

# City of Lake Worth, Florida



## Comprehensive Annual Financial Report For Fiscal Year Ended September 30, 2017



**CITY OF LAKE WORTH, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2017**

**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*

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June 26, 2018

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, 2017. 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, 2017. The independent auditor's report is located at the front of the financial section of this report.

## *City of Lake Worth, Florida*

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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.

### **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 38,000. 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 features original 1920's architecture which has an ocean fishing pier, ocean front shops and restaurants, makes 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 the compliance section. 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 reached its highest taxable value of \$ 2,957,971,000 in 2007. Although slight gains in values have been made since the recession, the City has a long way to go to reach pre-recession levels. At its low point in 2012, taxable values were a mere \$ 1,097,153,000. Although valuations have increased to bring the City up to \$ 1,633,299,000 in 2017, the City has still not reached its pre-recession taxable value. This could provide unique opportunities to the savvy investor.

Because of the demographics, attracting new business and jobs has been problematic. The City's poverty rate is over 30% 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.



## *City of Lake Worth, Florida*

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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.

As of the City's fiscal year end September 30, 2017 the city's unemployment rate improved slightly to 4.5% but was still higher than the State of Florida's rate of 3.9% and the national rate of 4.2%. The City of Lake Worth's primary employing industries are service occupations, office workers, management, professional and government.

Property taxes have increased over the prior year due to an increase in the assessed value of residential property. Property tax revenues in 2017 provided resources of approximately \$ 7.9 million or 24% of the General Fund budgeted expenditures of approximately \$ 33.9 million.

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 RANGE FINANCIAL PLANNING**

Management constantly examines the strategic goals and objectives of the City of Lake Worth and implements policies that will assist in taking advantage of the opportunities. The City utilizes long term financial planning to identify future financial challenges and opportunities through financial forecasting and analysis, then, devises strategies based on the information to achieve financial sustainability.

The City has also developed and continues to refine the five-year budgetary forecasting model that will provide for sound fiscal management through the allocation of limited resources.

The City's contract with Orlando Utilities is ending in January 2019. The City is currently preparing the solicitation to secure a contract with a power provider. It is anticipated that this 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**

In fiscal year 2018, the City of Lake Worth placed major emphasis on creating the conditions for private investment in the municipality. The City's Comprehensive Plan has been updated. Significant infrastructure investments in the Lake Worth Park of Commerce are underway and the Neighborhood Road Improvement program is ahead of schedule. Additionally, the Water Utilities Department has embarked upon major upgrades throughout the City in the replacement of pipes and fire hydrants. As the City invests in itself, developers and residents are investing, too.

### **Comprehensive Plan**

The City of Lake Worth received an official Notice of In Compliance regarding the City's Evaluation Appraisal Report (EAR) based on amendments to its Comprehensive Plan and Future Land Use Map. The Florida Department of Economic Opportunity (DEO) issued the compliance letter on May 31, 2018 with an effective date of June 1, 2018. Following eighteen (18) months of effort, the City now has a completely re-vamped and progressive road map for its future development. The Comprehensive Plan provides clear, concise and consistent goals and objectives to guide the City's activities across all departments. City staff has already seen an uptick in interest in investment in the City as a result of adopted changes.

### **Lake Worth Park of Commerce**

After 2 years of coordination, physical infrastructure upgrades in the Lake Worth Park of Commerce commenced in February 2018. Upgrades include water, drainage, sewer, electric, roadways, and sidewalks. By leveraging grant dollars awarded from the U.S. Economic Development Administration (\$ 1.4 million) with Capital Improvement Program monies from various departments, the City is able to maximize existing allocated dollars. The award is tied to the creation of 300 jobs within the Park. Additionally, the City has received a legislative appropriation from the State of Florida in the amount of \$ 1.5 million for FY 18/19 and an award of \$ 3 million in Local Agency Program funding from the Florida Department of Transportation in December 2019. It is important to note that the majority of ad valorem taxes generated from Park of Commerce are not subject to Save Our Homes legislation.

### **Neighborhood Road Program**

In November 2016, Lake Worth residents authorized the City to issue general obligation bonds to improve local roadways in an amount not to exceed \$ 40 million. Every neighborhood road was analyzed/ranked on a Pavement Condition Index and a four-year action plan was developed. All roads in Program Year 1 will be completed by December 2018 and are currently running under budget. Year 1 budget estimates were \$ 15.26 million; expenses are running at \$ 14.03 million. Program Year 2 roads are designed, permitted, and under construction with completion estimated in January 2019. Program Year 3 design contracts were awarded in February 2018 with neighborhood meetings currently underway. For a City of less than seven square miles, a \$ 40 million investment in roads represents a major commitment to itself.

### **Water Infrastructure Improvements**

The Drinking Water State Revolving Fund Program recently executed a \$ 2,377,386 Drinking Water State Revolving Fund loan to the City of Lake Worth's 2-inch Watermain Project - Phase 3 Construction. A portion was awarded as principal forgiveness and will not need to be repaid. Over 17 miles of 2-inch corroded water pipes will be replaced by larger 4-inch and 6-inch piping designed for long-term use. This will provide better quality water to approximately 12,000 residences. It is the third phase of a six phase project expected to be completed by 2022 with a total estimated project cost of \$ 14.8 million. The first phase is complete and the second is near completion, both of which were funded with loans through this program as well.

### **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, 2016. 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. Credit must also be given to the City Commission and City Management for their commitment and support to improving the City's financial operations.

Respectfully yours,



Corinne Elliott  
Interim Finance Director



Michael Bornstein  
City Manager

*City of Lake Worth, Florida*

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Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Lake Worth  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

*Christopher P. Morill*

Executive Director/CEO



## City of Lake Worth, Florida

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### *List of Principal Officers For the Fiscal Year Ended September 30, 2017*

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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            | Omari Hardy             |
| Commissioner - District 3            | Andy Amoroso            |
| Commissioner - District 4            | Herman Robinson         |

#### Management Team:

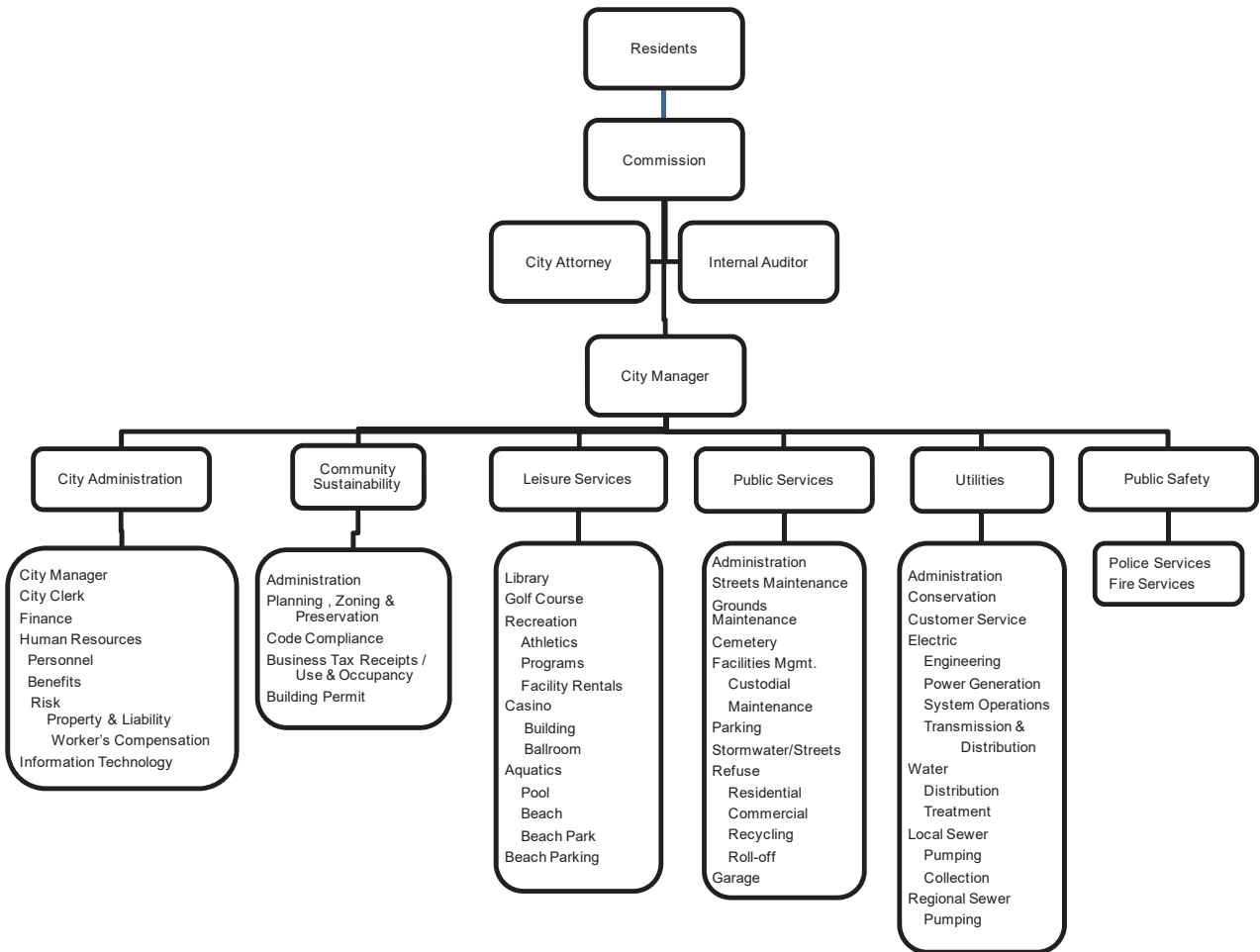
|                                   |                   |
|-----------------------------------|-------------------|
| City Manager                      | Michael Bornstein |
| Assistant City Manager            | Juan Ruiz         |
| City Attorney                     | Glen J. Torcivia  |
| City Clerk                        | Debbie Andrea     |
| Community Sustainability Director | William Waters    |
| Interim Finance Director          | Corinne Elliott   |
| Human Resources Director          | Loren Slaydon     |
| Public Services Director          | Jamie Brown       |
| Water & Sewer Utility Director    | Brian Shields     |
| Electric Utility Director         | Edward Liberty    |

#### Community Redevelopment Agency:

|                    |            |
|--------------------|------------|
| Executive Director | Joan Oliva |
|--------------------|------------|

*City of Lake Worth, Florida*

**Organizational Chart**  
**For the Fiscal Year Ended September 30, 2017**



***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, 2017, 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, 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, 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, 2017, 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 72 through 79, 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 by us and other auditors. 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.

City of Lake Worth, Florida

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 26, 2018, 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 26, 2018

*City of Lake Worth, Florida*

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## City of Lake Worth, Florida

*Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2017*

*Unaudited*

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, 2017. 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 assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows by \$ 167,898,237. Of this amount, \$ 1,254,600 represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position at September 30, 2017 increased by \$ 1,754,387 as a result of this year's operations.
- At the end of the current fiscal year, the governmental funds reported combined fund balances of \$ 29,462,340, an increase of \$ 20,939,682 in comparison to the prior year. The significant decrease is due to unspent bond proceeds from the General Obligation Bonds issued during the fiscal year. Of the total fund balances reported in governmental funds, \$ 4,406,420 was unassigned in the General Fund. This was a decrease of \$ 1,189,717 from 2016.
- At September 30, 2017, the governmental activities had total loans outstanding balance of \$ 23,240,597, an increase of \$ 22,391,151 in comparison to the prior year. The significant increase is mainly due to the General Obligation Bonds Series 2017 issued during the fiscal year in the amount of \$ 22,272,286 to fund roadway improvements within the City.
- At September 30, 2017, the Utilities Department had total loans outstanding of \$ 67,469,081 including a revenue bond in the amount of \$ 39,565,000 and a state revolving loan in the amount of \$ 6,060,823 which was obtained to help fund the construction of the Reverse Osmosis Water Treatment Plant and a note payable for \$ 21,843,258. The purpose of the revenue bond was to refund previously issued outstanding revenue bonds, refund prior debt with the Florida Municipal Power Agency (FMPA) 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. The note payable of \$ 21,843,258 was obtained to fund the agreement that the City entered into with Siemens Industry, Inc. for the installation of certain energy savings infrastructure and equipment throughout the City.

### 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 utility, refuse collection and disposal systems.

The government-wide financial statements can be found on pages 13 and 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, a 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, the Beach Fund and the Neighborhood Road Program 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 nonmajor funds is provided in the form of combining statements on pages 80 to 85 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 utility, 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 99 to 102.



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 business-type 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 nonmajor enterprise funds in combining schedules on pages 95-98. 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 and 26 of this report. In addition, the combining schedules are presented on pages 103 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 68 of this report.

The combining statements referred to earlier in connection with nonmajor 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 80 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 deferred outflows of resources and liabilities and deferred inflows of resources, - 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*

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*Unaudited*

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             |                   |
|--|-------------------------|------------------|--------------------------|-------------------|-------------------|-------------------|
|  | 2017                    | 2016             | 2017                     | 2016              | 2017              | 2016              |
| <b>Assets:</b>                                       |                         |                  |                          |                   |                   |                   |
| Current and other assets                             | \$ 32,645               | \$ 11,944        | \$ 122,477               | \$ 126,392        | \$ 155,122        | \$ 138,336        |
| Capital assets                                       | <u>57,497</u>           | <u>57,178</u>    | <u>136,090</u>           | <u>123,982</u>    | <u>193,587</u>    | <u>181,160</u>    |
| Total assets   | <u>90,142</u>           | <u>69,122</u>    | <u>258,567</u>           | <u>250,374</u>    | <u>348,709</u>    | <u>319,496</u>    |
| Total deferred outflows of resources                 | <u>12,309</u>           | <u>12,420</u>    | <u>5,719</u>             | <u>6,335</u>      | <u>18,028</u>     | <u>18,755</u>     |
| Total assets and deferred outflows                   | <u>\$ 102,451</u>       | <u>\$ 81,542</u> | <u>\$ 264,286</u>        | <u>\$ 256,709</u> | <u>\$ 366,737</u> | <u>\$ 338,251</u> |
| <b>Liabilities:</b>                                  |                         |                  |                          |                   |                   |                   |
| Current liabilities                                  | \$ 3,195                | \$ 2,011         | \$ 11,144                | \$ 7,180          | \$ 14,339         | \$ 9,191          |
| Noncurrent liabilities                               | <u>82,245</u>           | <u>61,456</u>    | <u>98,832</u>            | <u>98,545</u>     | <u>181,077</u>    | <u>160,001</u>    |
| Total liabilities                                    | <u>85,440</u>           | <u>63,467</u>    | <u>109,976</u>           | <u>105,725</u>    | <u>195,416</u>    | <u>169,192</u>    |
| Deferred inflows of resources:                       | <u>1,455</u>            | <u>1,392</u>     | <u>1,968</u>             | <u>1,523</u>      | <u>3,423</u>      | <u>2,915</u>      |
| Total liabilities and deferred inflows               | <u>86,895</u>           | <u>64,859</u>    | <u>111,944</u>           | <u>107,248</u>    | <u>198,839</u>    | <u>172,107</u>    |
| <b>Net Position:</b>                                 |                         |                  |                          |                   |                   |                   |
| Net investment in capital assets                     | 55,277                  | 56,329           | 83,094                   | 74,381            | 138,371           | 130,710           |
| Restricted   | 23,188                  | 2,883            | 5,084                    | 4,023             | 28,272            | 6,906             |
| Unrestricted (deficit)                               | <u>(62,909)</u>         | <u>(42,529)</u>  | <u>64,164</u>            | <u>71,057</u>     | <u>1,255</u>      | <u>28,528</u>     |
| Total net position                                   | <u>15,556</u>           | <u>16,683</u>    | <u>152,342</u>           | <u>149,461</u>    | <u>167,898</u>    | <u>166,144</u>    |
| Total liabilities, deferred inflows and net position | <u>\$ 102,451</u>       | <u>\$ 81,542</u> | <u>\$ 264,286</u>        | <u>\$ 256,709</u> | <u>\$ 366,737</u> | <u>\$ 338,251</u> |

As shown in Table A-1, net position amounted to approximately \$ 168.0 million in fiscal 2017. The major component of this category is "net investment 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 increased from approximately \$ 130.7 million in fiscal 2016 to approximately \$ 138.4 million in fiscal 2017, primarily due to the current year's additions to capital assets. The increase in current and other assets from approximately \$ 138.3 million in 2016 to approximately \$ 155.1 million in 2017 is primarily due to an increase in investments from the General Obligation Bonds Series 2017 unspent bond proceeds.

