
	-	-	33,259	-	-	-
	-	-	244,617	16,225	26,438	22,256
	-	-	1,620,324	1,535,674	-	-
	-	-	5,193,918	-	-	-
	-	-	8,435	8,435	-	-
	-	-	-	-	9,462	9,267
	-	-	2,015,792	3,823,324	4,237,941	4,359,619
\$	<u>7,172,323</u>	<u>7,593,224</u>	<u>9,116,345</u>	<u>5,383,658</u>	<u>4,273,841</u>	<u>4,391,142</u>
	3,524,765	3,300,192	-	-	-	-
	4,381,973	6,627,823	-	-	-	-
	2,505,388	5,589,788	-	-	-	-
	4,678,219	1,145,425	-	-	-	-
	-	-	5,619,085	-	-	-
	-	-	32,829	3,697	4,163	4,680
	-	-	-	-	12,559	10,647
	-	-	420,000	-	485,000	485,000
	-	-	3,010,642	1,318,521	1,631,956	1,803,743
	-	-	250,206	-	-	-
	-	-	3,469,027	2,709,902	2,068,146	2,021,065
	-	-	3,679,589	5,427,177	4,919,534	3,116,203
	-	-	-	(1,996,104)	(6,475,512)	(5,602,675)
	<u>15,090,345</u>	<u>16,663,228</u>	<u>16,481,378</u>	<u>7,463,193</u>	<u>2,645,846</u>	<u>1,838,663</u>
\$	<u>22,262,668</u>	<u>24,256,452</u>	<u>25,597,723</u>	<u>12,846,851</u>	<u>6,919,687</u>	<u>6,229,805</u>

*City of Lake Worth, Florida*

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS (modified accrual basis of accounting)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues:				
Property Taxes	\$ 11,182,050	\$ 13,162,483	\$ 16,367,654	\$ 15,730,702
Utility and Other Taxes	5,893,987	7,574,526	6,272,759	6,282,858
Licenses and Permits	1,374,814	1,533,893	1,585,733	2,023,268
Fines and Forfeitures	978,151	1,104,399	1,152,089	830,403
Charges for Services	1,764,131	1,448,133	1,740,069	1,754,532
Intergovernmental	8,458,181	10,845,569	8,685,590	9,463,236
Investment Income	317,034	1,089,137	1,541,807	1,032,231
Rents and Royalties	232,072	232,716	227,138	248,659
Miscellaneous	519,129	1,047,467	857,903	1,084,215
Total Revenues	<u>30,719,549</u>	<u>38,038,323</u>	<u>38,430,742</u>	<u>38,450,104</u>
Expenditures:				
Current:				
General Government	3,208,674	2,988,876	3,464,922	3,015,659
Public Safety	20,515,766	21,500,274	23,950,597	25,732,096
Physical Environment	543,581	587,369	545,716	446,465
Transportation	4,060,283	4,449,617	1,855,955	1,949,482
Culture and Recreation	3,468,637	3,652,772	4,130,611	3,768,270
Community Redevelopment	231,271	434,412	697,877	1,416,380
Capital Outlay	4,891,397	8,858,645	5,899,197	4,650,066
Debt Service:				
Principal	1,480,000	432,338	1,109,544	1,151,410
Interest and Other Fiscal Charges	243,888	438,058	395,929	360,127
Total Expenditures	<u>38,643,497</u>	<u>43,342,361</u>	<u>42,050,348</u>	<u>42,489,955</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,923,948)</u>	<u>(5,304,038)</u>	<u>(3,619,606)</u>	<u>(4,039,851)</u>
Other Financing Sources (Uses):				
Transfers In	9,589,199	8,841,954	9,549,961	11,075,191
Transfers Out	(3,511,524)	(3,946,741)	(4,368,778)	(7,835,200)
Sale of Capital Assets	564,000	57,510	-	-
Advances forgiven	-	-	-	-
Note Issued	8,000,000	708,000	-	-
Total Other Financing Sources (Uses)	<u>14,641,675</u>	<u>5,660,723</u>	<u>5,181,183</u>	<u>3,239,991</u>
Net Change in Fund Balances	<u>\$ 6,717,727</u>	<u>\$ 356,685</u>	<u>\$ 1,561,577</u>	<u>\$ (799,860)</u>
Debt Service as a Percentage of Non-Capital Expenditures	5.38%	2.59%	4.35%	4.16%

	2009	2010	2011	2012	2013	2014
\$	14,784,901	\$ 7,764,745	\$ 6,082,587	\$ 5,879,132	\$ 5,646,125	\$ 5,762,505
	6,419,989	6,633,934	6,709,122	6,192,834	5,882,323	5,311,296
	1,098,442	1,260,724	1,122,704	1,311,181	1,909,015	1,374,635
	469,519	482,635	340,140	253,858	209,517	507,709
	1,372,515	2,921,690	6,587,720	7,326,862	6,977,890	8,309,647
	8,274,109	13,058,025	10,575,314	8,621,673	8,144,808	6,145,110
	1,168,908	360,493	146,788	85,908	50,884	72,073
	240,412	267,022	28,256	811	22,874	21,921
	404,767	1,307,012	204,917	281,729	311,550	165,899
	<u>34,233,562</u>	<u>34,056,280</u>	<u>31,797,548</u>	<u>29,953,988</u>	<u>29,154,986</u>	<u>27,670,795</u>
	3,549,190	5,481,014	5,743,061	6,805,608	5,923,710	5,751,549
	27,037,184	20,011,801	19,090,029	18,293,122	19,482,378	19,773,044
	2,098,908	2,367,405	2,351,909	2,006,693	1,837,574	1,683,387
	1,276,444	1,743,460	1,052,798	875,626	1,244,226	1,129,732
	2,088,088	2,406,296	2,196,355	3,938,839	4,102,093	4,252,002
	1,295,003	1,489,780	2,257,690	-	-	-
	11,366,391	3,716,428	3,567,570	8,338,374	4,073,029	1,825,165
	1,101,956	1,212,102	1,338,833	-	-	-
	310,955	274,727	237,272	21,401	-	-
	<u>50,124,119</u>	<u>38,703,013</u>	<u>37,835,517</u>	<u>40,279,663</u>	<u>36,663,010</u>	<u>34,414,879</u>
	<u>(15,890,557)</u>	<u>(4,646,733)</u>	<u>(6,037,969)</u>	<u>(10,325,675)</u>	<u>(7,508,024)</u>	<u>(6,744,084)</u>
	21,323,530	12,643,285	9,577,618	9,338,075	8,845,314	9,083,001
	(15,537,278)	(6,002,768)	(2,198,378)	(7,027,852)	(1,574,972)	(3,133,939)
	-	-	-	-	-	-
	-	-	-	-	238,278	-
	-	-	-	-	-	-
	<u>5,786,252</u>	<u>6,640,517</u>	<u>7,379,240</u>	<u>2,310,223</u>	<u>7,508,620</u>	<u>5,949,062</u>
\$	<u>(10,104,305)</u>	<u>1,993,784</u>	<u>1,341,271</u>	<u>(8,015,452)</u>	<u>596</u>	<u>(795,022)</u>
	3.78%	4.44%	4.82%	0.07%	0.00%	0.00%