An additional portion of the City's net position, \$ 28.3 million represents resources that are subject to restrictions on how they may be used. The remaining balance of approximately \$ 1.3 million is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

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

|  | Governmental Activities |                  | Business-Type Activities |                   | Total             |                   |
|--|-------------------------|------------------|--------------------------|-------------------|-------------------|-------------------|
|  | 2017                    | 2016             | 2017                     | 2016              | 2017              | 2016              |
| General Revenues:                                    |                         |                  |                          |                   |                   |                   |
| Taxes  | \$ 19,748               | \$ 17,137        | \$ -                     | \$ -              | \$ 19,748         | \$ 17,137         |
| Intergovernmental - unrestricted                     | 1,669                   | 1,528            | -                        | -                 | 1,669             | 1,528             |
| Investment earnings - unrestricted                   | 97                      | 73               | 371                      | 584               | 468               | 657               |
| Miscellaneous  | 177                     | 80               | 960                      | 826               | 1,137             | 906               |
| Charges for services                                 | 7,919                   | 8,212            | 92,444                   | 92,924            | 100,363           | 101,136           |
| Operating grants and contributions                   | 878                     | 1,267            | -                        | -                 | 878               | 1,267             |
| Capital grants and contributions                     | 19                      | 51               | 938                      | 668               | 957               | 719               |
| <b>Total revenues</b>                                | <b>30,507</b>           | <b>28,348</b>    | <b>94,713</b>            | <b>95,002</b>     | <b>125,220</b>    | <b>123,350</b>    |
| Expenses:  |                         |                  |                          |                   |                   |                   |
| General government                                   | 4,091                   | 3,059            | -                        | -                 | 4,091             | 3,059             |
| Public safety  | 21,020                  | 21,521           | -                        | -                 | 21,020            | 21,521            |
| Physical environment                                 | 2,119                   | 1,792            | -                        | -                 | 2,119             | 1,792             |
| Transportation                                       | 4,463                   | 4,224            | -                        | -                 | 4,463             | 4,224             |
| Culture and recreation                               | 6,605                   | 5,672            | -                        | -                 | 6,605             | 5,672             |
| Interest and fiscal charges                          | 328                     | -                | -                        | -                 | 328               | -                 |
| Electric utility                                     | -                       | -                | 54,793                   | 47,510            | 54,793            | 47,510            |
| Water utility  | -                       | -                | 11,755                   | 10,174            | 11,755            | 10,174            |
| Local sewer  | -                       | -                | 7,356                    | 6,820             | 7,356             | 6,820             |
| Regional sewer                                       | -                       | -                | 4,868                    | 5,085             | 4,868             | 5,085             |
| Stormwater utility                                   | -                       | -                | 1,183                    | 1,109             | 1,183             | 1,109             |
| Refuse collection and disposal                       | -                       | -                | 4,885                    | 4,308             | 4,885             | 4,308             |
| <b>Total expenses</b>                                | <b>38,626</b>           | <b>36,268</b>    | <b>84,840</b>            | <b>75,006</b>     | <b>123,466</b>    | <b>111,274</b>    |
| Increase (decrease) in net position before transfers | (8,119)                 | (7,920)          | 9,873                    | 19,996            | 1,754             | 12,076            |
| Transfers  | 6,992                   | 6,761            | (6,992)                  | (6,761)           | -                 | -                 |
| Change in net position                               | (1,127)                 | (1,159)          | 2,881                    | 13,235            | 1,754             | 12,076            |
| Net position, beginning                              | 16,683                  | 17,842           | 149,461                  | 136,226           | 166,144           | 154,068           |
| Net position, ending                                 | <b>\$ 15,556</b>        | <b>\$ 16,683</b> | <b>\$ 152,342</b>        | <b>\$ 149,461</b> | <b>\$ 167,898</b> | <b>\$ 166,144</b> |

**Governmental Activities:**

Total revenues increased by approximately \$ 2.2 million primarily due to an increase in taxes while total expenses increased by approximately \$ 2.3 million during the same period.

**Business-Type Activities:**

For the City's business-type activities, the results for the current fiscal year were positive in that overall net position increased by approximately \$ 2.9 million to reach approximately \$ 152.3 million. Revenues decreased by approximately \$ .3 million primarily due to decreased usage and expenses increased by \$ 9.8 million during the same period due to increased power costs, regional sewer flow costs and personnel costs.

**Financial Analysis of the City's Funds**

**Governmental Funds**

At September 30, 2017, the City's governmental funds reported combined fund balances of approximately \$ 29.5 million, an increase of approximately \$ 20.9 million in comparison to the prior year. Approximately 77% or \$ 22.8 million is restricted. The remainder of the fund balance is either non-spendable, committed, assigned or unassigned.

General Fund - The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance in the General Fund was approximately \$ 4.4 million compared to approximately \$ 5.6 million in 2016. The unassigned fund balance represents approximately 91% of the overall fund balance at September 30, 2017. The General Fund recognized approximately \$ 24.8 million of revenue during the year, offset by approximately \$ 32.8 million of expenditures. Property taxes increased to approximately \$ 7.9 million from approximately \$ 7.2 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 \$ .6 million to approximately \$ 20.4 million, still representing the largest portion (62.2%) of expenditures. 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 expenditures are driven by the interlocal agreements with each governmental entity and associated pension costs for former police and fire employees.

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 determined it was more beneficial to utilize internal financing due to the interest rate earned on the City's investments compared to external financing. Repayment began in fiscal year ending September 30, 2014. Overall revenue and expenditures in the Beach Fund were fairly consistent with prior year and resulted in a decrease in the deficit fund balance of approximately \$ .4 million.

Neighborhood Road Improvement Fund - The Neighborhood Road Improvement Fund is used to account for all of the cost involved in operating the Neighborhood Road program. The program is the City's largest capital improvement project to date and will dramatically improve transportation throughout the City's residential areas. It is being funded through a general obligation bond not to exceed \$ 40 million dollars. In May of 2017 the City issued General Obligation Bond Series 2017 in the amount of \$ 21,685,000. The program spent \$ 2.6 Million in 2017. It is anticipated that the City will issue the remaining \$ 18,315,000 in July of 2018 and that all the funds will be expended by the end of 2020.

**Proprietary Funds**

The City implemented rate adjustments during fiscal year 2017 in both the water and sewer utilities resulting in an overall increase in the charges for services to residents. Operating revenues in the enterprise funds decreased by approximately \$ .5 million. Operating revenue from electric operations decreased approximately \$ 1.2 million due to decreased usage. The local sewer decreased by approximately \$ .5 million due to a true-up refund in 2016 from regional sewer for approximately \$ .8 million. Water operations and Regional sewer increased by approximately \$ .7 million and \$ .5 million, respectively, due to rate increases. Operating expenses in the enterprise funds increased by approximately \$ 8.1 million due to an increase in power costs, regional sewer flow costs and personnel costs.

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**General Fund Budgetary Highlights**

The General Fund's budgeted revenues remained the same while expenditures increased by approximately \$ 520,000 from the original budget. The actual revenues were approximately \$ 1.2 million lower than the budget. The City's final actual expenditures through cost saving measures were approximately \$ 1 million less than budget.

The most significant difference between budgeted revenues and actual revenues was noted in state shared revenues and charges for services revenues as both sources came in lower than anticipated.

**Capital Assets and Debt Administration**

**Capital Assets**

As of September 30, 2017, the City's investment in capital assets for its governmental and business-type activities amounts to approximately \$ 193.6 million invested in a variety of capital assets which represents a net increase (additions, deductions and depreciation) of approximately \$ 12.4 million or 7%. Construction-in-progress increased approximately \$ 10.5 million to a total of approximately \$ 32.3 million. The increase is mainly attributable to the energy saving project that the City entered into with Siemens Industry, Inc. Additional information on the City's capital assets can be found in Note 7 beginning on page 44.

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

|                          | Governmental Activities |         | Business-Type Activities |          | Total    |          |
|--------------------------|-------------------------|---------|--------------------------|----------|----------|----------|
|                          | 2017                    | 2016    | 2017                     | 2016     | 2017     | 2016     |
| Land                     | \$ 8.2                  | \$ 8.2  | \$ 2.6                   | \$ 2.6   | \$ 10.8  | \$ 10.8  |
| Construction in progress | 4.9                     | 2.7     | 27.4                     | 19.1     | 32.3     | 21.8     |
| Land improvements        | 2.8                     | 2.8     | 0.5                      | 0.5      | 3.3      | 3.3      |
| Buildings and structures | 32.1                    | 31.9    | 98.4                     | 98.4     | 130.5    | 130.3    |
| Infrastructure           | 72.7                    | 71.3    | 123.3                    | 116.4    | 196.0    | 187.7    |
| Machinery and equipment  | 3.9                     | 3.7     | 32.5                     | 30.9     | 36.4     | 34.6     |
| Vehicles                 | 1.5                     | 1.5     | 11.8                     | 10.9     | 13.3     | 12.4     |
|                          | 126.1                   | 122.1   | 296.5                    | 278.8    | 422.6    | 400.9    |
| Total capital assets     |                         |         |                          |          |          |          |
| Accumulated depreciation | (68.6)                  | (64.9)  | (160.4)                  | (154.8)  | (229.0)  | (219.7)  |
| Net capital assets       | \$ 57.5                 | \$ 57.2 | \$ 136.1                 | \$ 124.0 | \$ 193.6 | \$ 181.2 |

**Debt Administration**

As of September 30, 2017, the City had debt outstanding of approximately \$ 90.7 million. Of this amount, approximately \$ 67.5 million and \$ 22.3 million are secured by specific enterprise fund and governmental fund revenue sources, respectively.

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

|               | Governmental Activities |               | Business-Type Activities |                | Total          |                |
|---------------|-------------------------|---------------|--------------------------|----------------|----------------|----------------|
|               | 2017                    | 2016          | 2017                     | 2016           | 2017           | 2016           |
| Revenue bonds | \$ 22.2                 | \$ -          | \$ 39.6                  | \$ 43.0        | \$ 61.8        | \$ 43.0        |
| Notes payable | 1.0                     | 0.8           | 27.9                     | 21.9           | 28.9           | 22.7           |
| <b>Total</b>  | <b>\$ 23.2</b>          | <b>\$ 0.8</b> | <b>\$ 67.5</b>           | <b>\$ 64.9</b> | <b>\$ 90.7</b> | <b>\$ 65.7</b> |

The City's long term debt increased by approximately \$ 25.0 million or 38% due to the net effect of increased borrowings and the scheduled principal payments. Other obligations include compensated absences such as unused vacation and sick leave, deposits payable, pension liability and outstanding/estimated insurance claims. Additional information on the City's current long term debt and liabilities can be found beginning on page 48 in Note 9 of this report.

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

The City considered the following economic factors in developing its 2017-2018 fiscal year budget:

- 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 2018, they are estimated to continue this trend.
- The City's total assessed value for the tax year 2017 or fiscal year 2018 increased by approximately 9.0% or approximately \$ .9 million.
- The General Fund budget for 2018 of approximately \$ 35.5 million is approximately \$ 1.6 million or 4.7% more than the fiscal year 2017 amended budget. The increase is partly due to Palm Beach Sheriff Office contract and salary increases for employees.
- 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 2018, the rates for the business-type activities were recommended by rate studies conducted by consultants and reflect increases of 2.75% for water rates and 5.0% for local sewer rates. The regional sewer remained approximately the same with the rates being based upon the recommendation of the sub regional sewer utility board.
- The fiscal year 2018 budget maintains and improves service levels wherever possible, with the restraint of gradual increases in revenues. The City of Lake Worth, Florida continues to look for efficiencies and improved productivity in the reorganization of its departments and infrastructure planning of capital assets.

**Currently Known Facts and Decisions**

In Fiscal Year 2018, the City of Lake Worth placed major emphasis on creating the conditions for private investment in the municipality. The City's Comprehensive Plan has been updated. Significant infrastructure investments in the Lake Worth Park of Commerce are underway and the Neighborhood Road Improvement program is ahead of schedule. Additionally, the Water Utilities Department has embarked upon major upgrades throughout the City in the replacement of pipes and fire hydrants. As the City invests in itself, developers and residents are investing, too.

**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, 2017**

|  | <b>Primary Government</b>          |                                     |                       | <b>Component<br/>Unit</b> |
|--|------------------------------------|-------------------------------------|-----------------------|---------------------------|
|  | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>          |                           |
| <b>Assets:</b>   |                                    |                                     |                       |                           |
| Cash and cash equivalents  | \$ 4,948,059                       | \$ 10,069,671                       | \$ 15,017,730         | \$ 2,386,804              |
| Investments  | 31,448,843                         | 43,135,826                          | 74,584,669            | 1,121,440                 |
| Accounts receivable, net   | 2,022,653                          | 14,212,614                          | 16,235,267            | 157,108                   |
| Accrued interest receivable  | 50,184                             | 190,149                             | 240,333               | -                         |
| Internal balances  | (6,086,472)                        | 6,086,472                           | -                     | -                         |
| Due from component unit  | 2,177                              | -                                   | 2,177                 | -                         |
| Inventories  | 5,521                              | 4,424,213                           | 4,429,734             | -                         |
| Land held for resale   | 237,861                            | -                                   | 237,861               | 3,939,802                 |
| Prepaid items  | 16,045                             | 171,537                             | 187,582               | 235,363                   |
| Restricted assets:   |                                    |                                     |                       |                           |
| Cash and cash equivalents  | -                                  | 897,078                             | 897,078               | -                         |
| Investments  | -                                  | 22,542,353                          | 22,542,353            | -                         |
| Accounts receivable, net   | -                                  | 31,904                              | 31,904                | -                         |
| Deposits   | -                                  | 1,316,174                           | 1,316,174             | -                         |
| Investment in joint venture  | -                                  | 19,398,771                          | 19,398,771            | -                         |
| Capital assets:  |                                    |                                     |                       |                           |
| Nondepreciable   | 13,087,302                         | 29,958,964                          | 43,046,266            | 804,931                   |
| Depreciable, net   | 44,409,330                         | 106,131,651                         | 150,540,981           | 7,653,006                 |
| <b>Total assets</b>  | <b>90,141,503</b>                  | <b>258,567,377</b>                  | <b>348,708,880</b>    | <b>16,298,454</b>         |
| <b>Deferred outflows of resources:</b>                                   |                                    |                                     |                       |                           |
| Deferred outflows related to pensions                                    | 12,308,879                         | 4,716,664                           | 17,025,543            | -                         |
| Deferred charge on refunding   | -                                  | 1,002,507                           | 1,002,507             | -                         |
| <b>Total deferred outflows of resources</b>                              | <b>12,308,879</b>                  | <b>5,719,171</b>                    | <b>18,028,050</b>     | <b>-</b>                  |
| <b>Total assets and deferred outflows of resources</b>                   | <b>\$ 102,450,382</b>              | <b>\$ 264,286,548</b>               | <b>\$ 366,736,930</b> | <b>\$ 16,298,454</b>      |
| <b>Liabilities:</b>  |                                    |                                     |                       |                           |
| Accounts and contracts payable   | \$ 1,621,586                       | \$ 3,697,694                        | \$ 5,319,280          | \$ 170,911                |
| Accrued liabilities  | 443,875                            | 4,921,987                           | 5,365,862             | 12,069                    |
| Accrued interest payable   | 24,718                             | 67,668                              | 92,386                | -                         |
| Due to primary government  | -                                  | -                                   | -                     | 2,177                     |
| Unearned revenue   | 631,967                            | -                                   | 631,967               | 47,407                    |
| Liabilities payable from restricted assets                               | -                                  | 1,097,830                           | 1,097,830             | -                         |
| Due within one year:   |                                    |                                     |                       |                           |
| Notes payable  | 43,722                             | 1,291,351                           | 1,335,073             | -                         |
| Revenue bonds payable  | 380,000                            | -                                   | 380,000               | -                         |
| Compensated absences   | 48,703                             | 67,376                              | 116,079               | -                         |
| Due in more than a year:   |                                    |                                     |                       |                           |
| Notes payable  | 929,483                            | 26,612,730                          | 27,542,213            | -                         |
| Revenue bonds payable  | 21,887,392                         | 39,565,000                          | 61,452,392            | -                         |
| Compensated absences   | 519,596                            | 742,668                             | 1,262,264             | -                         |
| Insurance claims payable   | -                                  | 1,987,604                           | 1,987,604             | -                         |
| Other post-employment benefits   | 543,912                            | 578,424                             | 1,122,336             | -                         |
| Deposits payable   | -                                  | 6,548,592                           | 6,548,592             | -                         |
| Net pension liability  | 58,364,951                         | 22,797,361                          | 81,162,312            | -                         |
| <b>Total liabilities</b>   | <b>85,439,905</b>                  | <b>109,976,285</b>                  | <b>195,416,190</b>    | <b>232,564</b>            |
| <b>Deferred inflows of resources:</b>                                    |                                    |                                     |                       |                           |
| Deferred inflows related to pensions                                     | 1,454,715                          | 1,967,788                           | 3,422,503             | -                         |
| <b>Net position:</b>   |                                    |                                     |                       |                           |
| Net investment in capital assets   | 55,276,904                         | 83,094,062                          | 138,370,966           | 8,457,937                 |
| Restricted for:  |                                    |                                     |                       |                           |
| Debt service   | 423,722                            | 1,291,351                           | 1,715,073             | -                         |
| Working capital  | -                                  | 1,549,831                           | 1,549,831             | -                         |
| Renewal and replacement  | -                                  | 2,243,010                           | 2,243,010             | -                         |
| Grants   | 215,898                            | -                                   | 215,898               | -                         |
| Public safety  | 2,905,579                          | -                                   | 2,905,579             | -                         |
| Capital projects   | 19,643,280                         | -                                   | 19,643,280            | -                         |
| Community redevelopment  | -                                  | -                                   | -                     | 3,341,803                 |
| Unrestricted (deficit)   | (62,909,621)                       | 64,164,221                          | 1,254,600             | 4,266,150                 |
| <b>Total net position</b>  | <b>15,555,762</b>                  | <b>152,342,475</b>                  | <b>167,898,237</b>    | <b>16,065,890</b>         |
| <b>Total liabilities, deferred inflows of resources and net position</b> | <b>\$ 102,450,382</b>              | <b>\$ 264,286,548</b>               | <b>\$ 366,736,930</b> | <b>\$ 16,298,454</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, 2017**