NOTE: In 2012 the City's Community Redevelopment Agency no longer qualified as a blended component unit and therefore is no longer included in this table.

*City of Lake Worth, Florida*

**NET ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS (in thousands)**

Fiscal Year Ended September 30,	Tax Revenue Year	Real Property				Railroad Property	Total Net Assessed Value	Total Direct Tax Rate
		Residential Property	Commercial Property					
2005	2004	\$ 1,101,296	\$ 69,814	\$	2,993	\$ 1,174,103	9.91	
2006	2005	1,460,926	66,821		2,511	1,530,258	8.67	
2007	2006	1,944,042	69,320		2,713	2,016,075	8.38	
2008	2007	2,876,405	78,083		3,483	2,957,971	7.51	
2009	2008	1,893,668	58,227		3,448	1,955,343	8.30	
2010	2009	1,436,762	57,667		4,224	1,498,653	5.30	
2011	2010	1,053,076	53,324		3,735	1,110,135	5.03	
2012	2011	990,200	52,992		3,825	1,047,017	5.49	
2013	2012	1,041,527	51,276		4,350	1,097,153	5.49	
2014	2013	1,143,415	49,839		4,763	1,198,017	5.49	

Note: Property in the City is reassessed each year. The property is assessed at actual value; therefore, the assessed values are equal to actual values. Tax rates are per \$1,000 of assessed value.

- Sources:
- City of Lake Worth, Florida, Finance Department.
  - Palm Beach County Property Appraiser.
  - Certification of Taxable Value, DR-420, Final.
  - Tax Roll Certification, DR-403V .

*City of Lake Worth, Florida*

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30,	City of Lake Worth										Overlapping Rates (1)					Total Direct and Overlapping Rates
	Tax Roll Year	General Operations	MSTU	Debt Service	Total City	Palm Beach County	Palm Beach County School Board	South Florida Water Management District	Florida Inland Navigation District	Palm Beach County Health Care District	Children's Services Council					
2005	2004	8.40	-	1.51	9.91	4.72	8.11	0.70 *	0.04	1.08	0.69	1.08	0.04	1.08	0.69	25.25
2006	2005	8.40	-	0.27	8.67	4.72	7.87	0.70 *	0.04	1.97	0.69	1.97	0.04	1.97	0.69	24.66
2007	2006	8.15	-	0.23	8.38	4.48	7.87	0.70 *	0.04	0.97	0.62	0.97	0.04	0.97	0.62	23.06
2008	2007	7.30	-	0.21	7.51	3.98	7.87	0.70 *	0.03	0.89	0.58	0.89	0.03	0.89	0.58	21.56
2009	2008	8.07	-	0.23	8.30	3.97	7.25	0.62	0.03	1.00	0.60	1.00	0.03	1.00	0.60	21.77
2010	2009 (2)	5.00	3.46	0.30	8.76	4.56	7.98	0.62	0.03	1.15	0.69	1.15	0.03	1.15	0.69	23.79
2011	2010	4.99	3.46	0.04	8.49	4.99	8.18	0.24	0.03	1.13	0.75	1.13	0.03	1.13	0.75	23.81
2012	2011	5.49	3.46	-	8.95	4.99	7.78	0.18	0.03	1.12	0.73	1.12	0.03	1.12	0.73	23.78
2013	2012	5.49	3.46	-	8.95	4.99	7.78	0.77	0.03	1.12	0.73	1.12	0.03	1.12	0.73	24.37
2014	2013	5.49	3.46	-	8.95	4.99	7.59	0.74	0.03	1.08	0.70	1.08	0.03	1.08	0.70	24.08

NOTE: All millage rates are based on \$1 for every \$1,000 of assessed value.

SOURCES: City of Lake Worth Finance Department and Palm Beach County Property Appraiser's Office (DR420 & Detailed Millage Chart).

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Lake Worth. Not all overlapping rates apply to all City of Lake Worth property owners (i.e., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

(2) The decrease from Tax Year 2008 to Tax Year 2009 is due to the Fire Department going to Palm Beach County. The operating tax was decreased by the MSTU of 3.4581.

\* Includes the Everglades Construction Project.

*City of Lake Worth, Florida*

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30,	Total Taxes Levied for Year (2)	Collected Within the Fiscal Year of the Levy (1)		Percent of Levy	Collections in Subsequent Year's	Total Collections to Date		Percent of Levy
		Amount	Amount			Amount	Amount	
2005	\$ 11,667,950	\$ 10,586,310	\$ 10,586,310	90.73%	\$ 40,933	\$ 10,627,243	91.08%	
2006	13,325,225	10,919,319	10,919,319	81.94%	327,327	11,246,646	84.40%	
2007	16,975,285	16,469,083	16,469,083	97.02%	84,849	16,553,932	97.52%	
2008	15,671,110	12,547,122	12,547,122	80.07%	375,544	12,922,666	82.46%	
2009	15,338,884	14,541,337	14,541,337	94.80%	406,525	14,947,862	97.45%	
2010	7,965,615	7,434,810	7,434,810	93.34%	194,286	7,629,096	95.78%	
2011	6,096,193	5,841,442	5,841,442	95.82%	178,523	6,019,965	98.75%	
2012	5,752,832	5,728,138	5,728,138	99.57%	13,946	5,742,084	99.81%	
2013	6,028,316	5,429,614	5,429,614	90.07%	67,717	5,497,331	91.19%	
2014	6,584,941	5,694,788	5,694,788	86.48%	-	5,694,788	86.48%	

SOURCES: City of Lake Worth, Finance Department and Palm Beach County Tax Collector's Office.

(1) Includes discounts taken by property taxpayers.

(2) Palm Beach County Tax Collector - Comparison of Taxes Levied - <http://www.co.palm-beach.fl.us/papa/Millage.htm>

\*As Adopted\*

City of Lake Worth, Florida

**PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

	2014			2005		
	Taxable	Rank	Percentage	Taxable	Rank	Percentage
Palm Club Townhomes, LLC	\$ 9,948,799	1	0.83%	-	-	-
Bellsouth Telecommunications, Inc.	8,021,684	2	0.67%	-	-	-
Palm Beach Mobile Home Park, LLC	7,860,851	3	0.66%	-	-	-
Tackett, Patricia A.	7,282,655	4	0.61%	6,820,231	1	0.58%
1920 10th Ave., LLC	7,162,113	5	0.60%	-	-	-
GSG Investments	6,068,487	6	0.51%	-	-	-
Investors Warranty of America, Inc.	5,136,480	7	0.43%	-	-	-
Lake Worth Town Plaza, LLC	4,903,311	8	0.41%	-	-	-
Arbor Square Realty Co., LLC	4,678,090	9	0.39%	3,530,566	8	0.30%
Publix Super Markets, Inc.	4,665,809	10	0.39%	-	-	-
1926 Real Estate, Inc.	-	-	-	5,850,176	2	0.50%
Falconi, Angelo T.	-	-	-	4,915,026	3	0.42%
Walgreens, Co.	-	-	-	4,158,300	4	0.35%
Crystal Palms	-	-	-	3,787,744	5	0.32%
Enclave Villas, LLC	-	-	-	3,650,000	6	0.31%
LWRE, LLC	-	-	-	3,620,993	7	0.31%
Gulfstream Hotels, LLC	-	-	-	3,427,039	9	0.29%
Sutton Town & Country	-	-	-	3,400,000	10	0.29%
	<u>\$ 65,728,279</u>		<u>5.49%</u>	<u>\$ 43,160,075</u>		<u>3.68%</u>

SOURCE: Tax roll provided by the Palm Beach County Property Appraiser's Office.  
Based on Lake Worth Top Ten Taxpayer Report.

*City of Lake Worth, Florida*

**SPECIAL ASSESSMENT COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30,	Amount of Special Assessments Recorded Due During Fiscal Year	Special Assessments Collected	Total Outstanding Assessments (1)
2005	\$ 211,806	\$ 319,974	\$ 671,678
2006	179,524	221,431	629,771
2007	3,759	208,818	424,712
2008	130,620	94,587	460,745
2009	88,144	292,204	256,685
2010	24,901	20,641	260,945
2011	-	180,768	80,177
2012	-	22,967	57,210
2013	-	22,605	34,605
2014	-	24,138	10,467

NOTE: All special assessments are levied by adoption of a City Resolution. Upon adoption of such resolution, a special assessment immediately becomes a lien upon the benefitted property.

(1) Includes Floral Park and High Ridge Road Watermain Project.

*City of Lake Worth, Florida*

**RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30,	Primary Government										Debt Per Capita (2)
	Governmental Activities					Business-Type Activities					
	General Obligation Bonds	Notes Payable	Capital Leases	Revenue Bonds (1)	Notes Payable	Capital Leases	Total	Percent of Personal Income (2)			
2005	\$ 2,175,000	\$ 8,000,000	\$ -	\$ 70,095,577	\$ -	\$ 33,049	\$ 80,303,626	4.36%	\$ 2,228		
2006	1,855,000	8,000,000	595,662	71,632,245	12,867,931	1,858,765	96,809,603	4.76%	2,659		
2007	1,520,000	7,315,733	505,383	66,017,189	7,324,284	1,584,771	84,267,360	3.87%	2,275		
2008	1,170,000	6,608,023	411,686	65,066,291	6,810,257	1,299,841	81,366,098	3.91%	2,316		
2009	800,000	5,876,067	-	63,773,755	6,289,550	1,003,534	77,742,906	4.08%	2,117		
2010	410,000	5,119,035	-	61,536,648	6,034,550	695,393	73,795,626	3.88%	2,040		
2011	-	4,336,067	545,505	56,744,327	12,445,305	401,833	74,473,037	3.99%	2,133		
2012	-	-	-	56,792,006	13,566,736	102,372	70,461,114	N/A	2,019		
2013	-	-	-	54,030,000	9,632,083	-	63,662,083	N/A	1,791		
2014	-	-	-	52,760,000	6,521,092	-	59,281,092	N/A	1,596		

NOTE: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Presented net of original unamortized discounts and premiums.

(2) See the Schedule of Demographic and Economic Statistics.

N/A Not Available.

*City of Lake Worth, Florida*

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30,	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Net Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2005	\$ 2,175,000	\$ (3,925,600)	\$ (1,750,600)	-0.15%	\$ (49)
2006	1,855,000	(4,165,678)	(2,310,678)	-0.15%	(63)
2007	1,520,000	(4,375,913)	(2,855,913)	-0.14%	(77)
2008	1,170,000	(295,341)	874,659	0.03%	25
2009	800,000	(262,284)	537,716	0.03%	15
2010	410,000	(255,244)	154,756	0.01%	4
2011	-	(250,208)	(250,208)	-0.02%	(7)
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-

NOTE: Details regarding City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Net Assessed Value and Estimated Actual Value of Taxable Property.

(2) See the Schedule of Demographic and Economic Statistics.