|   | Program Revenues      |                                      |  | Net (Expense) Revenue<br>and Changes in Net Position<br>Primary Government |                            |                             | Component<br>Unit   |       |
|---|-----------------------|--------------------------------------|--|--|----------------------------|-----------------------------|---------------------|-------|
|   | Expenses              | Charges for<br>Services and<br>Sales | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions                                     | Governmental<br>Activities | Business-Type<br>Activities |                     | Total |
|   |                       |                                      |  |  |                            |                             |                     |       |
| <b>Primary government:</b>              |                       |                                      |  |  |                            |                             |                     |       |
| <b>Governmental activities:</b>         |                       |                                      |  |  |                            |                             |                     |       |
| General government                      | \$ 4,090,775          | \$ 2,483,748                         | \$ -                                     | \$ -   | \$ (1,607,027)             | \$ -                        | \$ (1,607,027)      |       |
| Public safety                           | 21,020,172            | 1,374,166                            | 28,946                                   | 18,750   | (19,598,310)               | -                           | (19,598,310)        |       |
| Physical environment                    | 2,118,859             | 19,125                               | 726,133                                  | -  | (1,373,601)                | -                           | (1,373,601)         |       |
| Transportation                          | 4,462,603             | 1,881,827                            | -  | -  | (2,580,776)                | -                           | (2,580,776)         |       |
| Culture and recreation                  | 6,605,043             | 2,160,482                            | 123,129                                  | 100  | (4,321,332)                | -                           | (4,321,332)         |       |
| Interest and fiscal charges             | 328,454               | -                                    | -  | -  | (328,454)                  | -                           | (328,454)           |       |
| <b>Total governmental activities</b>    | <b>38,625,906</b>     | <b>7,919,348</b>                     | <b>878,208</b>                           | <b>18,850</b>  | <b>(29,809,500)</b>        | <b>-</b>                    | <b>(29,809,500)</b> |       |
| <b>Business-type activities:</b>        |                       |                                      |  |  |                            |                             |                     |       |
| Electric                                | 54,793,486            | 55,850,044                           | -  | -  | -                          | 1,056,558                   | 1,056,558           |       |
| Water                                   | 11,754,509            | 14,652,277                           | -  | 393,160  | -                          | 3,290,928                   | 3,290,928           |       |
| Local sewer                             | 7,356,239             | 7,183,903                            | -  | 246,226  | -                          | 73,890                      | 73,890              |       |
| Regional sewer                          | 4,868,053             | 6,981,203                            | -  | 298,524  | -                          | 2,411,674                   | 2,411,674           |       |
| Stormwater utility                      | 1,183,318             | 1,839,490                            | -  | -  | -                          | 656,172                     | 656,172             |       |
| Refuse collection and disposal          | 4,884,890             | 5,937,437                            | -  | -  | -                          | 1,052,547                   | 1,052,547           |       |
| <b>Total business-type activities</b>   | <b>84,840,495</b>     | <b>92,444,354</b>                    | <b>-</b>                                 | <b>937,910</b>   | <b>-</b>                   | <b>8,541,769</b>            | <b>8,541,769</b>    |       |
| <b>Total primary government</b>         | <b>\$ 123,466,401</b> | <b>\$ 100,363,702</b>                | <b>\$ 878,208</b>                        | <b>\$ 956,760</b>  | <b>(29,809,500)</b>        | <b>8,541,769</b>            | <b>(21,267,731)</b> |       |
| <b>Component unit:</b>                  |                       |                                      |  |  |                            |                             |                     |       |
| Lake Worth CRA                          | \$ 1,423,612          | \$ -                                 | \$ -                                     | \$ 180,829   |                            |                             | (1,242,783)         |       |
| <b>General revenues:</b>                |                       |                                      |  |  |                            |                             |                     |       |
| <b>Taxes:</b>                           |                       |                                      |  |  |                            |                             |                     |       |
| Property taxes                          |                       |                                      |  |  | 8,501,004                  | -                           | 8,501,004           |       |
| Franchise fees based on gross receipts  |                       |                                      |  |  | 57,146                     | -                           | 57,146              |       |
| Utility services taxes                  |                       |                                      |  |  | 5,323,406                  | -                           | 5,323,406           |       |
| Gas taxes                               |                       |                                      |  |  | 962,936                    | -                           | 962,936             |       |
| Sales and use taxes                     |                       |                                      |  |  | 4,903,158                  | -                           | 4,903,158           |       |
| Intergovernmental - unrestricted        |                       |                                      |  |  | 1,669,080                  | -                           | 1,669,080           |       |
| Investment income - unrestricted        |                       |                                      |  |  | 96,906                     | 371,686                     | 468,592             |       |
| Miscellaneous                           |                       |                                      |  |  | 176,950                    | 959,846                     | 1,136,796           |       |
| Transfers                               |                       |                                      |  |  | 6,991,921                  | (6,991,921)                 | -                   |       |
| Total general revenues and transfers    |                       |                                      |  |  | 28,682,507                 | (5,660,389)                 | 23,022,118          |       |
| Change in net position                  |                       |                                      |  |  | (1,126,993)                | 2,881,380                   | 1,754,387           |       |
| <b>Net position, beginning of year,</b> |                       |                                      |  |  | 16,682,755                 | 149,461,095                 | 166,143,850         |       |
| <b>Net position, end of year</b>        |                       |                                      |  |  | \$ 15,555,762              | \$ 152,342,475              | \$ 167,898,237      |       |

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

*City of Lake Worth, Florida*

**Balance Sheet**  
**Governmental Funds**  
**September 30, 2017**

|  | <u>General</u>      | <u>Beach Fund</u>   | <u>Neighborhood<br/>Road Program<br/>Fund</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---------------------|---------------------|---|--|---|
| <b>Assets:</b>                             |                     |                     |   |  |   |
| Cash and cash equivalents                  | \$ 250,774          | \$ 898,492          | \$ 951,541                                    | \$ 2,847,252                               | \$ 4,948,059                            |
| Investments                                | 4,311,934           | 872,700             | 21,259,732                                    | 5,004,477                                  | 31,448,843                              |
| Accounts receivable, net                   | 1,350,517           | 9,324               | -   | 662,812                                    | 2,022,653                               |
| Accrued interest receivable                | 12,484              | 2,215               | 24,400  | 11,085                                     | 50,184                                  |
| Due from component unit                    | 2,177               | -                   | -   | -  | 2,177                                   |
| Inventories                                | -                   | -                   | -   | 5,521                                      | 5,521                                   |
| Land held for resale                       | -                   | -                   | -   | 237,861                                    | 237,861                                 |
| Prepaid items                              | 13,245              | -                   | -   | 2,800                                      | 16,045                                  |
| Due from other funds                       | 1,939               | -                   | -   | -  | 1,939                                   |
| Advances to other funds                    | -                   | -                   | -   | 435,000                                    | 435,000                                 |
| <b>Total assets</b>                        | <u>\$ 5,943,070</u> | <u>\$ 1,782,731</u> | <u>\$ 22,235,673</u>                          | <u>\$ 9,206,808</u>                        | <u>\$ 39,168,282</u>                    |
| <b>Liabilities:</b>                        |                     |                     |   |  |   |
| Accounts and contracts payable             | \$ 332,408          | \$ 203,775          | \$ 980,134                                    | \$ 105,269                                 | \$ 1,621,586                            |
| Accrued liabilities                        | 131,557             | 155,958             | 112,259                                       | 44,101                                     | 443,875                                 |
| Due to other funds                         | 29,575              | 100,000             | 1,500,000                                     | 481,939                                    | 2,111,514                               |
| Advances from other funds                  | -                   | 4,897,000           | -   | -  | 4,897,000                               |
| Unearned revenue                           | 594,378             | -                   | -   | 37,589                                     | 631,967                                 |
| <b>Total liabilities</b>                   | <u>1,087,918</u>    | <u>5,356,733</u>    | <u>2,592,393</u>                              | <u>668,898</u>                             | <u>9,705,942</u>                        |
| <b>Fund balances:</b>                      |                     |                     |   |  |   |
| Nonspendable:                              |                     |                     |   |  |   |
| Prepaid items                              | 13,245              | -                   | -   | 2,800                                      | 16,045                                  |
| Inventories                                | -                   | -                   | -   | 5,521                                      | 5,521                                   |
| Restricted for:                            |                     |                     |   |  |   |
| Public safety                              | -                   | -                   | -   | 2,905,579                                  | 2,905,579                               |
| Grants                                     | -                   | -                   | -   | 215,898                                    | 215,898                                 |
| Capital projects                           | -                   | -                   | 19,643,280                                    | -  | 19,643,280                              |
| Committed to:                              |                     |                     |   |  |   |
| Parking improvements                       | -                   | -                   | -   | 67,387                                     | 67,387                                  |
| Public safety                              | -                   | -                   | -   | 675,047                                    | 675,047                                 |
| Tree preservation                          | -                   | -                   | -   | 12,185                                     | 12,185                                  |
| Energy conservation                        | -                   | -                   | -   | 467,874                                    | 467,874                                 |
| Culture and recreation                     | -                   | -                   | -   | 237,334                                    | 237,334                                 |
| Assigned to:                               |                     |                     |   |  |   |
| Subsequent year's budget                   | 426,220             | -                   | -   | -  | 426,220                                 |
| Capital projects                           | -                   | -                   | -   | 4,284,028                                  | 4,284,028                               |
| Housing initiative                         | 9,267               | -                   | -   | -  | 9,267                                   |
| Unassigned (deficit)                       | 4,406,420           | (3,574,002)         | -   | (335,743)                                  | 496,675                                 |
| <b>Total fund balances (deficit)</b>       | <u>4,855,152</u>    | <u>(3,574,002)</u>  | <u>19,643,280</u>                             | <u>8,537,910</u>                           | <u>29,462,340</u>                       |
| <b>Total liabilities and fund balances</b> | <u>\$ 5,943,070</u> | <u>\$ 1,782,731</u> | <u>\$ 22,235,673</u>                          | <u>\$ 9,206,808</u>                        | <u>\$ 39,168,282</u>                    |

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, 2017**

|  |                 |            |
|--|-----------------|------------|
| <b>Total governmental fund balances</b>  | \$              | 29,462,340 |
| <br><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, are not financial resources and, therefore, are not reported in the fund.                                 |                 |            |
|  |                 | 57,496,632 |
| Long-term liabilities are not due and payable in the current period and, therefore are not reported in the government funds. These liabilities are comprised of the following: |                 |            |
| Revenue bonds payable, net of premium  | \$ (22,267,392) |            |
| Notes payable  | (973,205)       |            |
| Net pension liability  | (58,364,951)    |            |
| Accrued interest payable   | (24,718)        |            |
| Other post employment benefits (OPEB)  | (543,912)       |            |
| Compensated absences   | (568,299)       |            |
|  | (82,742,477)    |            |
| Certain funds related to pension assets and liabilities are not reported in the governmental funds:  |                 |            |
| Deferred outflows relating to pensions   | \$ 12,308,879   |            |
| Deferred inflows relating to pensions  | (1,454,715)     |            |
|  | 10,854,164      |            |
| Internal service fund net position   | \$ 11,870,319   |            |
| Less due to business-type activities for "Look Back" allocation  | (11,385,216)    |            |
|  | 485,103         |            |
| <b>Net position of governmental activities</b>   | \$              | 15,555,762 |

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, 2017**

|  | <u>General</u>      | <u>Beach Fund</u>     | <u>Neighborhood<br/>Road Program<br/>Fund</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---------------------|-----------------------|---|--|---|
| <b>Revenues:</b>   |                     |                       |   |  |   |
| Property taxes   | \$ 7,902,965        | \$ -                  | \$ -  | \$ -                                       | \$ 7,902,965                            |
| Utility and other taxes                                      | 5,173,519           | -                     | -   | 383,380                                    | 5,556,899                               |
| Licenses and permits   | 880,825             | -                     | -   | 1,032,799                                  | 1,913,624                               |
| Fines and forfeitures  | 883,548             | 252,661               | -   | -  | 1,136,209                               |
| Charges for services   | 4,532,118           | 2,820,679             | -   | 1,058,907                                  | 8,411,704                               |
| Intergovernmental  | 5,267,524           | -                     | -   | 2,805,147                                  | 8,072,671                               |
| Investment income  | 17,153              | 3,227                 | 64,577  | 14,032                                     | 98,989                                  |
| Rents and royalties  | 20,703              | -                     | -   | -  | 20,703                                  |
| Miscellaneous  | 91,243              | 16,126                | -   | 306,185                                    | 413,554                                 |
| <b>Total revenues</b>  | <u>24,769,598</u>   | <u>3,092,693</u>      | <u>64,577</u>                                 | <u>5,600,450</u>                           | <u>33,527,318</u>                       |
| <b>Expenditures:</b>   |                     |                       |   |  |   |
| Current:   |                     |                       |   |  |   |
| General government   | 6,795,354           | -                     | -   | 121,689                                    | 6,917,043                               |
| Public safety  | 20,425,604          | -                     | -   | 993,235                                    | 21,418,839                              |
| Physical environment   | 2,070,489           | -                     | -   | 16   | 2,070,505                               |
| Transportation   | 1,410,085           | 393,333               | -   | 41,817                                     | 1,845,235                               |
| Culture and recreation                                       | 1,962,639           | 2,221,760             | -   | 1,107,283                                  | 5,291,682                               |
| Capital outlay   | 135,082             | 38,524                | 2,437,155                                     | 1,517,801                                  | 4,128,562                               |
| Debt service:  |                     |                       |   |  |   |
| Interest   | 47,308              | -                     | -   | -  | 47,308                                  |
| Cost of issuance   | -                   | -                     | 256,428                                       | -  | 256,428                                 |
| <b>Total expenditures</b>                                    | <u>32,846,561</u>   | <u>2,653,617</u>      | <u>2,693,583</u>                              | <u>3,781,841</u>                           | <u>41,975,602</u>                       |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>(8,076,963)</u>  | <u>439,076</u>        | <u>(2,629,006)</u>                            | <u>1,818,609</u>                           | <u>(8,448,284)</u>                      |
| <b>Other financing sources (uses):</b>                       |                     |                       |   |  |   |
| Proceeds from debt issuance                                  | -                   | -                     | 21,685,000                                    | 123,759                                    | 21,808,759                              |
| Premium on debt issuance                                     | -                   | -                     | 587,286                                       | -  | 587,286                                 |
| Transfers in   | 7,011,015           | -                     | -   | 111,965                                    | 7,122,980                               |
| Transfers out  | (60,923)            | -                     | -   | (70,136)                                   | (131,059)                               |
| <b>Total other financing sources</b>                         | <u>6,950,092</u>    | <u>-</u>              | <u>22,272,286</u>                             | <u>165,588</u>                             | <u>29,387,966</u>                       |
| <b>Net change in fund balances</b>                           | <u>(1,126,871)</u>  | <u>439,076</u>        | <u>19,643,280</u>                             | <u>1,984,197</u>                           | <u>20,939,682</u>                       |
| <b>Fund balances (deficit),<br/>beginning of year</b>        | <u>5,982,023</u>    | <u>(4,013,078)</u>    | <u>-</u>                                      | <u>6,553,713</u>                           | <u>8,522,658</u>                        |
| <b>Fund balances (deficit), end of year</b>                  | <u>\$ 4,855,152</u> | <u>\$ (3,574,002)</u> | <u>\$ 19,643,280</u>                          | <u>\$ 8,537,910</u>                        | <u>\$ 29,462,340</u>                    |