*City of Lake Worth, Florida*

**COMPUTATION OF LEGAL DEBT LIMIT  
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

Taxable Assessed Valuation	\$ <u>1,198,017,000</u>
Debt Limit (25% of Valuation)	299,504,250
Outstanding Debt:	-
Debt-Contracting Margin	\$ <u>299,504,250</u>
Percentage Debt-Contracting Limit Remaining	\$ <u>100.00%</u>

NOTE: The City Charter permits the City to pledge the funds or property taxing power of the City for the payment of general debt and bonds. This is subject to mandatory requirements that the total indebtedness of the City shall never exceed an amount equal to 25% of the total assessed value of the taxable property within its corporate limits.

*City of Lake Worth, Florida*

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

<u>Government Unit:</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to the City of Lake Worth (1)</u>	<u>Amount Applicable to the City of Lake Worth</u>
<b>OVERLAPPING:</b>			
Palm Beach County	\$ 163,200,000	0.86%	\$ 1,400,861
Palm Beach School Board	21,885,000	0.86%	187,854
	<b>SUBTOTAL</b>		<b>1,588,716</b>
<b>DIRECT DEBT:</b>			
City of Lake Worth	-	100.00%	-
	<b>\$ 185,085,000</b>		<b>\$ 1,588,716</b>

SOURCES: Data provided by the Palm Beach County Finance Department and the Palm Beach County Property Appraiser.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Lake Worth. This process recognizes that, when the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident; and, therefore responsible for repaying the debt of each overlapping government.

(1) The City of Lake Worth's share of overlapping debt of approximately 1%, as determined by the ratio of the City's assessed valuation of property of \$1,198,017,893 to the total assessed value of taxable property in the overlapping of \$ 139,568,795,938.

*City of Lake Worth, Florida*

**PLEDGED REVENUE COVERAGE  
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30,	Sewer Revenue (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt		Coverage
				Service Principal	Service Interest	
2005	\$ 7,144,828	\$ 7,313,702	\$ (168,874)	\$ 423,610	\$ 2,417,843	(0.06)
2006	10,126,856	12,954,937	(2,828,081)	446,638	226,415	(4.20)
2007	9,868,012	9,234,509	633,503	2,137,516	346,533	0.26
2008	5,511,659	4,617,670	893,989	255,000	244,202	1.79
2009	5,788,641	5,128,106	660,535	255,000	231,966	1.36
2010	6,511,978	5,522,422	989,556	255,000	91,804	2.85
2011	7,027,613	4,811,414	2,216,199	255,000	68,597	6.85
2012	7,737,291	5,590,967	2,146,324	255,000	191,031	4.81
2013	7,254,074	4,659,716	2,594,358	-	-	100.00
2014	6,362,910	5,868,978	493,932	-	-	100.00

SOURCE: City of Lake Worth, Finance Department

(1) Gross revenue includes operating revenue and investment income, net of uncollectible accounts.

(2) Total expenses, net of depreciation, debt interest, and uncollectible accounts.

*City of Lake Worth, Florida*

**PLEDGED REVENUE COVERAGE  
LAST TEN FISCAL YEARS (continued)**

Fiscal Year Ended September 30,	Electric Revenue (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt		Coverage
				Service Principal	Service Interest	
2005	\$ 45,186,261	\$ 38,515,178	\$ 6,671,083	\$ 350,000	809,233	5.75
2006	61,645,089	51,516,271	10,128,818	612,500	1,442,027	4.93
2007	53,824,950	42,524,553	11,300,397	8,405,431	1,366,520	1.16
2008	58,314,475	49,620,575	8,693,900	187,500	1,773,386	4.43
2009	59,230,272	53,092,542	6,137,730	1,137,500	1,357,650	2.46
2010	59,895,691	55,899,906	3,995,785	1,210,000	1,338,799	1.57
2011	56,113,677	46,404,184	9,709,493	-	617,085	15.73
2012	53,998,826	49,774,388	4,224,438	1,290,000	1,181,145	1.71
2013	51,143,917	48,826,115	2,317,802	635,000	669,238	1.78
2014	54,635,498	48,028,511	6,606,987	1,582,500	685,779	2.91

SOURCE: City of Lake Worth, Finance Department

(1) Gross revenue includes operating revenue and investment income, net of uncollectible accounts.

(2) Total expenses, net of depreciation, debt interest, and uncollectible accounts.

*City of Lake Worth, Florida*

**PLEDGED REVENUE COVERAGE  
LAST TEN FISCAL YEARS (continued)**

Fiscal Year Ended September 30,	Water Revenue (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2005	\$ 6,667,162	\$ 3,717,052	\$ 2,950,110	\$ 350,000	\$ 809,233	2.54
2006	8,348,026	4,276,412	4,071,614	408,333	919,273	3.07
2007	10,578,241	5,218,130	5,360,111	637,500	1,366,520	2.67
2008	11,012,972	5,665,735	5,347,237	187,500	1,773,386	2.73
2009	11,144,335	6,910,247	4,234,088	1,137,500	1,357,650	1.70
2010	11,878,935	8,793,880	3,085,055	1,185,000	1,338,415	1.22
2011	12,127,703	6,681,473	5,446,230	-	617,085	8.83
2012	11,803,738	7,008,004	4,795,734	1,290,000	1,181,145	1.94
2013	11,545,178	7,107,407	4,437,771	635,000	669,238	3.40
2014	12,059,246	6,775,980	5,283,266	1,880,452	854,928	1.93

SOURCE: City of Lake Worth, Finance Department

(1) Gross revenue includes operating revenue and investment income, net of uncollectible accounts.

(2) Total expenses, net of depreciation, debt interest, and uncollectible accounts.