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, 2017**

|   |           |                    |
|---|-----------|--------------------|
| <b>Net change in fund balances, total governmental funds</b>  | \$        | 20,939,682         |
| <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  | \$        | 4,123,421          |
| Depreciation expense  |           | (3,804,914)        |
|   |           | 318,507            |
| <p>The issuance of long-term debt provides current financial resources to governmental funds; however, has no effect on net position.</p>   |           |                    |
|   |           | (22,396,045)       |
| <p>Revenues that are earned but not received within the availability period are recognized in the statement of activities when earned and subsequently in the governmental fund financial statements when they become available. The net difference is recorded as a reconciling item.</p>                  |           |                    |
|   |           | (20,741)           |
| <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  | \$        | 2,632              |
| Change in accrued interest payable  |           | (24,718)           |
| Amortization of bond premium  |           | 4,894              |
| Change in compensated absences  |           | (87,010)           |
| Change in net pension liability   |           | 1,264,710          |
|   |           | 1,160,508          |
| <p>Certain changes related to pension assets and liabilities are not reported in the net change in the governmental funds:</p>  |           |                    |
| Change in deferred outflows relating to pensions  | \$        | (111,501)          |
| Change in deferred inflows relating to pensions   |           | (62,196)           |
|   |           | (173,697)          |
| <p>Internal service funds are used by management to change 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  | \$        | (1,953,431)        |
| Current year "Look Back" allocation to Enterprise Funds   |           | 998,224            |
|   |           | (955,207)          |
| <b>Change in net position of governmental activities</b>  | <b>\$</b> | <b>(1,126,993)</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  
September 30, 2017**

|                                 | <i>Business-type activities - Enterprise Funds</i> |                   |                   |                   |                   |                    |                   |                        |
|---------------------------------|--|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|------------------------|
|                                 | Major  |                   |                   | Regional          |                   | Nonmajor           |                   | Total                  |
|                                 | Electric   | Water             | Local Sewer       | Sewer             | Enterprise Funds  | Enterprise Funds   | Enterprise Funds  | Internal Service Funds |
| <b>Assets:</b>                  |  |                   |                   |                   |                   |                    |                   |                        |
| <b>Current assets:</b>          |  |                   |                   |                   |                   |                    |                   |                        |
| Cash and cash equivalents       | \$ 891,552   | \$ 460,461        | \$ 289,098        | \$ 484,370        | \$ 2,393,127      | \$ 4,518,608       | \$ 5,551,063      |                        |
| Investments                     | 6,165,995  | 13,749,023        | 6,577,816         | -                 | 9,566,141         | 36,058,975         | 7,076,851         |                        |
| Restricted assets:              |  |                   |                   |                   |                   |                    |                   |                        |
| Cash and cash equivalents       | 180,504  | 233,657           | -                 | -                 | -                 | 414,161            | -                 |                        |
| Accounts receivable, net        | 9,964,267  | 1,934,523         | 959,493           | 941,176           | 412,568           | 14,212,027         | 587               |                        |
| Accrued interest receivable     | 69,469   | 45,509            | 27,830            | 3,700             | 26,223            | 172,731            | 17,418            |                        |
| Due from other funds            | 480,000  | 1,566,667         | -                 | 531,029           | -                 | 2,577,696          | 62,908            |                        |
| Inventories                     | 4,055,359  | 258,119           | -                 | -                 | -                 | 4,313,478          | 110,735           |                        |
| Prepaid items                   | 115,145  | -                 | -                 | -                 | 1,804             | 116,949            | 54,588            |                        |
| <b>Total current assets</b>     | <b>21,922,291</b>                                  | <b>18,247,959</b> | <b>7,854,237</b>  | <b>1,960,275</b>  | <b>12,399,863</b> | <b>62,384,625</b>  | <b>12,874,150</b> |                        |
| <b>Non-current assets:</b>      |  |                   |                   |                   |                   |                    |                   |                        |
| Restricted assets:              |  |                   |                   |                   |                   |                    |                   |                        |
| Cash and cash equivalents       | -  | -                 | -                 | 482,917           | -                 | 482,917            | -                 |                        |
| Investments                     | 19,844,307   | 1,469,857         | -                 | 1,228,189         | -                 | 22,542,353         | -                 |                        |
| Accounts receivable, net        | -  | -                 | -                 | 31,904            | -                 | 31,904             | -                 |                        |
| Deposits                        | 1,316,174  | -                 | -                 | -                 | -                 | 1,316,174          | -                 |                        |
| Advances to other funds         | -  | 2,973,000         | -                 | -                 | -                 | 2,973,000          | 1,489,000         |                        |
| Investment in joint venture     | -  | -                 | -                 | 19,398,771        | -                 | 19,398,771         | -                 |                        |
| Capital assets:                 |  |                   |                   |                   |                   |                    |                   |                        |
| Land                            | 1,527,194  | 307,148           | 5,750             | -                 | 732,046           | 2,572,138          | -                 |                        |
| Construction in progress        | 15,057,799   | 10,983,414        | 1,117,866         | -                 | 227,747           | 27,386,826         | -                 |                        |
| Land improvements               | 216,163  | -                 | 6,570             | 4,602             | 241,637           | 468,972            | -                 |                        |
| Buildings and structures        | 40,597,626   | 51,687,099        | 5,829,936         | 20,325            | 296,994           | 98,431,980         | -                 |                        |
| Infrastructure                  | 33,863,606   | 31,941,692        | 28,028,299        | 25,769,273        | 3,736,441         | 123,339,311        | -                 |                        |
| Machinery and equipment         | 25,059,400   | 4,771,830         | 760,356           | 293,898           | 526,969           | 31,412,453         | 1,060,295         |                        |
| Vehicles                        | 2,810,404  | 477,531           | 1,505,774         | 77,418            | 3,890,013         | 8,761,140          | 3,028,435         |                        |
| Accumulated depreciation        | (80,173,809)                                       | (31,346,253)      | (22,806,608)      | (18,370,564)      | (5,098,387)       | (157,795,621)      | (2,575,314)       |                        |
| <b>Total non-current assets</b> | <b>60,118,864</b>                                  | <b>73,265,318</b> | <b>14,447,943</b> | <b>28,936,733</b> | <b>4,553,460</b>  | <b>181,322,318</b> | <b>3,002,416</b>  |                        |
| <b>Total assets</b>             | <b>82,041,155</b>                                  | <b>91,513,277</b> | <b>22,302,180</b> | <b>30,897,008</b> | <b>16,953,323</b> | <b>243,706,943</b> | <b>15,876,566</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, 2017**

|  | <i>Business-type activities - Enterprise Funds</i> |                      |                      |                      |                      |                       |                        |
|--|--|----------------------|----------------------|----------------------|----------------------|-----------------------|------------------------|
|  | Major  |                      |                      | Regional             |                      | Nonmajor              | Total                  |
|  | Electric   | Water                | Local Sewer          | Sewer                | Enterprise Funds     | Enterprise Funds      | Internal Service Funds |
| <b>Deferred outflows of resources:</b>                 |  |                      |                      |                      |                      |                       |                        |
| Deferred outflows relating to pensions                 | 2,636,604  | 832,855              | 398,206              | 82,302               | 766,697              | 4,716,664             | -                      |
| Deferred charge on refunding                           | 503,288  | 499,219              | -                    | -                    | -                    | 1,002,507             | -                      |
| <b>Total deferred outflows of resources</b>            | <b>3,139,892</b>                                   | <b>1,332,074</b>     | <b>398,206</b>       | <b>82,302</b>        | <b>766,697</b>       | <b>5,719,171</b>      | <b>-</b>               |
| <b>Total assets and deferred outflows of resources</b> | <b>\$ 85,181,047</b>                               | <b>\$ 92,845,351</b> | <b>\$ 22,700,386</b> | <b>\$ 30,979,310</b> | <b>\$ 17,720,020</b> | <b>\$ 249,426,114</b> | <b>\$ 15,876,566</b>   |
| <b>Liabilities:</b>                                    |  |                      |                      |                      |                      |                       |                        |
| <b>Current liabilities:</b>                            |  |                      |                      |                      |                      |                       |                        |
| Accounts and contracts payable                         | 921,017  | 1,089,510            | 440,213              | 61,708               | 208,888              | 2,721,336             | 976,358                |
| Accrued liabilities                                    | 3,696,526  | 90,717               | 36,797               | 47,509               | 58,789               | 3,930,338             | 991,649                |
| Accrued interest payable                               | -  | 67,668               | -                    | -                    | -                    | 67,668                | -                      |
| Due to other funds                                     | -  | -                    | 531,029              | -                    | -                    | 531,029               | -                      |
| Compensated absences                                   | 36,176   | 11,453               | 3,483                | -                    | 15,258               | 66,370                | 1,006                  |
| Notes payable  | 641,807  | 649,544              | -                    | -                    | -                    | 1,291,351             | -                      |
| Payable from restricted assets:                        |  |                      |                      |                      |                      |                       |                        |
| Accounts and contracts payable                         | 587,255  | 320,765              | 189,810              | -                    | -                    | 1,097,830             | -                      |
| <b>Total current liabilities</b>                       | <b>5,882,781</b>                                   | <b>2,229,657</b>     | <b>1,201,332</b>     | <b>109,217</b>       | <b>282,935</b>       | <b>9,705,922</b>      | <b>1,969,013</b>       |
| <b>Non-current liabilities:</b>                        |  |                      |                      |                      |                      |                       |                        |
| Insurance claims payable                               | -  | -                    | -                    | -                    | -                    | -                     | 1,987,604              |
| Compensated absences                                   | 293,893  | 81,816               | 31,484               | -                    | 285,845              | 693,038               | 49,630                 |
| Other post-employment benefits                         | 316,492  | 95,210               | 37,840               | 6,710                | 122,172              | 578,424               | -                      |
| Notes payable  | 13,823,376   | 12,789,354           | -                    | -                    | -                    | 26,612,730            | -                      |
| Revenue bonds payable                                  | 19,782,500   | 19,782,500           | -                    | -                    | -                    | 39,565,000            | -                      |
| Net pension liability                                  | 13,378,452   | 3,444,540            | 1,629,090            | 453,992              | 3,891,287            | 22,797,361            | -                      |
| Payable from restricted assets:                        |  |                      |                      |                      |                      |                       |                        |
| Deposits payable                                       | 5,310,107  | 1,238,485            | -                    | -                    | -                    | 6,548,592             | -                      |
| <b>Total non-current liabilities</b>                   | <b>52,904,820</b>                                  | <b>37,431,905</b>    | <b>1,698,414</b>     | <b>460,702</b>       | <b>4,299,304</b>     | <b>96,795,145</b>     | <b>2,037,234</b>       |
| <b>Total liabilities</b>                               | <b>58,787,601</b>                                  | <b>39,661,562</b>    | <b>2,899,746</b>     | <b>569,919</b>       | <b>4,582,239</b>     | <b>106,501,067</b>    | <b>4,006,247</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, 2017**

|  | <i>Business-type activities - Enterprise Funds</i> |                      |                      |                                 |                              | Internal<br>Service<br>Funds |
|--|--|----------------------|----------------------|---------------------------------|------------------------------|------------------------------|
|  | Major  |                      | Regional<br>Sewer    | Nonmajor<br>Enterprise<br>Funds | Total<br>Enterprise<br>Funds |                              |
|  | Electric   | Water                | Local Sewer          |                                 |                              |                              |
| <b>Deferred inflows of resources:</b>  |  |                      |                      |                                 |                              |                              |
| Deferred inflows relating to pensions  | 1,150,939  | 314,411              | 142,488              | 37,383                          | 322,567                      | 1,967,788                    |
| <b>Net position:</b>   |  |                      |                      |                                 |                              |                              |
| Net investment in capital assets   | 19,199,831   | 35,779,517           | 14,258,142           | 7,794,952                       | 4,548,204                    | 81,580,646                   |
| Restricted for:  |  |                      |                      |                                 |                              |                              |
| Debt service   | 641,807  | 649,544              | -                    | -                               | -                            | -                            |
| Working capital  | 1,316,174  | 233,657              | -                    | -                               | -                            | -                            |
| Renewal & replacement  | 250,000  | 250,000              | -                    | 1,743,010                       | -                            | -                            |
| Unrestricted   | 3,834,695  | 15,956,660           | 5,400,010            | 20,834,046                      | 8,267,010                    | 10,356,903                   |
| <b>Total net position</b>  | <b>25,242,507</b>                                  | <b>52,869,378</b>    | <b>19,658,152</b>    | <b>30,372,008</b>               | <b>12,815,214</b>            | <b>140,957,259</b>           |
| <b>Total liabilities, deferred inflows of resources<br/>and net position</b>   | <b>\$ 85,181,047</b>                               | <b>\$ 92,845,351</b> | <b>\$ 22,700,386</b> | <b>\$ 30,979,310</b>            | <b>\$ 17,720,020</b>         | <b>\$ 249,426,114</b>        |
| <b>Explanation of difference between proprietary funds statement of net position<br/>and the government-wide statement of net position:</b>                      |  |                      |                      |                                 |                              |                              |
| Total net position   |  |                      |                      |                                 |                              | \$ 140,957,259               |
| Adjustment to report the cumulative internal balance for the net effect of the activity<br>between the internal service funds and the enterprise funds over time |  |                      |                      |                                 |                              | 11,385,216                   |
| <b>Total net position - government-wide statement of net position</b>  |  |                      |                      |                                 |                              | <b>\$ 152,342,475</b>        |

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, 2017**

|   | Business-type Activities - Enterprise Funds |                      |                      |                                 |                      |                              | Total<br>Enterprise<br>Funds | Internal<br>Service<br>Funds |
|---|---|----------------------|----------------------|---------------------------------|----------------------|------------------------------|------------------------------|------------------------------|
|   | Major                                       |                      |                      | Nonmajor<br>Enterprise<br>Funds |                      | Total<br>Enterprise<br>Funds |                              |                              |
|   | Electric                                    | Water                | Local Sewer          | Regional<br>Sewer               | Enterprise<br>Funds  |                              |                              |                              |
| <b>Operating revenues:</b>                              |   |                      |                      |                                 |                      |                              |                              |                              |
| Charges for services                                    | \$ 55,850,044                               | \$ 14,652,277        | \$ 7,183,903         | \$ 6,981,203                    | \$ 7,776,927         | \$ 92,444,354                | \$ 12,216,462                |                              |
| Intergovernmental                                       | -   | -                    | -                    | -                               | -                    | -                            | 14,126                       |                              |
| <b>Total operating revenues</b>                         | <b>55,850,044</b>                           | <b>14,652,277</b>    | <b>7,183,903</b>     | <b>6,981,203</b>                | <b>7,776,927</b>     | <b>92,444,354</b>            | <b>12,230,588</b>            |                              |
| <b>Operating expenses:</b>                              |   |                      |                      |                                 |                      |                              |                              |                              |
| Cost of services  | 47,491,790                                  | 6,608,563            | 5,904,731            | 5,376,257                       | 5,139,075            | 70,520,416                   | 14,336,454                   |                              |
| General and administrative                              | 3,112,061                                   | 859,841              | 599,772              | 156,035                         | 291,341              | 5,019,050                    | -                            |                              |
| Depreciation  | 1,819,728                                   | 2,577,418            | 750,525              | 449,027                         | 436,536              | 6,033,234                    | 553,013                      |                              |
| <b>Total operating expenses</b>                         | <b>52,423,579</b>                           | <b>10,045,822</b>    | <b>7,255,028</b>     | <b>5,981,319</b>                | <b>5,866,952</b>     | <b>81,572,700</b>            | <b>14,889,467</b>            |                              |
| <b>Operating income (loss)</b>                          | <b>3,426,465</b>                            | <b>4,606,455</b>     | <b>(71,125)</b>      | <b>999,884</b>                  | <b>1,909,975</b>     | <b>10,871,654</b>            | <b>(2,658,879)</b>           |                              |
| <b>Non-operating revenues (expenses):</b>               |   |                      |                      |                                 |                      |                              |                              |                              |
| Investment income                                       | 141,414                                     | 116,373              | 30,876               | 5,092                           | 38,795               | 332,550                      | 39,136                       |                              |
| Interest and fiscal charges                             | (1,498,448)                                 | (1,218,930)          | -                    | -                               | -                    | (2,717,378)                  | -                            |                              |
| Other   | 597,405                                     | (21,096)             | 7,116                | 713,925                         | 168,533              | 1,465,883                    | 460,426                      |                              |
| <b>Total non-operating revenues (expenses)</b>          | <b>(759,629)</b>                            | <b>(1,123,653)</b>   | <b>37,992</b>        | <b>719,017</b>                  | <b>207,328</b>       | <b>(918,945)</b>             | <b>499,562</b>               |                              |
| <b>Income (loss) before transfers and contributions</b> | <b>2,666,836</b>                            | <b>3,482,802</b>     | <b>(33,133)</b>      | <b>1,718,901</b>                | <b>2,117,303</b>     | <b>9,952,709</b>             | <b>(2,159,317)</b>           |                              |
| Capital contributions                                   | -   | 393,160              | 246,226              | 298,524                         | -                    | 937,910                      | 186,792                      |                              |
| Transfers in  | -   | -                    | -                    | -                               | -                    | -                            | 19,094                       |                              |
| Transfers out   | (4,375,453)                                 | (1,350,899)          | (613,767)            | -                               | (670,896)            | (7,011,015)                  | -                            |                              |
| <b>Change in net position</b>                           | <b>(1,708,617)</b>                          | <b>2,525,063</b>     | <b>(400,674)</b>     | <b>2,017,425</b>                | <b>1,446,407</b>     | <b>3,879,604</b>             | <b>(1,953,431)</b>           |                              |
| <b>Net position, beginning of year</b>                  | <b>26,951,124</b>                           | <b>50,344,315</b>    | <b>20,058,826</b>    | <b>28,354,583</b>               | <b>11,368,807</b>    | <b>137,077,655</b>           | <b>13,823,750</b>            |                              |
| <b>Net position, end of year</b>                        | <b>\$ 25,242,507</b>                        | <b>\$ 52,869,378</b> | <b>\$ 19,658,152</b> | <b>\$ 30,372,008</b>            | <b>\$ 12,815,214</b> | <b>\$ 140,957,259</b>        | <b>\$ 11,870,319</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  | \$ 3,879,604        |
| Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds | (998,224)           |
| Change in net position - government-wide statement of activities   | <u>\$ 2,881,380</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, 2017**