*City of Lake Worth, Florida*

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

Year	Population (1)	Personal Income (Amounts Expressed in Thousands) (4)	Per Capita Personal Income (4)	Assessed Value (Amounts Expressed in Thousands) (2)	Per Capita Assessed Value	Unemployment Rate (3)
2005	36,040	\$ 1,840,563	\$ 51,070	\$ 1,174,103	\$ 32,578	5.0%
2006	36,412	2,033,100	55,836	1,530,258	42,026	5.8%
2007	37,044	2,176,298	58,749	2,016,075	54,424	4.3%
2008	35,133	2,081,279	59,240	2,957,971	84,194	7.6%
2009	36,725	1,906,395	51,910	1,955,343	53,243	9.8%
2010	36,173	1,900,023	52,526	1,498,653	41,430	11.0%
2011	34,910	1,867,685	53,500	1,110,135	31,800	10.3%
2012	34,901	N/A	N/A	1,047,017	30,000	8.7%
2013	35,555	N/A	N/A	1,097,153	30,858	6.6%
2014	37,145	N/A	N/A	1,198,017	32,252	6.2%

**SOURCES:**

- (1) University of Florida, Bureau of Economic Research.
- (2) Palm Beach County Property Appraiser.
- (3) U.S. Department of Labor, Bureau of Labor Statistics.
- (4) University of Florida, Bureau of Economic Research - For Palm Beach County, City of Lake Worth data is not available.)  
<http://www.bebr.ufl.edu/data/county/palm-beach>

N/A: Not Available.

*City of Lake Worth, Florida*

**PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

City of Lake Worth, Florida Employer	2014			2005		
	Number of Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
City of Lake Worth	309	1	3.41%	21,618	1	3.61%
Lake Worth High School	280	2	0.97%	5,000	3	0.54%
Wayne Akers Ford	135	3	0.85%	6,379	2	1.88%
Highland Elementary	131	4	0.61%	2,924	5	0.50%
Publix (214 N. Dixie Hwy.)	130	5	0.48%	-	-	-
North Grade Elementary	105	6	0.47%	-	-	-
Lake Worth Middle School	104	7	0.43%	-	-	-
Publix (1910 Lake Worth Rd.) closed 12/14	100	8	0.43%	-	-	-
Barton Elementary	99	9	0.42%	-	-	-
Medicana Nursing & Rehab	92	10	0.36%	-	-	-
	<u>1,485</u>			<u>3,750</u>		<u>0.71%</u>
				<u>2,680</u>		<u>0.45%</u>
				<u>2,200</u>		<u>0.43%</u>
				<u>2,100</u>		<u>0.39%</u>
				<u>2,000</u>		<u>0.36%</u>
				<u>1,991</u>		<u>0.32%</u>
				<u>50,642</u>		<u>9.19%</u>
School Board of Palm Beach County	21,449	1	3.41%			
Tenet Healthcare Corp.	6,100	2	0.97%			
Palm Beach County	5,330	3	0.85%			
NextEra Energy	3,804	4	0.61%			
G4S (Wackenhut)	3,000	5	0.48%			
Florida Atlantic University	2,980	6	0.47%			
Hospital Corp. of America (HCA)	2,714	7	0.43%			
Veterans Health Administration	2,700	8	0.43%			
Bethesda Memorial Hospital	2,643	9	0.42%			
Boca Raton Regional Hospital	2,250	10	0.36%			
Columbia PB Healthcare System, Inc.	-	-	-	3,750	4	0.71%
Office Depot	-	-	-	2,680	6	0.45%
Boca Raton Resort & Club	-	-	-	2,200	7	0.43%
U. S. Sugar Corp	-	-	-	2,100	8	0.39%
Florida Crystals	-	-	-	2,000	9	0.36%
City of Boca Raton	-	-	-	1,991	10	0.32%
Total	<u>52,970</u>		<u>8.43%</u>	<u>50,642</u>		<u>9.19%</u>

SOURCE: Business Development Board of Palm Beach County.

*City of Lake Worth, Florida*

**FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Number of Employees:										
General Government	84	87	89	74	118	96	66	69	63	65
Public Safety	186	185	196	197	186	9	14	10	12	14
Physical Environment	5	5	4	3	4	4	15	13	13	13
Transportation	18	14	11	0	0	7	7	4	3	11
Culture and Recreation	70	69	61	59	73	30	42	16	20	28
Community Redevelopment	3	4	3	2	3	2	2	6	7	2
Electric	83	85	82	82	84	89	72	88	72	66
Water and Sewer	38	38	42	40	40	44	44	39	48	47
Refuse	34	32	32	30	31	30	28	28	30	30
Total Full Time Employees	521	519	520	487	539	311	290	273	268	276



*City of Lake Worth, Florida*

**OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	2005	2006	2007	2008
<b>Public Safety:</b>				
Police Calls for Service	57,050	54,416	48,054	35,773
Parking Violations	10,169	10,106	6,494	1,077
Traffic Violations	16,541	14,715	10,071	9,212
<b>Fire:</b>				
Fire Personnel	64	154	61	61
Fire Alarms Answered	*	222	179	239
Fire Inspections Performed	*	2,109	1,108	2,200
<b>Building Department:</b>				
Building Permits Issued-Res.	4,266	5,838	5,239	3,198
Building Permits Issued-Com.	580	584	599	699
<b>Culture and Recreation:</b>				
Golf Course-Attendance	58,228	63,572	59,239	*
Swimming Pool-Attendance	14,323	16,163	**	*
Fishing Pier-Attendance	2,100	**	**	**
<b>Public Library:</b>				
Circulation-All Media	120,240	81,421	79,284	83,336
Patrons Registered	14,263	16,781	19,579	20,460
Patrons Registered-Inside City	10,952	12,671	14,499	15,205
<b>Utility System:</b>				
<b>Water:</b>				
Total Number of Bills	13,269	13,109	159,537	150,843
Number of Units Billed	1,744,962	213,033	2,735,640	1,819,050
Total Amount Billed	\$ 4,799,041	\$ 735,160	\$ 11,713,861	\$ 9,695,764
Average Selling Price	\$ 2.75	\$ 3.45	\$ 4.28	\$ 3.54
Average Bill	\$ 361.67	\$ 56.08	\$ 73.42	\$ 64.28
Number of Connections	11,252	12,898	13,062	12,570
Water Main Breaks	*	32	24	22
<b>Sewer:</b>				
Total Number of Bills	11,597	12,016	143,792	137,800
Number of Units Billed	139,947	128,721	1,548,752	1,214,722
Total Amount Billed	\$ 346,870	\$ 441,674	\$ 5,549,999	\$ 4,947,558
Average Selling Price	\$ 2.48	\$ 3.43	\$ 3.58	\$ 4.07
Average Bill	\$ 29.91	\$ 36.75	\$ 38.60	\$ 35.90
Number of Connections	11,252	12,016	11,709	11,387

Sources: Various City Departments

\* - Information unavailable.

\*\* - Fishing pier closed during fiscal year.

	2009	2010	2011	2012	2013	2014
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	2,090	1,560	1,211	1,309	2,170	1,702
	1,041	616	641	480	500	425
	60,000	43,425	42,500	38,199	42,983	59,367
	15,000	13,000	@	@	@	8,118
	100,000	77,000	65,644	72,799	78,102	90,250
	86,665	101,345	155,274	83,790	81,256	62,454
	17,053	22,079	19,511	21,457	22,398	23,565
	13,014	15,505	14,567	16,281	17,444	17,355
	12,581	12,494	150,255	153,898	156,219	157,646
	153,394	142,208	1,706,506	15,217,786	14,782,623	15,698,399
\$	844,862	\$ 904,388	\$ 10,852,667	\$ 12,045,014	\$ 11,338,385	\$ 11,791,811
\$	5.51	\$ 6.35	\$ 6.36	\$ 0.79	\$ 0.77	\$ 0.76
\$	67.15	\$ 72.38	\$ 72.39	\$ 78.27	\$ 72.58	\$ 74.80
	12,102	12,353	12,216	12,301	*	*
	26	48	22	30	*	*
	11,493	11,410	136,945	138,412	140,700	142,187
	103,251	98,100	1,177,201	11,345,142	14,219,556	11,603,213
\$	448,921	\$ 500,733	\$ 6,534,005	\$ 7,224,736	\$ 6,856,410	\$ 6,003,365
\$	4.35	\$ 5.10	\$ 5.55	\$ 0.64	\$ 0.62	\$ 0.52
\$	39.06	\$ 43.88	\$ 47.72	\$ 52.20	\$ 48.73	\$ 42.23
	11,925	11,097	11,108	11,106	11,268	11,192

@ - Swimming pool closed during fiscal year.

*City of Lake Worth, Florida*

**OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS (continued)**

Function/Program	2005	2006	2007	2008
<b>Electric:</b>				
<b>Residential Customers:</b>				
Total Number of Bills	22,360	22,834	23,217	271,292
Number of Units Billed	32,385,122	21,844,047	30,439,162	307,201,231
Total Amount Billed	\$ 3,059,316	\$ 2,007,121	\$ 2,604,597	\$ 32,390,473
Average Selling Price	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.11
Average Bill	\$ 136.82	\$ 87.90	\$ 112.18	\$ 119.39
<b>Commercial Customers:</b>				
Total Number of Bills	2,918	3,132	3,163	34,978
Number of Units Billed	10,952,574	8,941,266	15,083,570	149,655,436
Total Amount Billed	\$ 1,141,489	\$ 923,404	\$ 1,323,690	\$ 12,904,732
Average Selling Price	\$ 0.10	\$ 0.10	\$ 0.09	\$ 0.09
Average Bill	\$ 391.19	\$ 294.83	\$ 418.49	\$ 368.94
<b>Private Area Lighting:</b>				
Total Number of Bills	644	594	622	7,277
Number of Units Billed	99,644	91,759	202,116	2,438,972
Total Amount Billed	\$ 17,270	\$ 13,791	\$ 17,928	\$ 224,179
Average Selling Price	\$ 0.17	\$ 0.15	\$ 0.09	\$ 0.09
Average Bill	\$ 26.82	\$ 23.22	\$ 28.82	\$ 30.81
<b>Commercial Demand:</b>				
Total Number of Bills	95	91	85	1,002
Number of Units Billed	7,316,879	5,987,995	4,798,856	69,995,720
Total Amount Billed	\$ 708,256	\$ 433,037	\$ 544,312	\$ 8,458,129
Average Selling Price	\$ 0.10	\$ 0.07	\$ 0.11	\$ 0.12
Average Bill	\$ 7,455.33	\$ 4,758.65	\$ 6,372.43	\$ 8,441.25
<b>Street Lights:</b>				
Total Number of Bills	6	6	7	95
Number of Units Billed	180,424	182,877	398,431	4,937,232
Total Amount Billed	\$ 25,635	\$ 24,794	\$ 28,951	\$ 378,043
Average Selling Price	\$ 0.14	\$ 0.14	\$ 0.07	\$ 0.08
Average Bill	\$ 4,272.55	\$ 4,132.33	\$ 3,903.54	\$ 3,979.40
<b>Solid waste:</b>				
Residential accounts	*	10,808	10,507	10,509
Commercial accounts	*	918	1,097	1,135

Sources: Various City Departments.

\* - Information unavailable.