|  | Business-type Activities - Enterprise Funds |                    |                    |                    |                                 | Total<br>Enterprise<br>Funds | Internal<br>Service<br>Funds |
|--|---|--------------------|--------------------|--------------------|---------------------------------|------------------------------|------------------------------|
|  | Major                                       | Water              | Local Sewer        | Regional Sewer     | Nonmajor<br>Enterprise<br>Funds |                              |                              |
| <b>Cash flows from operating activities:</b>                                   |   |                    |                    |                    |                                 |                              |                              |
| Receipts from customers  | \$ 57,783,885                               | \$ 14,886,039      | \$ 7,132,038       | \$ 6,649,841       | \$ 7,730,361                    | \$ 94,182,164                | \$ -                         |
| Receipts for interfund services provided                                       | -   | -                  | -                  | -                  | -                               | -                            | 12,230,001                   |
| Payments to suppliers  | (51,898,039)                                | (7,114,273)        | (6,455,780)        | (5,478,755)        | (6,697,625)                     | (77,644,472)                 | (13,916,525)                 |
| Payments to employees  | 6,633,688                                   | 2,418,015          | 1,272,776          | 251,649            | 2,463,387                       | 13,039,515                   | 891,068                      |
| Payments for interfund services received                                       | (4,950,416)                                 | (2,243,437)        | (1,158,743)        | (249,743)          | (1,205,874)                     | (9,808,213)                  | -                            |
| Other receipt (disbursements)  | 597,405                                     | (21,096)           | 7,116              | 713,925            | 168,533                         | 1,465,883                    | 460,426                      |
| <b>Net cash provided by (used in) operating activities</b>                     | <b>8,166,523</b>                            | <b>7,925,248</b>   | <b>797,407</b>     | <b>1,886,917</b>   | <b>2,458,782</b>                | <b>21,234,877</b>            | <b>(335,030)</b>             |
| <b>Cash flows from non-capital financing activities:</b>                       |   |                    |                    |                    |                                 |                              |                              |
| Due to other funds   | -   | -                  | 203,780            | -                  | -                               | 203,780                      | 133,334                      |
| Due from other funds   | (200,000)                                   | (1,233,334)        | -                  | (203,780)          | -                               | (1,637,114)                  | -                            |
| Transfer from other funds  | -   | -                  | -                  | -                  | -                               | -                            | 19,094                       |
| Transfer to other funds  | (4,375,453)                                 | (1,350,899)        | (613,767)          | -                  | (670,896)                       | (7,011,015)                  | -                            |
| <b>Net cash provided by (used in) non-capital financing activities</b>         | <b>(4,575,453)</b>                          | <b>(2,584,233)</b> | <b>(409,987)</b>   | <b>(203,780)</b>   | <b>(670,896)</b>                | <b>(8,444,349)</b>           | <b>152,428</b>               |
| <b>Cash flows from capital and related financing activities:</b>               |   |                    |                    |                    |                                 |                              |                              |
| Acquisitions and construction of capital assets, net                           | (4,778,057)                                 | (8,240,494)        | (3,725,840)        | (219,205)          | (1,245,877)                     | (18,209,473)                 | (485,280)                    |
| Advances to other funds  | -   | 66,667             | -                  | -                  | -                               | 66,667                       | 33,333                       |
| Proceeds from issuance of debt   | 4,337,843                                   | 2,011,066          | -                  | -                  | -                               | 6,348,909                    | -                            |
| Proceeds of capital grants, cash transactions                                  | -   | 393,160            | 246,226            | 298,524            | -                               | 937,910                      | 186,792                      |
| Principal paid on revenue bonds and notes                                      | (1,717,500)                                 | (2,031,395)        | -                  | -                  | -                               | (3,748,895)                  | -                            |
| Interest and other fiscal charges  | (1,450,894)                                 | (1,171,760)        | -                  | -                  | -                               | (2,622,654)                  | -                            |
| <b>Net cash provided by (used in) capital and related financing activities</b> | <b>(3,608,608)</b>                          | <b>(8,972,756)</b> | <b>(3,479,614)</b> | <b>79,319</b>      | <b>(1,245,877)</b>              | <b>(17,227,536)</b>          | <b>(265,155)</b>             |
| <b>Cash flows from investing activities:</b>                                   |   |                    |                    |                    |                                 |                              |                              |
| Purchase of investments  | (20,673,324)                                | (7,242,243)        | (1,565,146)        | (560,857)          | (5,266,440)                     | (35,308,010)                 | (4,136,280)                  |
| Sale of investments  | 19,133,278                                  | 7,503,330          | 4,446,418          | 883,703            | 4,168,517                       | 36,135,246                   | 2,501,110                    |
| Investment in joint venture  | -   | -                  | -                  | (1,904,830)        | -                               | (1,904,830)                  | -                            |
| Interest and gains or losses on investments                                    | 98,396                                      | 97,605             | 19,386             | 4,071              | 27,200                          | 246,658                      | 31,118                       |
| <b>Net cash provided by (used in) investing activities</b>                     | <b>(1,441,650)</b>                          | <b>358,692</b>     | <b>2,900,658</b>   | <b>(1,577,913)</b> | <b>(1,070,723)</b>              | <b>(830,936)</b>             | <b>(1,604,052)</b>           |
| <b>Net change in cash and cash equivalents</b>                                 | <b>(1,459,188)</b>                          | <b>(3,273,049)</b> | <b>(191,536)</b>   | <b>184,543</b>     | <b>(528,714)</b>                | <b>(5,267,944)</b>           | <b>(2,051,809)</b>           |
| <b>Cash and cash equivalents, beginning</b>                                    | <b>2,531,244</b>                            | <b>3,967,167</b>   | <b>480,634</b>     | <b>782,744</b>     | <b>2,921,841</b>                | <b>10,683,630</b>            | <b>7,602,872</b>             |
| <b>Cash and cash equivalents, ending</b>                                       | <b>\$ 1,072,056</b>                         | <b>\$ 694,118</b>  | <b>\$ 289,098</b>  | <b>\$ 967,287</b>  | <b>\$ 2,393,127</b>             | <b>\$ 5,415,686</b>          | <b>\$ 5,551,063</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, 2017**

|   | Business-type Activities - Enterprise Funds |              |             |                |                  | Internal Service Funds |
|---|---|--------------|-------------|----------------|------------------|------------------------|
|   | Major                                       |              | Nonmajor    |                | Total            |                        |
|   | Electric                                    | Water        | Local Sewer | Regional Sewer | Enterprise Funds | Enterprise Funds       |
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>        |   |              |             |                |                  |                        |
| Operating income (loss)   | \$ 3,426,465                                | \$ 4,606,455 | \$ (71,125) | \$ 999,884     | \$ 1,909,975     | \$ 10,871,654          |
| <b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</b> |   |              |             |                |                  |                        |
| Depreciation  | 1,819,728                                   | 2,577,418    | 750,525     | 449,027        | 436,536          | 6,033,234              |
| Provision for uncollectible accounts  | 271,576                                     | 44,469       | 7,351       | -              | -                | 323,396                |
| Other nonoperating income (disbursements)   | 597,405                                     | (21,096)     | 7,116       | 713,925        | 168,533          | 1,465,883              |
| <b>Decrease (increase) in assets:</b>   |   |              |             |                |                  |                        |
| Accounts receivable   | 1,619,764                                   | 135,384      | (59,216)    | (331,362)      | (46,566)         | 1,318,004              |
| Due from other governments  | -   | 5,418        | -           | -              | -                | 5,418                  |
| Prepaid items   | (45,889)                                    | -            | -           | -              | (411)            | (46,300)               |
| Inventories   | 14,017                                      | (11,439)     | -           | -              | -                | 2,578                  |
| Deferred outflows relating to pensions  | 299,254                                     | 97,269       | 40,324      | 8,440          | 75,698           | 520,985                |
| <b>Increase (decrease) in liabilities:</b>  |   |              |             |                |                  |                        |
| Accounts and contracts payable  | (104,997)                                   | 730,257      | 218,371     | 51,575         | (97,539)         | 797,667                |
| Accrued liabilities   | 1,022,774                                   | 27,114       | 16,992      | 19,337         | 12,415           | 1,098,632              |
| Compensated absences  | 53,100                                      | (43,877)     | 1,477       | -              | 215,138          | 225,838                |
| Insurance claims payable  | -   | -            | -           | -              | -                | -                      |
| Customer deposits payable   | 42,501                                      | 53,909       | -           | -              | -                | 96,410                 |
| Other post-employment benefits  | (1,418)                                     | (481)        | (174)       | -              | (549)            | (2,622)                |
| Net pension liability   | (1,103,318)                                 | (358,618)    | (148,671)   | (31,117)       | (279,095)        | (1,920,819)            |
| Deferred inflows relating to pensions   | 255,561                                     | 83,066       | 34,437      | 7,208          | 64,647           | 444,919                |
| <b>Total adjustments</b>  | 4,740,058                                   | 3,318,793    | 868,532     | 887,033        | 548,807          | 10,363,223             |
| <b>Net cash provided by (used in) operating activities</b>  | \$ 8,166,523                                | \$ 7,925,248 | \$ 797,407  | \$ 1,886,917   | \$ 2,458,782     | \$ 21,234,877          |
| <b>Supplemental disclosure of noncash investing activities:</b>   |   |              |             |                |                  |                        |
| Unrealized gains (losses) on investments  | \$ (60,159)                                 | \$ 82,234    | \$ 53,489   | \$ 8,492       | \$ 51,196        | \$ 135,252             |
|   |   |              |             |                |                  | \$ 35,084              |

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, 2017**

|   | <u>Pension Trust<br/>Funds</u> | <u>Agency Fund</u> |
|---|--------------------------------|--------------------|
| <b>Assets:</b>  |                                |                    |
| Cash and cash equivalents                                   | \$ 6,220,881                   | \$ 3,339           |
| Investments at fair value:                                  |                                |                    |
| U.S. government and agency funds                            | 18,493,904                     | -                  |
| Corporate bonds   | 12,263,591                     | -                  |
| Common stocks   | 43,519,271                     | -                  |
| Real estate   | 17,066,683                     | -                  |
| Mutual funds  | 46,998,411                     | -                  |
| Accrued interest, dividends and contributions<br>receivable | 870,557                        | -                  |
| Prepaid items   | 12,454                         | -                  |
| <b>Total assets</b>   | <u>145,445,752</u>             | <u>3,339</u>       |
| <b>Liabilities:</b>   |                                |                    |
| Accounts payable  | 119,196                        | 344                |
| Deposits payable  | -                              | 2,995              |
| <b>Total liabilities</b>                                    | <u>119,196</u>                 | <u>3,339</u>       |
| <b>Net position restricted for pension benefits</b>         | <u>\$ 145,326,556</u>          | <u>\$ -</u>        |

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, 2017**

|   | <u>Pension<br/>Trust Funds</u> |
|---|--------------------------------|
| <b>Additions:</b>                       |                                |
| Contributions:                          |                                |
| Employer                                | \$ 9,291,740                   |
| Chapter 175                             | 100,662                        |
| Plan members                            | 1,282,333                      |
| Rollover                                | 1,531,430                      |
| State                                   | <u>518,432</u>                 |
| Total contributions                     | <u>12,724,597</u>              |
| Investment income:                      |                                |
| Interest and dividends                  | 4,390,369                      |
| Net change in fair value of investments | 11,459,857                     |
| Other income                            | <u>5,687</u>                   |
| Total investment income                 | 15,855,913                     |
| Less investment expenses                | <u>(705,440)</u>               |
| Net investment income                   | <u>15,150,473</u>              |
| <b>Total additions</b>                  | <u>27,875,070</u>              |
| <b>Deductions:</b>                      |                                |
| Pension benefits                        | 16,664,934                     |
| Administrative expenses                 | <u>287,287</u>                 |
| <b>Total deductions</b>                 | <u>16,952,221</u>              |
| <b>Change in net position</b>           | 10,922,849                     |
| <b>Net position, beginning of year</b>  | <u>134,403,707</u>             |
| <b>Net position, end of year</b>        | <u>\$ <u>145,326,556</u></u>   |

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



**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

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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, stormwater utility, 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, 2017**

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**Note 1. Summary of Significant Accounting Policies (continued)**

**B. Discretely Presented Component Unit**

As required by generally accepted accounting principles, the financial statements in this report present the City, the primary government, and its component unit: The Community Redevelopment Agency (CRA). Although a legally separate entity, the CRA is included as a component unit in the City's financial statements because of the significance of their operational or financial relationships with the City which creates the potential of financial burden to the primary government.

The CRA was established under the authority of Florida Statute Chapter 163, Part III in 1989 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 State 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 nonmajor governmental funds and nonmajor enterprise funds are aggregated and reported as nonmajor 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, with the exception of the agency fund that has no measurement focus. 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, 2017**

**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 is a special revenue fund that was established to account for the charges for services, fines and forfeitures and expenditures of the beach, pier, pool, beach parking and casino building. Revenues from parking and special events are committed to fund tourism within the City.

**Neighborhood Road Program Fund** - The Neighborhood Road Program Fund is a capital projects fund that was established to account for the roadway improvements within the City. This program is being funded through a general obligation bond of \$ 40 million.

**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.

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

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**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:***

***Nonmajor 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, Code Remediation, Grants, Tree Beautification, Utility Conservation, Simpkin Trust, Library Trust, Law Enforcement and Firefighters Education and Law Enforcement Confiscated Property.

***Nonmajor 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, Discretionary Sales Tax Fund and the Capital Projects Fund.

***Nonmajor 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.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**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. 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.

**F. Receivables**

Receivables include amounts due from other governments and others for services provided by the City. The City recognizes receivables in its various funds based on the accounting basis required for that fund. Allowances are provided for possible uncollectible accounts.

Utility (electric, water, local and regional sewer, stormwater utility 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.

**G. 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.

**H. 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 non-spendable amounts of fund balance in the fund financial statements, which indicates that these amounts do not constitute “available spendable resources” and are accounted for on the consumption method.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 1. Summary of Significant Accounting Policies (continued)**

**I. 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.

**J. 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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value at the date of acquisition. 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            |

**K. 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 has two items that qualify for reporting in this category. One is the 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. The second item is the deferred outflows relating to the pension plans and is discussed in further detail in Note 10.

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 has deferred inflows relating to the pension plans and is discussed further in Note 10.

**L. 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.

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

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**Note 1. Summary of Significant Accounting Policies (continued)**

**M. 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.

**N. 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.

**O. 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, 2017, this balance was approximately \$ 4.84 million.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 1. Summary of Significant Accounting Policies (continued)**

**P. 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; 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.

**Q. 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.

**R. Date of Management Review**

Subsequent events were evaluated by management through June 26, 2018, which is the date the financial statements were available to be issued.

**Note 2. Stewardship, Compliance and Accountability**

**Excess of Expenditures over Appropriations** - The following expenditures exceeded appropriations by the amounts indicated:

|                        |                   |
|------------------------|-------------------|
| General Fund:          |                   |
| General government     | \$ 148,963        |
| Public safety          | 166,310           |
| Transportation         | <u>2,349</u>      |
|                        | <u>\$ 317,622</u> |
|                        |                   |
| Capital Projects Fund: |                   |
| General government     | \$ 293            |
| Capital outlay         | <u>43,253</u>     |
|                        | <u>\$ 43,546</u>  |

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



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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

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**Note 2. Stewardship, Compliance and Accountability (continued)**

**Fund Deficits** - The Beach Fund has a deficit unassigned fund balance as of September 30, 2017 of \$ 3,574,002. 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 unassigned fund balance as of September 30, 2017 of \$ 335,743. The City is developing a restructured business plan to provide resources for the operations and elimination of the fund deficit. It is anticipated that the deficit will be eliminated over time.

**Note 3. Deposits and Investments**

**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.

**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, the Florida Education Investment Trust Fund (FEITF), obligations of the U.S. Treasury, its agencies, repurchase agreements collateralized by U.S. Treasury, and U.S. Government Agency-Backed Obligations, and money market mutual funds comprised of U.S. Treasury and/or U.S. Government Agency-Backed Obligations.

SBA administers the Florida PRIME. The Florida School Boards Association (FSBA) and the Florida Association of District School Superintendents (FADSS) sponsor the FEITF. The Florida PRIME and FEITF are governed by the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME and FEITF. The investments in the Florida PRIME and FEITF are not insured by the FDIC or any other governmental agency.

The Florida PRIME and FEITF are not a registrant with the Securities and Exchange Commission (SEC); however, the Boards have 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 asset 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 and FEITF are rated by Standard and Poor's and have 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 of Lake Worth, Florida*

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 3. Deposits and Investments (continued)**

**City Investments:**

As of September 30, 2017, the City had the following investments:

| City Investments  | Fair Value    | Investment Maturities (in years) |               |             | S & P Credit Rating |
|-------------------|---------------|----------------------------------|---------------|-------------|---------------------|
|                   |               | Less than 1                      | 1-5           | More than 5 |                     |
| Florida PRIME     | \$ 42,102     | \$ 42,102                        | \$ -          | \$ -        | AAAm                |
| Money market fund | 3,568,296     | 3,568,296                        | -             | -           | Not rated           |
| FEITF             | 23,259,933    | 23,259,933                       | -             | -           | AAAm                |
| U.S. agencies     | 32,405,008    | 6,157,267                        | 26,247,741    | -           | AA+                 |
| U.S. treasuries   | 37,851,683    | 8,192,827                        | 29,658,856    | -           | AA+                 |
| Total investments | \$ 97,127,022 | \$ 41,220,425                    | \$ 55,906,597 | \$ -        |                     |

**Discretely Presented Component Unit:**

Community Redevelopment

| Agency Investments | Fair Value   | Investment Maturities (in years) |      |             | S & P Credit Rating |
|--------------------|--------------|----------------------------------|------|-------------|---------------------|
|                    |              | Less than 1                      | 1-5  | More than 5 |                     |
| Money market fund  | \$ 27,939    | \$ 27,939                        | \$ - | \$ -        | Not rated           |
| U.S. agencies      | 1,093,501    | 1,093,501                        | -    | -           | AA+                 |
| Total investments  | \$ 1,121,440 | \$ 1,121,440                     | \$ - | \$ -        |                     |

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

**General Employees' Retirement System:**

|                   | Fair Value    | Investment Maturities (in years) |              |              |              |
|-------------------|---------------|----------------------------------|--------------|--------------|--------------|
|                   |               | Less than 1                      | 1-5          | 6-10         | More than 10 |
| Corporate bonds   | \$ 7,422,119  | \$ 504,409                       | \$ 3,895,412 | \$ 1,330,195 | \$ 1,692,103 |
| U.S. agencies     | 3,623,793     | 1,568                            | -            | 57,051       | 3,565,174    |
| U.S. treasuries   | 4,353,411     | 89,104                           | 1,385,985    | 1,973,723    | 904,599      |
| Total investments | \$ 15,399,323 | \$ 595,081                       | \$ 5,281,397 | \$ 3,360,969 | \$ 6,161,876 |

**Police Officers' Relief and Retirement System:**

|                   | Fair Value   | Investment Maturities (in years) |              |              |              |
|-------------------|--------------|----------------------------------|--------------|--------------|--------------|
|                   |              | Less than 1                      | 1-5          | 6-10         | More than 10 |
| Corporate bonds   | \$ 3,486,842 | \$ 278,950                       | \$ 1,740,866 | \$ 622,398   | \$ 844,628   |
| U.S. treasuries   | 2,255,525    | -                                | 722,463      | 1,112,448    | 420,614      |
| U.S. agencies     | 1,665,855    | 457                              | -            | 24,960       | 1,640,438    |
| Total investments | \$ 7,408,222 | \$ 279,407                       | \$ 2,463,329 | \$ 1,759,806 | \$ 2,905,680 |

**Firefighters' Pension Trust:**

|                          | Fair Value   | Investment Maturities (in years) |              |              |              |
|--------------------------|--------------|----------------------------------|--------------|--------------|--------------|
|                          |              | Less than 1                      | 1-5          | 6-10         | More than 10 |
| Corporate bonds          | \$ 1,354,630 | \$ -                             | \$ 641,619   | \$ 713,011   | \$ -         |
| Fixed income mutual fund | 1,922,624    | 348,572                          | 523,146      | 513,533      | 537,373      |
| U.S. agencies            | 4,404,236    | 1,351,073                        | 1,884,568    | 661,175      | 507,420      |
| U.S. treasuries          | 2,191,084    | -                                | -            | 2,191,084    | -            |
| Total investments        | \$ 9,872,574 | \$ 1,699,645                     | \$ 3,049,333 | \$ 4,078,803 | \$ 1,044,793 |

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 3. Deposits and Investments (continued)**

**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.

**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 and FEITF are rated AAAM by Standard and Poor's while the U.S. agencies and treasuries were rated AA+ by Standard and Poor's.