	2009	2010	2011	2012	2013	2014
	265,185	262,069	260,891	236,321	236,321	271,926
	411,030,957	689,827,968	661,734,180	670,732,013	670,732,013	307,934,950
\$	31,994,781	\$ 33,189,172	\$ 31,217,074	\$ 30,357,449	\$ 30,357,449	\$ 30,515,277
\$	0.08	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.10
\$	120.65	\$ 126.64	\$ 119.66	\$ 128.46	\$ 128.46	\$ 112.22
	34,037	33,374	35,400	33,758	33,758	36,429
	123,394,255	197,727,801	253,410,443	190,521,820	190,521,820	108,714,074
\$	13,120,479	\$ 12,743,567	\$ 16,866,100	\$ 11,852,622	\$ 11,852,622	\$ 15,057,782
\$	0.11	\$ 0.06	\$ 0.07	\$ 0.06	\$ 0.06	\$ 0.14
\$	385.48	\$ 381.84	\$ 476.45	\$ 351.11	\$ 351.11	\$ 413.35
	7,010	6,810	6,739	6,558	6,558	6,488
	2,397,284	2,333,560	2,070,352	2,339,530	2,339,530	1,260,696
\$	215,961	\$ 203,917	\$ 202,599	\$ 201,083	\$ 201,083	\$ 226,235
\$	0.09	\$ 0.09	\$ 0.10	\$ 0.09	\$ 0.09	\$ 0.18
\$	30.81	\$ 29.94	\$ 30.06	\$ 30.66	\$ 30.66	\$ 34.87
	975	932	908	1,056	1,056	1,029
	60,015,027	106,862,451	93,041,066	122,380,220	122,380,220	56,307,954
\$	7,927,918	\$ 7,825,890	\$ 6,169,848	\$ 7,571,587	\$ 7,571,587	\$ 6,202,544
\$	0.13	\$ 0.07	\$ 0.07	\$ 0.06	\$ 0.06	\$ 0.11
\$	8,131.20	\$ 8,396.88	\$ 6,794.99	\$ 7,170.06	\$ 7,170.06	\$ 6,027.74
	103	108	108	108	108	112
	4,969,264	4,974,384	4,359,714	5,013,600	5,013,600	2,541,824
\$	372,785	\$ 364,262	\$ 355,775	\$ 360,750	\$ 360,750	\$ 385,858
\$	0.08	\$ 0.07	\$ 0.09	\$ 0.07	\$ 0.07	\$ 0.16
\$	3,619.27	\$ 3,372.80	\$ 3,294.22	\$ 3,340.28	\$ 3,340.28	\$ 3,445.16
	935	22	9	8	8	24
	1,107	1,083	1,068	1,085	1,085	1,104

City of Lake Worth, Florida

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government:										
Number of Buildings	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	*	35	35	35	-	-	-	-	-	-
Fire:										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Transportation:										
Miles of Streets:										
Streets-Paved	101.66	101.66	101.66	101.66	101.66	101.66	101.66	101.66	101.66	101.66
Streets-Unpaved	17.03	17.03	17.03	17.03	17.03	17.03	17.03	17.03	17.03	17.03
Number of Street Lights	1,082,544	1,265,421	1,265,421	1,265,421	1,265,421	1,265,421	1,265,421	1,265,421	1,265,421	1,265,421
Culture and Recreation:										
Parks	18	18	18	18	11	11	11	11	11	11
Parks Acreage	266.55	266.55	266.55	266.55	266.55	266.55	266.55	266.55	266.55	266.55
Tennis Courts	7	7	7	7	8	8	8	8	8	8
Baseball/Softball Fields	9	9	9	9	9	10	10	10	10	10
In/Outdoor Basketball Courts	18	18	18	18	4	4	4	4	4	4
Public Boat Ramps	2	2	2	2	1	1	1	1	1	1
Community Centers	2	2	2	2	2	2	2	2	2	2
Municipal Gym	1	1	1	1	1	1	1	1	1	1
Golf Course	1	1	1	1	1	1	1	1	1	1
Swimming Pool	1	1	1	1	1	1	1	1	1	1
Fishing Pier	1	1	1	1	1	1	1	1	1	1
Shuffleboard	1	1	1	1	1	1	1	1	1	1
Public Library	1	1	1	1	1	1	1	1	1	1
Utility System:										
Fire Hydrants	620	620	620	684	695	941	959	964	976	996
Solid Waste:										
Collection Trucks	*	29	27	27	21	22	22	22	22	22
Water System:										
Total Wells	14	14	14	18	18	18	18	18	16	16
Usable Wells	12	12	12	12	12	12	17	17	14	13
Miles of Water Lines	130	130	130	167	161	157	156	156	156	156
Sewer System:										
Miles of Sewer Lines	100	100	100	99	100	100	98	98	98	98
Electric system:										
Generating Plants	1	1	1	1	1	1	1	1	1	1
Miles of Distribution Lines	147	147	147	147	147	147	147	147	147	147

Sources: Various City Departments. \* - Information unavailable.

## ***COMPLIANCE SECTION***

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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*

To the Honorable Mayor and  
Members of the City Commission  
City of Lake Worth, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lake Worth, Florida (the "City"), 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, and have issued our report thereon dated June 25, 2015. Our report includes a reference to other auditors who audited the financial statements of the Pension Trust Funds for the General Employees' Retirement System, Police Officers' Relief and Retirement System, and Firefighters' Pension Trust Fund, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as items 2008-SD-05 and 2014-SD-01, that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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 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*.

### **City of Lake Worth, Florida's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questions costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
June 25, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

**Report on Compliance for Each Major Federal Program**

We have audited City of Lake Worth, Florida's (the "City") compliance with the types of compliance requirements described in *the OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended September 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

CPA's + Trusted Advisors

## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

### Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
June 25, 2015

## INDEPENDENT AUDITOR'S REPORT TO CITY MANAGEMENT

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

### Report on the Financial Statements

We have audited the basic financial statements of the City of Lake Worth, Florida (the "City") as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated June 25, 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 the *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 on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133; Schedule of Findings and Questioned Costs; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated June 25, 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. The status of findings and recommendations made in the preceding annual financial audit report are discussed in the accompanying Schedule of Findings and Questioned Costs, Part E, under the heading Prior Year Financial Statements Findings.

### **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. The City of Lake Worth, Florida was incorporated as a municipality in 1913 under Chapter 6713, Laws of Florida. The City includes the City of Lake Worth Community Redevelopment Agency (CRA) as its discretely-presented component unit. The CRA was established under the authority of Florida Statute Chapter 163, Part III in 1993.

### **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 the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the City 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 the City'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, 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.

### **Special District Component Units**

Section 10.554(1)(i)5.d, Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

### **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, our recommendations to improve financial management are included in the Schedule of Findings and Questioned Costs, Part E.

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.