The investment policies of the City's General Employees' and Police Officers' and Firefighters' Pension Trust Funds require corporate fixed income securities to have a rating of "BBB" or higher under one of the national rating agencies.

The ratings for the fixed income investments for the General Employees', Police Officers' and Firefighters' Pension Trust Funds are as follows:

| Ratings                               | General<br>Employees'<br>Fair Value | Police<br>Officers'<br>Fair Value | Firefighters'<br>Fair Value |
|---------------------------------------|-------------------------------------|-----------------------------------|-----------------------------|
| Aaa                                   | \$ 4,864,810                        | \$ 2,418,791                      | \$ 6,042,017                |
| Aa1                                   | 79,848                              | 5,037                             | 200,798                     |
| Aa2                                   | 634,264                             | 193,779                           | 53,449                      |
| Aa3                                   | 179,080                             | 95,653                            | -                           |
| A1                                    | 1,048,196                           | 512,913                           | 350,928                     |
| A2                                    | 1,790,831                           | 765,508                           | 409,349                     |
| A3                                    | 2,357,362                           | 1,189,313                         | 590,433                     |
| Baa1                                  | 719,176                             | 494,554                           | -                           |
| Baa2                                  | -                                   | -                                 | 279,165                     |
| Ba2                                   | -                                   | -                                 | 73,637                      |
| B2                                    | -                                   | -                                 | 33,646                      |
| Caa1                                  | -                                   | -                                 | 9,996                       |
| Unrated U.S.<br>Government Securities | 3,648,122                           | 1,702,815                         | 1,829,156                   |
| WR                                    | 77,634                              | 29,859                            | -                           |
| <b>Total</b>                          | <b>\$ 15,399,323</b>                | <b>\$ 7,408,222</b>               | <b>\$ 9,872,574</b>         |

**Concentration of Credit Risk** - The City's investment policy limits its investments in the Florida PRIME and FEITF 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, mutual funds, external investment pools and other pooled investments are exempt from this disclosure.

The General Employees', Police Officers' and Firefighters' 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 in the General Employees', Police Officers' and Firefighters' Plans.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 3. Deposits and Investments (continued)**

**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. To avoid this risk, the Plans register all securities in their names.

**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.

**Fair Value Hierarchy** - GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a hierarchy disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Various inputs are used in determining the fair value of investments. These inputs are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

- Level 1 - investments reflect unadjusted quoted prices in active markets for identical assets.
- Level 2 - investments reflect prices that are based on similar observable assets, either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 - investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Fair values of investments held by the City, Discretely Presented Component Unit, and Pension Trust Funds are classified at September 30, 2017 as follows:

**City and Discretely Presented Component Unit:**

| Investments Measured<br>at Fair Value         | Fair Value    | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2)      | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Investments<br>Valued at<br>NAV |
|---|---------------|--|--|--|---------------------------------|
| U.S. treasuries                               | \$ 37,851,683 | \$ -   | \$ 37,851,683  | \$ -   | \$ -                            |
| U.S. government agencies (a)                  | 33,498,509    | -  | 33,498,509   | -  | -                               |
| Total investments measured at fair value      | 71,350,192    | \$ -   | \$ 71,350,192  | \$ -   | \$ -                            |
| Investments measured at amortized cost:       |               |  |  |  |                                 |
| FEITF   | 23,259,933    |  |  |  |                                 |
| Money market funds (b)                        | 3,596,235     | (a)  | Includes \$ 1,093,501 from Discretely Presented Component Unit |  |                                 |
| Florida PRIME                                 | 42,102        |  |  |  |                                 |
| Total unrestricted and restricted investments | \$ 98,248,462 | (b)  | Includes \$ 27,939 from Discretely Presented Component Unit    |  |                                 |

*City of Lake Worth, Florida*

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 3. Deposits and Investments (continued)**

**General Employees' Retirement System:**

| Investments Measured<br>at Fair Value              | Fair Value        | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Investments<br>Valued at<br>NAV |
|--|-------------------|--|---|--|---------------------------------|
| Common stocks                                      | \$ 31,885,659     | \$ 31,885,659  | \$ -  | \$ -   | \$ -                            |
| Mutual funds                                       | 11,161,022        | 11,161,022   | -   | -  | -                               |
| U.S. treasuries                                    | 4,353,411         | 4,353,411  | -   | -  | -                               |
| U.S. agencies                                      | 3,623,793         | -  | 3,623,793   | -  | -                               |
| Corporate bonds                                    | 7,422,119         | -  | 7,422,119   | -  | -                               |
| Real estate funds                                  | 8,714,730         | -  | -   | -  | 8,714,730                       |
| <br>Total investments<br>measured at<br>fair value | <br>\$ 67,160,734 | <br>\$ 47,400,092  | <br>\$ 11,045,912   | <br>\$ -   | <br>\$ 8,714,730                |

Additional information for investments measured at the net asset value (NAV) per share, or equivalent, is presented in the table below as of September 30, 2017 for the General Employees' Retirement System.

|  | Fair<br>Value    | Unfunded<br>Commitments | Redemption<br>Frequency | Redemption<br>Notice<br>Period |
|--|------------------|-------------------------|-------------------------|--------------------------------|
| Real estate funds (1)                              | \$ 4,887,250     | \$ -                    | Quarterly               | 10 Days                        |
| Real estate funds (2)                              | 3,827,480        | -                       | Quarterly               | 10 Days                        |
| <br>Real estate investments<br>measured at the NAV | <br>\$ 8,714,730 | <br>\$ -                |                         |                                |

(1) Real estate fund: The fund is an open-end, commingled real-estate fund diversified with leased real estate properties in the multifamily, industrial, office, retail and hotel sector. The investment is valued at NAV and redemption requests must be received by the fund 10 days prior to quarter-end.

(2) Real estate fund: The fund is an open-end, commingled real-estate fund with a diversified portfolio of income producing properties located throughout the United States. The investment is valued at NAV and redemption requests must be received by the fund 10 days prior to quarter-end.

**Police Officers' Relief and Retirement System:**

| Investments Measured<br>at Fair Value           | Fair Value        | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Investments<br>Valued at<br>NAV |
|---|-------------------|--|---|--|---------------------------------|
| Common stocks                                   | \$ 8,800,222      | \$ 8,800,222   | \$ -  | \$ -   | \$ -                            |
| Mutual funds                                    | 8,047,627         | 8,047,627  | -   | -  | -                               |
| U.S. treasuries                                 | 2,255,525         | 2,255,525  | -   | -  | -                               |
| U.S. agencies                                   | 1,665,855         | -  | 1,665,855   | -  | -                               |
| Corporate bonds                                 | 3,486,842         | -  | 3,486,842   | -  | -                               |
| Real estate funds                               | 4,162,823         | -  | -   | -  | 4,162,823                       |
| <br>Total investments<br>measured at fair value | <br>\$ 28,418,894 | <br>\$ 19,103,374  | <br>\$ 5,152,697  | <br>\$ -   | <br>\$ 4,162,823                |

*City of Lake Worth, Florida*

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 3. Deposits and Investments (continued)**

Additional information for investments measured at the net asset value (NAV) per share, or equivalent, is presented in the table below as of September 30, 2017 for the Police Officers' Relief and Retirement System.

|                       | Fair<br>Value       | Unfunded<br>Commitments | Redemption<br>Frequency<br>(if Currently<br>Eligible) | Redemption<br>Notice<br>Period |
|-----------------------|---------------------|-------------------------|---|--------------------------------|
| Real estate funds (1) | \$ <u>4,162,823</u> | \$ <u>-</u>             | Quarterly   | 10 days                        |

(1) Real estate fund: The fund is an open-end, commingled real-estate fund diversified with leased real estate properties in the multifamily, industrial, office, retail and hotel sector. The investment is valued at NAV and redemption requests must be received by the fund 10 days prior to quarter-end.

**Firefighters' Pension Trust Fund:**

| Investments Measured at<br>Fair Value       | Fair Value           | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Investments<br>Valued at<br>NAV |
|---|----------------------|--|---|--|---------------------------------|
| Common stocks                               | \$ 2,833,390         | \$ 2,833,390   | \$ -  | \$ -   | \$ -                            |
| Mutual funds                                | 25,867,138           | 25,867,138   | -   | -  | -                               |
| U.S. treasuries                             | 2,191,084            | 2,191,084  | -   | -  | -                               |
| U.S. agencies                               | 4,404,236            | -  | 4,404,236   | -  | -                               |
| Fixed income mutual fund                    | 1,922,624            | 1,922,624  | -   | -  | -                               |
| Corporate bonds                             | 1,354,630            | -  | 1,354,630   | -  | -                               |
| Real estate funds                           | <u>4,189,130</u>     | <u>-</u>   | <u>-</u>  | <u>-</u>   | <u>4,189,130</u>                |
| Total investments<br>measured at fair value | \$ <u>42,762,232</u> | \$ <u>32,814,236</u>   | \$ <u>5,758,866</u>                                       | \$ <u>-</u>  | \$ <u>4,189,130</u>             |

Additional information for investments measured at the net asset value (NAV) per share, or equivalent, is presented in the table below as of September 30, 2017 for the Firefighters' Pension Trust.

|                       | Fair<br>Value       | Unfunded<br>Commitments | Redemption<br>Frequency<br>(if Currently<br>Eligible) | Redemption<br>Notice<br>Period |
|-----------------------|---------------------|-------------------------|---|--------------------------------|
| Real estate funds (1) | \$ <u>4,189,130</u> | \$ <u>-</u>             | Quarterly   | 10 days                        |

(1) Real estate fund: The fund is an open-end diversified core real-estate commingled fund that invests primarily in core institutional office, retail, industrial and multi-family properties located throughout the United States. The investment is valued at NAV and its redemptions must be received by the fund 10 days prior to quarter-end.



*City of Lake Worth, Florida*

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**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, 2017, are as follows:

**Primary Government**

|  | General             | Beach<br>Fund   | Nonmajor<br>Governmental<br>Funds | Electric            | Water               |
|--|---------------------|-----------------|-----------------------------------|---------------------|---------------------|
| Customer Accounts                        | \$ 154,855          | \$ 4,881        | \$ 213,715                        | \$ 10,986,009       | \$ 2,207,973        |
| Utility and Other Taxes                  | 701,289             | -               | 58,472                            | 364,508             | -                   |
| Intergovernmental                        | 686,630             | -               | 585,600                           | -                   | -                   |
| Other Receivables                        | 57,007              | 8,399           | 21,461                            | 469,000             | 3,102               |
| Gross Receivables                        | 1,599,781           | 13,280          | 879,248                           | 11,819,517          | 2,211,075           |
| Less: Allowance for<br>Doubtful Accounts | <u>(249,264)</u>    | <u>(3,956)</u>  | <u>(216,436)</u>                  | <u>(1,855,250)</u>  | <u>(276,552)</u>    |
| Total                                    | <u>\$ 1,350,517</u> | <u>\$ 9,324</u> | <u>\$ 662,812</u>                 | <u>\$ 9,964,267</u> | <u>\$ 1,934,523</u> |

|  | Local Sewer       | Regional<br>Sewer | Nonmajor<br>Enterprise<br>Funds | Total                |
|--|-------------------|-------------------|---------------------------------|----------------------|
| Customer Accounts                        | \$ 1,088,797      | \$ 737,339        | \$ 479,385                      | \$ 15,872,954        |
| Utility and Other Taxes                  | -                 | -                 | -                               | 1,124,269            |
| Intergovernmental                        | -                 | -                 | -                               | 1,272,230            |
| Other Receivables                        | 1,662             | 674,419           | 35,927                          | 1,270,977            |
| Gross Receivables                        | 1,090,459         | 1,411,758         | 515,312                         | 19,540,430           |
| Less: Allowance for<br>Doubtful Accounts | <u>(130,966)</u>  | <u>(438,678)</u>  | <u>(102,744)</u>                | <u>(3,273,846)</u>   |
| Total                                    | <u>\$ 959,493</u> | <u>\$ 973,080</u> | <u>\$ 412,568</u>               | <u>\$ 16,266,584</u> |

**Component Unit**

|                   | Community<br>Redevelopment<br>Agency Trust | NSP2              | CRA Capital<br>Projects | Total             |
|-------------------|--|-------------------|-------------------------|-------------------|
| Customer Accounts | \$ 1,042                                   | \$ 13,431         | \$ 10                   | \$ 14,483         |
| Intergovernmental | -  | 142,625           | -                       | 142,625           |
| Total             | <u>\$ 1,042</u>                            | <u>\$ 156,056</u> | <u>\$ 10</u>            | <u>\$ 157,108</u> |

*City of Lake Worth, Florida*

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**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, 2017:

**Advances to/from Other Funds:**

|                          | <u>Advance From</u> | <u>Advance To</u> |
|--------------------------|---------------------|-------------------|
| Beach Fund               | \$ -                | \$ 4,897,000      |
| Water Fund               | 2,973,000           | -                 |
| Insurance Fund**         | 1,489,000           | -                 |
| Capital Project Fund*    | 435,000             | -                 |
| Total long term balances | \$ 4,897,000        | \$ 4,897,000      |

\* Nonmajor Capital Project Fund

\*\* Internal Service Fund

The \$ 435,000 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 \$ 2,973,000 in the Water Fund and the \$ 1,489,000 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.

**Due to/from Other Funds:**

| <u>Receivable Fund</u>                  | <u>Payable Fund</u>                     | <u>Amount</u> |
|---|---|---------------|
| General Fund                            | Grant Fund*                             | \$ 1,939      |
| Water Fund                              | Beach Fund                              | 66,667        |
| Water Fund                              | Neighborhood Road<br>Program Fund       | 1,500,000     |
| Electric Fund                           | Golf Fund*                              | 480,000       |
| Regional Sewer Fund                     | Local Sewer Fund                        | 531,029       |
| Insurance Fund**                        | General Fund                            | 29,575        |
| Insurance Fund**                        | Beach Fund                              | 33,333        |
| Community Redevelopment<br>Agency Trust | NSP2                                    | 4,004         |
| General Fund                            | Community Redevelopment<br>Agency Trust | 2,197         |
| NSP2                                    | General Fund                            | 20            |
|   |   | \$ 2,648,764  |

\* Nonmajor Special Revenue Fund

\*\* Internal Service Fund

Balances due to the Water Fund and Insurance Fund from the Beach Fund in the amount of \$ 66,667 and \$ 33,333, respectively, are related to the internal loan for the renovation/construction of the casino building during 2011. These balances are due within one year.

The other 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, 2017**

**Note 6. Interfund Receivables, Payables, Advances and Transfers (continued)**

**Beach Fund Internal Loan - Casino Building:**

| <u>Long term balances reported as advances<br/>to/from other funds</u> | <u>Advance From</u>        | <u>Advance To</u>          |
|--|----------------------------|----------------------------|
| Beach Fund   | \$ -                       | \$ 4,462,000               |
| Water Fund   | 2,973,000                  | -                          |
| Insurance Fund **  | <u>1,489,000</u>           | <u>-</u>                   |
| Total long term balances   | <u><u>4,462,000</u></u>    | <u><u>4,462,000</u></u>    |
| <br>   |                            |                            |
| <u>Short term balances reported as due<br/>to/from other funds</u>     |                            |                            |
| Beach Fund   | -                          | 100,000                    |
| Water Fund   | 66,667                     | -                          |
| Insurance Fund **  | <u>33,333</u>              | <u>-</u>                   |
| Total short term balances  | <u><u>100,000</u></u>      | <u><u>100,000</u></u>      |
| Total advances   | \$ <u><u>4,562,000</u></u> | \$ <u><u>4,562,000</u></u> |

\*\* Internal Service Fund

In fiscal year 2011, the City transferred \$ 4,000,000 from the Water Fund and \$ 2,000,000 from the Insurance Fund establishing an internal loan to the Beach Fund for the renovation/construction of the casino building during 2013. Repayment terms include principal and interest as approved by the City Commission. The outstanding balance on the loan is \$ 4,562,000 as of September 30, 2017 with a balance of \$ 100,000 due in one year.