City of Lake Worth, Florida

**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, the Members of the City Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
June 25, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
SECTION 218.415 FLORIDA STATUTES

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

We have examined the City of Lake Worth, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2014. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City'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 the City'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 the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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

*Keefe McCullough*

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
June 25, 2015

*City of Lake Worth, Florida*

**Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended September 30, 2014**

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Contract/ Grant Number	Expenditures
<b>Federal Awards:</b>			
<b><u>U.S. Department of Agriculture:</u></b>			
<b>Passed through State of Florida Department of Agriculture and Consumer Services Division of Administration</b> Urban and Community Forestry	10.664	20358	\$ 5,395
<b><u>U.S. Department of Housing and Urban Development:</u></b>			
<b>Passed through Palm Beach County Housing and Community Development</b> Community Development Block Grants/Entitlement Grants - 7th Avenue Project	14.218	R2013-1424	30,616
<b><u>U.S. Department of Housing and Urban Development:</u></b>			
<b>Direct Program</b> Neighborhood Stabilization Program	ARRA 14.256	B-09-CN-FL-0019	1,565,854
<b><u>U.S. Department of the Interior, Fish and Wildlife Service:</u></b>			
<b>Passed through Florida Fish and Wildlife Conservation Commission</b> Sport Fishing Restoration Program - Bryant Park Boat Ramp	15.605	FWC09020	3,281
<b><u>U.S. Department of Justice:</u></b>			
<b>Direct Program</b> Edward Byrne Memorial Justice Assistance Grant Program: Justice Assistance 2011 Justice Assistance 2012 Justice Assistance 2013	16.738 16.738 16.738	2011-DJ-BX-2721 2012-DJ-BX-0154 2013-DJ-BX-0236 16.738 Total	1,500 1,115 22,299 <u>24,914</u>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,630,060</b>

*City of Lake Worth, Florida*

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**Notes to Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended September 30, 2014**

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NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 2: CONTINGENCY

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City of Lake Worth, Florida. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and other applicable regulations.

**CITY OF LAKE WORTH, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended September 30, 2014

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the City.
2. No material weaknesses relating to the audit of the basic financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the City of Lake Worth, Florida were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal program are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133.
5. The independent auditor's report on compliance for each major federal program for the City of Lake Worth, Florida expresses an unmodified opinion.
6. No audit findings relative to the major federal program for the City of Lake Worth, Florida, are reported in Part C of this schedule.
7. The program tested as major program is as follows:

**Federal Program:**

**Federal CFDA No.**

United States Department of Housing  
and Urban Development -  
Neighborhood Stabilization Program

14.256

8. The dollar threshold used to distinguish between Type A and Type B programs was \$ 300,000 for the major federal programs.
9. The City of Lake Worth, Florida was determined to be a low-risk auditee pursuant to OMB Circular A-133.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

The status of findings and recommendations made are noted in the accompanying Schedule of Findings and Questioned Costs, Part E.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS**

No matters are reported.

**CITY OF LAKE WORTH, FLORIDA**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2014  
(continued)

**D. OTHER ISSUES**

1. No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to federal programs.
2. No Corrective Action Plan is required because there were no findings reported under OMB Circular A-133.

**E. INTERNAL CONTROL COMMENTS, OTHER MATTERS AND RECOMMENDATIONS**

**CURRENT YEAR FINANCIAL STATEMENTS FINDINGS**

**2014-SD-01: Self-Insurance Liability Estimates**

Criteria

In accordance with the governmental accounting standards board ("GASB"), the City of Lake Worth, Florida is required to evaluate and report an estimated loss from claims as an expenditure/expense and as a liability for its self-insurance program.

Condition

The City did not perform a complete evaluation of its exposure to loss and liability for its self-insurance program for the fiscal year ended September 30, 2014.

Cause

The lack of a proper evaluation does not conform to GASB's recommended financial reporting practices.

Effect

An estimate of the loss exposure and liability related to the City's self-insurance program may have not been reasonably estimated and recorded for the year ended September 30, 2014. The liability and related expenditure/expense reported could be misstated.

Recommendation

We recommend that the City obtain an annual third-party study of its self-insurance program to evaluate its exposure of loss and liability. We further recommend that a reasonable estimate of losses from claims be recorded in the City's accounting records.

Management's Response:

The City has contracted with a third-party to evaluate the exposures and loss experience for its self-insurance program.

**CITY OF LAKE WORTH, FLORIDA**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2014  
(continued)

**E. INTERNAL CONTROL COMMENTS, OTHER MATTERS AND RECOMMENDATIONS (continued)**

**PRIOR YEAR FINANCIAL STATEMENTS FINDINGS**

**2008-SD-05: Inventory (recurring finding over two years; still applicable)**

Criteria

In accordance with generally accepted accounting principles, inventory is to be reported at the lower of cost or market value. In addition, inventory should be periodically reviewed for obsolescence.

Condition

While the prior auditors performed their audit procedures in the area of the Electric Fund inventory, it was noted that the City is not addressing the amount of potential obsolete inventory. The prior auditors noted that many quantities and dollar amounts were unchanged from the prior year indicating that they could be obsolete. The prior auditors also noted that in various instances, quantities changed but prices did not. Included in inventory were items that were originally purchased for specific projects that have not been completed or have been cancelled but the inventory remains in the possession of the City.

Cause

The cause is a lack of oversight by Electric Fund personnel to ensure the City policies are being implemented and maintained.

Effect

An overstatement of inventory results in an understatement of expenses/expenditures as well as an overstatement of net position.

Recommendation

The prior auditors recommended reviewing the procedures relating to inventory control to identify or add procedures of oversight and matching the correct employee with the responsibility. Also, the City should have an independent source evaluate the current inventory and then periodically review the inventory to ensure the first-in-first-out (FIFO) method is continuing to be followed and any special inventory ordered is being utilized or is returned/ properly disposed.

Management's Response:

The warehouse has been reconfigured with appropriate shelving. Items purchased for specific projects that have not been completed would remain in inventory since the material is not charged to a project until used and there is no reason to dispose of standard material just because it might push inventory over the preferred maximum quantity. The obsolete material has been disposed of through actions and the interlocal agreement with Palm Beach County. The lack of oversight by Electric Fund personnel to ensure City policies are implemented and maintained has been addressed by hiring a warehouse manager as well as a store keeper. The warehouse will be completely secure and all of the City policies will be implemented by July 1, 2015.

*City of Lake Worth, Florida*

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