**Interfund Transfers:**

|                      | <u>Transfers In</u>        | <u>Transfers Out</u>       |
|----------------------|----------------------------|----------------------------|
| Governmental Funds:  |                            |                            |
| General              | \$ 7,011,015               | \$ 60,923                  |
| Nonmajor             | 111,965                    | 70,136                     |
| Proprietary Funds:   |                            |                            |
| Electric             | -                          | 4,375,453                  |
| Water                | -                          | 1,350,899                  |
| Local Sewer          | -                          | 613,767                    |
| Nonmajor             | -                          | 670,896                    |
| Internal Service     | 19,094                     | -                          |
| Component Unit:      |                            |                            |
| CRA Trust            | -                          | 133,000                    |
| CRA Capital Projects | <u>133,000</u>             | <u>-</u>                   |
| Total                | \$ <u><u>7,275,074</u></u> | \$ <u><u>7,275,074</u></u> |

*City of Lake Worth, Florida*

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 6. Interfund Receivables, Payables, Advances and Transfers (continued)**

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 appropriate 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.

**Note 7. Capital Assets**

**Governmental Activities Capital Assets:**

Summary by category of changes in governmental activities capital assets for the year ended September 30, 2017:

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u>   | <u>Deletions</u> | <u>Transfers</u>   | <u>Ending<br/>Balance</u> |
|--|------------------------------|--------------------|------------------|--------------------|---------------------------|
| Governmental Activities:                     |                              |                    |                  |                    |                           |
| Capital assets, not being depreciated:       |                              |                    |                  |                    |                           |
| Land   | \$ 8,209,133                 | \$ -               | \$ -             | \$ -               | \$ 8,209,133              |
| Construction-in-progress                     | <u>2,662,052</u>             | <u>3,864,081</u>   | <u>-</u>         | <u>(1,647,964)</u> | <u>4,878,169</u>          |
| Total capital assets, not being depreciated  | <u>10,871,185</u>            | <u>3,864,081</u>   | <u>-</u>         | <u>(1,647,964)</u> | <u>13,087,302</u>         |
| Capital assets, being depreciated:           |                              |                    |                  |                    |                           |
| Land improvements                            | 2,817,915                    | -                  | -                | -                  | 2,817,915                 |
| Buildings and structure                      | 31,811,272                   | -                  | -                | 331,388            | 32,142,660                |
| Infrastructure                               | 71,337,388                   | -                  | -                | 1,316,576          | 72,653,964                |
| Machinery and equipment                      | 3,707,372                    | 239,005            | (48,958)         | -                  | 3,897,419                 |
| Vehicles                                     | <u>1,513,547</u>             | <u>20,335</u>      | <u>(30,443)</u>  | <u>-</u>           | <u>1,503,439</u>          |
| Total capital assets, being depreciated      | <u>111,187,494</u>           | <u>259,340</u>     | <u>(79,401)</u>  | <u>1,647,964</u>   | <u>113,015,397</u>        |
| Less accumulated depreciation for:           |                              |                    |                  |                    |                           |
| Land improvements                            | 2,006,752                    | 94,766             | -                | -                  | 2,101,518                 |
| Buildings and structure                      | 11,209,563                   | 1,000,676          | -                | -                  | 12,210,239                |
| Infrastructure                               | 47,203,995                   | 2,562,641          | -                | -                  | 49,766,636                |
| Machinery and equipment                      | 2,968,484                    | 137,952            | (48,958)         | -                  | 3,057,478                 |
| Vehicles                                     | <u>1,491,760</u>             | <u>8,879</u>       | <u>(30,443)</u>  | <u>-</u>           | <u>1,470,196</u>          |
| Total accumulated depreciation               | <u>64,880,554</u>            | <u>3,804,914</u>   | <u>(79,401)</u>  | <u>-</u>           | <u>68,606,067</u>         |
| Total capital assets, being depreciated, net | <u>46,306,940</u>            | <u>(3,545,574)</u> | <u>-</u>         | <u>1,647,964</u>   | <u>44,409,330</u>         |
| Governmental activities capital assets, net  | <u>\$ 57,178,125</u>         | <u>\$ 318,507</u>  | <u>\$ -</u>      | <u>\$ -</u>        | <u>\$ 57,496,632</u>      |

*City of Lake Worth, Florida*

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 7. Capital Assets (continued)**

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

|                            |    |                         |
|----------------------------|----|-------------------------|
| General government         | \$ | 94,766                  |
| Culture and recreation     |    | 1,000,676               |
| Transportation             |    | 2,562,641               |
| Public safety              |    | 137,952                 |
| Physical environment       |    | <u>8,879</u>            |
| Total depreciation expense | \$ | <u><u>3,804,914</u></u> |

**Business-Type Activities Capital Assets:**

Summary by category of changes in business-type activities capital assets for the year ended September 30, 2017:

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u>     | <u>Deletions</u> | <u>Transfers</u>   | <u>Ending<br/>Balance</u> |
|--|------------------------------|----------------------|------------------|--------------------|---------------------------|
| <b>Business-Type Activities:</b>             |                              |                      |                  |                    |                           |
| Capital assets, not being depreciated:       |                              |                      |                  |                    |                           |
| Land   | \$ 2,572,138                 | \$ -                 | \$ -             | \$ -               | \$ 2,572,138              |
| Construction-in-progress                     | <u>19,141,505</u>            | <u>15,378,127</u>    | <u>-</u>         | <u>(7,132,806)</u> | <u>27,386,826</u>         |
| Total capital assets, not being depreciated  | <u>21,713,643</u>            | <u>15,378,127</u>    | <u>-</u>         | <u>(7,132,806)</u> | <u>29,958,964</u>         |
| Capital assets, being depreciated:           |                              |                      |                  |                    |                           |
| Land improvements                            | 468,972                      | -                    | -                | -                  | 468,972                   |
| Buildings and structure                      | 98,411,055                   | 20,925               | -                | -                  | 98,431,980                |
| Infrastructure                               | 116,353,050                  | 991,952              | -                | 5,994,309          | 123,339,311               |
| Machinery and equipment                      | 30,888,308                   | 627,492              | (181,549)        | 1,138,497          | 32,472,748                |
| Vehicles                                     | <u>10,901,576</u>            | <u>1,676,257</u>     | <u>(788,258)</u> | <u>-</u>           | <u>11,789,575</u>         |
| Total capital assets, being depreciated      | <u>257,022,961</u>           | <u>3,316,626</u>     | <u>(969,807)</u> | <u>7,132,806</u>   | <u>266,502,586</u>        |
| Less accumulated depreciation for:           |                              |                      |                  |                    |                           |
| Land improvements                            | 407,968                      | 13,585               | -                | -                  | 421,553                   |
| Buildings and structure                      | 49,900,599                   | 2,369,078            | -                | -                  | 52,269,677                |
| Infrastructure                               | 69,739,600                   | 2,534,223            | -                | -                  | 72,273,823                |
| Machinery and equipment                      | 26,968,390                   | 673,905              | (181,549)        | -                  | 27,460,746                |
| Vehicles                                     | <u>7,737,938</u>             | <u>995,456</u>       | <u>(788,258)</u> | <u>-</u>           | <u>7,945,136</u>          |
| Total accumulated depreciation               | <u>154,754,495</u>           | <u>6,586,247</u>     | <u>(969,807)</u> | <u>-</u>           | <u>160,370,935</u>        |
| Total capital assets, being depreciated, net | <u>102,268,466</u>           | <u>(3,269,621)</u>   | <u>-</u>         | <u>7,132,806</u>   | <u>106,131,651</u>        |
| Business-type activities capital assets, net | <u>\$ 123,982,109</u>        | <u>\$ 12,108,506</u> | <u>\$ -</u>      | <u>\$ -</u>        | <u>\$ 136,090,615</u>     |

*City of Lake Worth, Florida*

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 7. Capital Assets (continued)**

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

|                                |    |                         |
|--------------------------------|----|-------------------------|
| Electric                       | \$ | 1,819,728               |
| Water                          |    | 2,577,418               |
| Local sewer                    |    | 750,525                 |
| Regional sewer                 |    | 449,027                 |
| Stormwater utility             |    | 205,138                 |
| City garage                    |    | 469,125                 |
| Refuse collection and disposal |    | 231,398                 |
| Information technology         |    | <u>83,888</u>           |
| Total depreciation expense     | \$ | <u><u>6,586,247</u></u> |

**Discretely Presented Component Unit:**

Summary by category of changes in the discretely presented component unit capital assets for the year ended September 30, 2017:

|   | Beginning<br>Balance | Additions           | Deletions   | Transfers       | Ending<br>Balance   |
|---|----------------------|---------------------|-------------|-----------------|---------------------|
| Component Unit Activities:                    |                      |                     |             |                 |                     |
| Capital assets, not being depreciated:        |                      |                     |             |                 |                     |
| Land  | \$ 773,206           | \$ -                | \$ -        | \$ -            | \$ 773,206          |
| Construction-in-progress                      | <u>-</u>             | <u>106,133</u>      | <u>-</u>    | <u>(74,408)</u> | <u>31,725</u>       |
| Total capital assets, not being depreciated   | <u>773,206</u>       | <u>106,133</u>      | <u>-</u>    | <u>(74,408)</u> | <u>804,931</u>      |
| Capital assets, being depreciated:            |                      |                     |             |                 |                     |
| Land improvements                             | 223,831              | -                   | -           | -               | 223,831             |
| Infrastructure                                | 9,283,579            | -                   | -           | -               | 9,283,579           |
| Buildings and structure                       | 1,097,058            | -                   | -           | 74,408          | 1,171,466           |
| Machinery and equipment                       | <u>124,565</u>       | <u>-</u>            | <u>-</u>    | <u>-</u>        | <u>124,565</u>      |
| Total capital assets, being depreciated       | <u>10,729,033</u>    | <u>-</u>            | <u>-</u>    | <u>74,408</u>   | <u>10,803,441</u>   |
| Less accumulated depreciation for:            |                      |                     |             |                 |                     |
| Land improvements                             | 61,089               | 11,192              | -           | -               | 72,281              |
| Infrastructure                                | 2,341,166            | 367,344             | -           | -               | 2,708,510           |
| Buildings and structure                       | 229,515              | 37,740              | -           | -               | 267,255             |
| Machinery and equipment                       | <u>96,313</u>        | <u>6,076</u>        | <u>-</u>    | <u>-</u>        | <u>102,389</u>      |
| Total accumulated depreciation                | <u>2,728,083</u>     | <u>422,352</u>      | <u>-</u>    | <u>-</u>        | <u>3,150,435</u>    |
| Total capital assets, being depreciated, net  | <u>8,000,950</u>     | <u>(422,352)</u>    | <u>-</u>    | <u>74,408</u>   | <u>7,653,006</u>    |
| Component unit activities capital assets, net | <u>\$ 8,774,156</u>  | <u>\$ (316,219)</u> | <u>\$ -</u> | <u>\$ -</u>     | <u>\$ 8,457,937</u> |



**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 7. Capital Assets (continued)**

Depreciation expense was charged to the function/program of the primary government as follows:

|                            |                          |
|----------------------------|--------------------------|
| Community redevelopment    | \$ <u>422,352</u>        |
| Total depreciation expense | \$ <u><u>422,352</u></u> |

**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 with a bank. 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. In November 2014, ECR issued \$ 86,590,000 of revenue bonds. The proceeds were used to construct a biosolids processing facility at the existing ECR plant. In July 2016, ECR issued \$ 11,130,000 of revenue bonds. The proceeds were used to finance the headworks facility and safety improvements. At September 30, 2017, the balance due on the loans totaled approximately \$ 133,850,034 and the City's estimated share was approximately \$ 21,989,687 which is reflected net of the investment in joint venture in the Regional Sewer Fund. The City accounts for this Joint Venture using the equity method in accordance with GAAP.

*City of Lake Worth, Florida*

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 8. Investment in Joint Venture (continued)**

Reserve Capacity Percentages are estimated to be as follows:

| Entity                  | Flow<br>Allocation<br>MGD | Reserve<br>Capacity<br>Percentage |
|-------------------------|---------------------------|-----------------------------------|
| City of Lake Worth      | 11.5                      | 16.43%                            |
| City of Riviera Beach   | 8.0                       | 11.43%                            |
| City of West Palm Beach | 20.5                      | 29.28%                            |
| Town of Palm Beach      | 6.0                       | 8.57%                             |
| Palm Beach County       | 24.0                      | 34.29%                            |
| Total                   | <u>70.0</u>               | <u>100.00%</u>                    |

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.

**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, 2017 for both governmental and business-type activities:

|                                  | Beginning<br>Balance | Additions            | Reductions            | Ending<br>Balance    | Due Within<br>One Year |
|----------------------------------|----------------------|----------------------|-----------------------|----------------------|------------------------|
| <b>Governmental Activities:</b>  |                      |                      |                       |                      |                        |
| Notes payable                    | \$ 849,446           | \$ 123,759           | \$ -                  | \$ 973,205           | \$ 43,722              |
| Revenue bonds                    | -                    | 21,685,000           | -                     | 21,685,000           | 380,000                |
| Bond premium                     | -                    | 587,286              | (4,894)               | 582,392              | -                      |
| Compensated absences             | 481,289              | 706,395              | (619,385)             | 568,299              | 48,703                 |
| Other post-employment benefits   | 546,544              | -                    | (2,632)               | 543,912              | -                      |
| Net pension liability            | 59,629,661           | -                    | (1,264,710)           | 58,364,951           | -                      |
| Total                            | <u>\$ 61,506,940</u> | <u>\$ 23,102,440</u> | <u>\$ (1,891,621)</u> | <u>\$ 82,717,759</u> | <u>\$ 472,425</u>      |
| <b>Business-Type Activities:</b> |                      |                      |                       |                      |                        |
| Revenue bonds                    | \$ 43,000,000        | \$ -                 | \$ (3,435,000)        | \$ 39,565,000        | \$ -                   |
| Notes payable                    | 21,869,067           | 6,348,909            | (313,895)             | 27,904,081           | 1,291,351              |
| Compensated absences             | 573,590              | 1,479,649            | (1,243,195)           | 810,044              | 67,376                 |
| Other post-employment benefits   | 581,046              | -                    | (2,622)               | 578,424              | -                      |
| Net pension liability            | 24,718,180           | -                    | (1,920,819)           | 22,797,361           | -                      |
| Insurance claims payable         | 1,724,621            | 262,983              | -                     | 1,987,604            | -                      |
| Total                            | <u>\$ 92,466,504</u> | <u>\$ 8,091,541</u>  | <u>\$ (6,915,531)</u> | <u>\$ 93,642,514</u> | <u>\$ 1,358,727</u>    |

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

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 9. Long-Term Debt and Liabilities (continued)**

**Governmental/Business-Type Activities Obligation:**

In connection with the energy savings project, the City entered into an agreement with Siemens Industry, Inc. for the installation of certain energy saving infrastructure and equipment throughout the City. The City also entered into a note payable agreement with a bank for \$ 22.8 million to fund the energy savings project. Under the note payable agreement, the City is required to establish an escrow account for the purpose of funding costs associated with the project and certain other restrictive covenants. The note payable requires quarterly payments ranging from \$ 277,098 to \$ 560,985 including principal and interest at 3.04%, beginning March 2017 through December 2031. As of September 30, 2017, the principal outstanding on the note for governmental and business-type activities was \$ 973,205 and \$ 21,843,258, respectively.

At September 30, 2017, debt service requirements to maturity on the note payable are as follows:

| Fiscal Year Ending<br>September 30, | Principal     | Interest     |
|-------------------------------------|---------------|--------------|
| 2018                                | \$ 1,012,888  | \$ 682,726   |
| 2019                                | 1,092,751     | 650,934      |
| 2020                                | 1,173,710     | 616,825      |
| 2021                                | 1,264,851     | 580,131      |
| 2022                                | 1,355,018     | 540,637      |
| 2023-2027                           | 8,163,424     | 2,012,689    |
| 2028-2032                           | 8,753,821     | 616,887      |
|                                     | \$ 22,816,463 | \$ 5,700,829 |

**Governmental Activities Obligation:**

**General Obligation Bonds, Series 2017**

In November 2016, a majority of the electors voting at a referendum within the City approved the issuance of general obligation bonds in a principal amount not exceeding \$ 40 million for purposes of improving local roadways. In May 2017, the City issued General Obligation Bonds, Series 2017, in the principal amount of \$ 21,685,000 for the exclusive purpose of improving local roadways with an interest rate ranging from 2.375% to 5.00%. The City may issue up to the remaining \$ 18,315,000 authorized amount of general obligation bonds pursuant to the referendum described above. The current 2017 Series Bonds are due in annual principal and interest installments secured in by the City's Ad Valorem Taxes through July 1, 2047 and subject to redemption prior to maturity as provided in the Series 2017 bond agreement. As of September 30, 2017, the principal amount outstanding on the bonds is \$ 21,685,000.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 9. Long-Term Debt and Liabilities (continued)**

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

| Fiscal Year Ending<br>September 30, | Principal            | Interest             |
|-------------------------------------|----------------------|----------------------|
| 2018                                | \$ 380,000           | \$ 787,724           |
| 2019                                | 400,000              | 773,125              |
| 2020                                | 420,000              | 753,125              |
| 2021                                | 440,000              | 732,125              |
| 2022                                | 465,000              | 710,125              |
| 2023-2027                           | 2,700,000            | 3,177,625            |
| 2028-2032                           | 3,290,000            | 2,582,850            |
| 2033-2037                           | 3,810,000            | 2,058,200            |
| 2038-2042                           | 4,475,000            | 1,397,563            |
| 2043-2047                           | 5,305,000            | 569,625              |
|                                     | <u>\$ 21,685,000</u> | <u>\$ 13,542,087</u> |

**Business - Type Activities:**

**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 \$ 1,980,000 to \$ 4,390,000 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, 2017, the principal amount outstanding on the bonds is \$ 39,565,000.

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

| Fiscal Year Ending<br>September 30, | Principal            | Interest            |
|-------------------------------------|----------------------|---------------------|
| 2018                                | \$ -                 | \$ 530,171          |
| 2019                                | 3,530,000            | 1,013,040           |
| 2020                                | 3,625,000            | 917,163             |
| 2021                                | 3,730,000            | 818,606             |
| 2022                                | 3,835,000            | 717,235             |
| 2023-2027                           | 20,805,000           | 1,965,847           |
| 2028-2029                           | 4,040,000            | 107,200             |
|                                     | <u>\$ 39,565,000</u> | <u>\$ 6,069,262</u> |

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 9. Long-Term Debt and Liabilities (continued)**

**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 \$ 313,895 to \$ 452,137 through October 2031. As of September 30, 2017, the principal outstanding on the notes was \$ 5,603,426.

In connection with the replacement of approximately 17 miles of 2 inch water lines which were corroded within the City's water distribution system, the City entered into a loan agreement with the State Department of Environmental Protection's Drinking Water Revolving Fund Loan Program. The resulting loans were \$ 574,532, including capitalized interest of \$ 6,100, at an interest rate of 1.08% and \$ 3,762,096 including capitalized interest of \$ 14,000, at an interest rate of 0.62%. The loans are payable in semi-annual installments of principal and interest through March 2022. As of September 30, 2017, the City has drawn down \$ 457,397. An amortization schedule will not be finalized until the final draw on the loans are made

At September 30, 2017, debt service requirements to maturity on the notes payable fully drawn down are as follows:

| Fiscal Year Ending<br>September 30, | Principal    | Interest     |
|-------------------------------------|--------------|--------------|
| 2018                                | \$ 322,185   | \$ 144,918   |
| 2019                                | 330,692      | 136,410      |
| 2020                                | 339,425      | 127,677      |
| 2021                                | 348,389      | 118,713      |
| 2022                                | 357,589      | 109,514      |
| 2023-2027                           | 1,934,684    | 404,601      |
| 2028-2032                           | 1,970,462    | 122,398      |
|                                     | \$ 5,603,426 | \$ 1,164,231 |

**Debt 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.

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, 2017, the City's debt limit is \$ 408,324,750.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 9. Long-Term Debt and Liabilities (continued)**

**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, 2017 are as follows:

|  | Primary<br>Government<br>Business-<br>Type Activities | Primary<br>Government<br>Governmental<br>Activities |
|--|---|---|
| Sources of Revenue Pledged:                                    | Electric and Water<br>Revenues                        | Ad Valorem<br>Revenues                              |
| Current Revenue Pledged  | \$ 13,081,013   | \$ 8,501,004  |
| Current Debt Service   | 6,371,548   | 47,308  |
| Total Future Revenues Pledged                                  | 67,469,081  | 21,685,000  |
| Purpose of Debt  | Utilities & Refunding                                 | Local Roadways                                      |
| Term of Commitment   | 2013-2036   | 2018-2047   |
| Percentage of Debt Service to<br>Current Year Pledged Revenues | 48.71%  | 0.56%   |

**Note 10. Employee Retirement Systems**

**General Information** - The City contributes to three single-employer retirement systems covering substantially all full-time employees. The General Employees' Retirement System, the Police Officers' Relief and Retirement System and the Firefighters' Pension Trust (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. The reports can be obtained by contacting the City's finance department.

**Summary of Significant Accounting Policies:**

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. Investments are reported at fair value. 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.

**General Employees' Retirement System (GERS):**

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

The Plan 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 who must be a resident of the City and two persons elected by the members.



**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 10. Employee Retirement Systems (continued)**

All regular full time employees other than Police Officers or Firefighters participate in the Plan.

**Benefits Provided** - The Plan provides retirement, death and disability benefits. The benefit provisions are established and may be amended under the authority of City Ordinance.

Normal retirement for participants retiring before October 1, 2015 is 20 vesting credits or vesting credits plus years of age totaling 75 or more, provided the participant has at least 10 vesting credits. Normal retirement age for participants retiring after October 1, 2015 is 55 years of age and 30 vesting credits or 65 years of age and 10 vesting credits. The Plan provides a normal retirement benefit equal to 3% of average final compensation for each year of credited service worked through September 30, 2011. The normal retirement benefit for credits earned on or after October 1, 2010 will be 2% of average final compensation. The monthly benefits are increased annually by \$2.50 for each full year from the members' date of retirement. Participants retiring on or after October 1, 2010 will not be eligible for the annual adjustment.

**Deferred Retirement Option Plan (the "DROP")** - Members who have attained normal retirement age, as described above, are eligible for the Deferred Retirement Option Plan (the "DROP"). Upon entering the DROP, the member's accrued benefit is frozen. An account is established for each participant in the DROP, which is credited with the member's normal retirement benefit plus or minus investment earnings or losses. Investment earnings or losses are credited or debited to the participant's account at either the same rate realized as the Plan or, if so elected in advance, at a fixed rate of interest established by the Plan administrator. The value of the DROP balance at September 30, 2017 was \$ 3,991,518.

**Contributions** - All participants are required to contribute 7.8% of pretax earnings, which the City pays as a pickup contribution pursuant to Internal Revenue Code Section 414(h)(2). Pursuant to Florida law, the City is ultimately responsible for the actuarially soundness of the Plan. Therefore, each year, the City must contribute an amount determined by the Trustees in conjunction with the Plan's actuary to be sufficient, along with the employee's contribution, to fund the defined benefits under the Plan.

**Police Officers' Relief and Retirement System (PRS):**

**Plan Description** - 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 last amended July 1, 2014 under Ordinance No 2014-21. 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, 2014 and in accordance to Ordinance 2014-31, 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.

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.

**Benefits Provided** - The Plan provides retirement, death and disability benefits. The benefit provisions are established and may be amended under the authority of City Ordinance.



**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 10. Employee Retirement Systems (continued)**

Normal retirement age is the earlier of age 55 with 10 years of credited service, completion of 20 years of credited services, regardless of age or when age plus service measured in months equals or exceeds 75 years, provided the member has at least 10 years of credited service. The Plan provides a normal retirement benefit equal to 3% of average final compensation for each year of credited service worked. The monthly benefits are increased annually by \$ 2.50 for each full year from the member's date of retirement.

**Deferred Retirement Option Plan (the "DROP")** - Members who have attained normal retirement age, as described above, are eligible for the DROP. Upon entering the DROP, the member's accrued benefit is frozen. An account is established for each participant in the DROP, which is credited with the member's normal retirement benefit plus or minus investment earnings or losses. Investment earnings or losses are credited or debited to the participant's account at either the same rate realized as the Plan or, if so elected in advance, at a fixed rate of interest established by the Plan administrator. The value of the DROP balance at September 30, 2017, was \$ 189,581.

**Contributions** - Police employees are required by an ordinance of the City to contribute 7.06% of pretax earnings, which the City pays as a pickup contribution pursuant to Internal Revenue Code Section 414(h)(2). 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.

During the fiscal year ended September 30, 2017, the City received payments from the State for the PRS in the amount of \$ 518,432. These contributions which consist of excise taxes collected by the State on property and casualty insurance premiums on policies written within the City are required under Chapter 185 Florida Statutes. These revenues and expenditures were appropriately recorded in the General Fund.

**Firefighters' Pension Trust (FPT):**

**Plan Description** - The FPT is a single-employer defined benefit plan covering all eligible firefighters. The FPT was established by the City in accordance with a City ordinance 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 FPT.

**Benefits Provided** - The Plan provides retirement, death and disability benefits. The benefit provisions are established and may be amended under the authority of City Ordinance.

Normal retirement age is the earlier of age 55 with 10 years of credited service or completion of 20 years of credited service, regardless of age or when age plus service measured in months equals or exceeds 900. The Plan provides a normal retirement benefit equal to 3.75% of average final compensation for each year of credited service worked, including prior fire service and military service purchased by the member.

**Deferred Retirement Option Plan (the "DROP")** - Members who continue in employment past normal retirement date may either accrue larger pensions or freeze their accrued benefit and enter the DROP. Eligibility is either 20 years of service or age 55 with 10 years of service. Each participant in the DROP has an account credited with benefits not received and investment earnings. The value of the DROP balance at September 30, 2017, was \$ 18,458,548.

*City of Lake Worth, Florida*

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 10. Employee Retirement Systems (continued)**

**Contributions** - Firefighters are required by Lake Worth City Ordinance to contribute 11.25% of pretax earnings, which the City pays as a pickup contribution pursuant to Internal Revenue Code Section 414(h)(2). 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 FPT Board of Trustees and the City Commission.

During the fiscal year ended September 30, 2017, the City received payments from the State for the FPT in the amount of \$ 100,662. These contributions which consist of excise taxes collected by the State on property and casualty insurance premiums on policies written within the City are required under Chapter 175 Florida Statutes. These revenues and expenditures were appropriately recorded in the General Fund.

At October 1, 2016, the following plan members were covered by the plans:

|   | General<br>Employees'<br>Retirement<br>System | Police<br>Officers'<br>Relief and<br>Retirement<br>System | Firefighters'<br>Pension<br>Trust |
|---|---|---|-----------------------------------|
| Active employees  | 200   | 14  | 10                                |
| Inactive plan members or<br>beneficiaries currently receiving<br>benefits | 330   | 100   | 68                                |
| Inactive plan members entitled<br>but not yet receiving benefits          | 10  | -   | 1                                 |
| Total   | 540   | 114   | 79                                |

**Net Pension Liability of the City:**

The City's net pension liability was determined based on a measurement date of September 30, 2016.

The components of the net pension liability of the City at September 30, 2017, were as follows:

|  | General<br>Employees'<br>Retirement<br>System | Police Officers'<br>Relief and<br>Retirement<br>System | Firefighters'<br>Pension<br>Trust | Total<br>Pension<br>Trust Funds |
|--|---|--|-----------------------------------|---------------------------------|
| Total pension liability  | \$ 101,122,649                                | \$ 50,719,654  | \$ 63,723,716                     | \$ 215,566,019                  |
| Plan fiduciary net position  | (65,483,268)                                  | (29,128,036)   | (39,792,403)                      | (134,403,707)                   |
| Net pension liability  | \$ 35,639,381                                 | \$ 21,591,618  | \$ 23,931,313                     | \$ 81,162,312                   |
| Plan fiduciary net position as a<br>percentage of the total pension<br>liability | 64.76%  | 57.43%   | 62.45%                            | 62.35%                          |

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 10. Employee Retirement Systems (continued)**

**Actuarial Assumptions** - The total pension liability at September 30, 2016 was determined by using actuarial valuations as of October 1, 2015, with update procedures used to roll forward the total pension liability to September 30, 2016. The actuarial valuations used the following actuarial assumptions:

|                           | General<br>Employees'<br>Retirement<br>System | Police Officers'<br>Relief and<br>Retirement<br>System | Firefighters'<br>Pension<br>Trust |
|---------------------------|---|--|-----------------------------------|
| Inflation                 | 3.00%   | 3.00%  | 3.00%                             |
| Salary increases          | 5.8%-11.0%*                                   | 6.50%**  | 6.50%                             |
| Investment rate of return | 7.75%   | 7.60%  | 7.60%                             |

\* Depending on years of service, including inflation

\*\* Including inflation

For the GERS, PRS and FPT plans, mortality rates were based on the RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to all future years after 2000 using Scale AA.

**Investment Policy** -The GERS, PRS, and FPT plans' policy in regard to the allocation of invested assets is established and may be amended by their respective Boards. Plan assets are managed on a total return basis with long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following are the adopted asset allocations:

| Asset Class               | Target Allocations                            |   |                                   |
|---------------------------|---|---|-----------------------------------|
|                           | General<br>Employees'<br>Retirement<br>System | Police<br>Officers'<br>Relief and<br>Retirement<br>System | Firefighters'<br>Pension<br>Trust |
| Domestic equities         | 40-65%  | 40-65%  | 40-60%                            |
| International equities    | 5-20%   | 5-20%   | 5-20%                             |
| Fixed income              | 20-30%  | 20-30%  | 25-40%                            |
| Real estate               | 0-15%   | 0-15%   | 0-10%                             |
| TIPS                      | 0-10%   | 0-10%   | 0-10%                             |
| Cash and cash equivalents | Minimal                                       | Minimal   | Minimal                           |

**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended September 30, 2017**

**Note 10. Employee Retirement Systems (continued)**

**Long-term Expected Rate of Return** - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

| <u>Asset Class</u>     | <u>Long-term Expected Real Rate of Return</u>           |  |  |
|------------------------|---|--|--|
|                        | <u>General<br/>Employees'<br/>Retirement<br/>System</u> | <u>Police<br/>Officers'<br/>Relief and<br/>Retirement<br/>System</u> | <u>Firefighters'<br/>Pension<br/>Trust</u> |
| Domestic equities      | 7.50%   | 7.50%  | 7.50%                                      |
| International equities | 8.50%   | 8.50%  | 8.50%                                      |
| Fixed income           | 6.00%   | 6.00%  | 2.50-3.50%                                 |
| Real estate            | 4.50%   | 4.50%  | 4.50%                                      |

**Rate of Return** - For the year ended September 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.90 percent for GERS, 11.56 percent for PRS, and 11.14 percent for FPT. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate** - This discount rate used to measure the total pension liability was 7.75% for GERS, 7.60% for PRS and FPT. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates (statutorily required) and the member rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*City of Lake Worth, Florida*

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 10. Employee Retirement Systems (continued)**

**Changes in Net Pension Liability:**

**General Employees'  
Retirement System:**

|  | Increase (Decrease)               |                                       |                                     |
|--|-----------------------------------|---------------------------------------|-------------------------------------|
|  | Total Pension<br>Liability<br>(a) | Plan Fiduciary<br>Net Position<br>(b) | Net Pension<br>Liability<br>(a)-(b) |
| Balances, as of September 30, 2015,<br>Measurement Date  | \$ <u>103,729,348</u>             | \$ <u>65,128,482</u>                  | \$ <u>38,600,866</u>                |
| Changes for the year:                                    |                                   |                                       |                                     |
| Service cost   | 1,026,628                         | -                                     | 1,026,628                           |
| Interest   | 7,765,990                         | -                                     | 7,765,990                           |
| Differences between<br>expected and actual<br>experience | (2,300,009)                       | -                                     | (2,300,009)                         |
| Contributions - Employer                                 | -                                 | 4,440,602                             | (4,440,602)                         |
| Contributions - Employee                                 | -                                 | 848,814                               | (848,814)                           |
| Net investment income                                    | -                                 | 4,307,428                             | (4,307,428)                         |
| Benefit payments   | (9,099,308)                       | (9,099,308)                           | -                                   |
| Administrative expenses                                  | -                                 | (142,750)                             | 142,750                             |
| Net changes  | <u>(2,606,699)</u>                | <u>354,786</u>                        | <u>(2,961,485)</u>                  |
| Balances, as of September 30, 2016,<br>Measurement Date  | \$ <u><u>101,122,649</u></u>      | \$ <u><u>65,483,268</u></u>           | \$ <u><u>35,639,381</u></u>         |

**Police Officers' Relief and  
Retirement System:**

|   | Increase (Decrease)               |                                       |                                     |
|---|-----------------------------------|---------------------------------------|-------------------------------------|
|   | Total Pension<br>Liability<br>(a) | Plan Fiduciary<br>Net Position<br>(b) | Net Pension<br>Liability<br>(a)-(b) |
| Balances, as of September 30, 2015,<br>Measurement Date | \$ 51,866,492                     | \$ 29,854,278                         | \$ 22,012,214                       |
| Changes for the year:                                   |                                   |                                       |                                     |
| Service cost  | 255,209                           | -                                     | 255,209                             |
| Interest  | 3,837,201                         | -                                     | 3,837,201                           |
| Differences between expected<br>and actual experience   | (655,445)                         | -                                     | (655,445)                           |
| Changes of assumptions                                  | 635,049                           | -                                     | 635,049                             |
| Contributions - Employer<br>and State                   | -                                 | 2,882,783                             | (2,882,783)                         |
| Contributions - Employee                                | -                                 | 169,346                               | (169,346)                           |
| Net investment income                                   | -                                 | 1,744,263                             | (1,744,263)                         |
| Benefit payments  | (5,427,902)                       | (5,427,902)                           | -                                   |
| Other (additions to share<br>plan accounts)             | 209,050                           | -                                     | 209,050                             |
| Administrative expenses                                 | -                                 | (94,732)                              | 94,732                              |
| Net changes   | <u>(1,146,838)</u>                | <u>(726,242)</u>                      | <u>(420,596)</u>                    |
| Balances, as of September 30, 2016,<br>Measurement Date | \$ <u><u>50,719,654</u></u>       | \$ <u><u>29,128,036</u></u>           | \$ <u><u>21,591,618</u></u>         |

*City of Lake Worth, Florida*

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 10. Employee Retirement Systems (continued)**

| Firefighters' Pension Trust:                            | Increase (Decrease)        |                                |                          |
|---|----------------------------|--------------------------------|--------------------------|
|   | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability |
|   | (a)                        | (b)                            | (a)-(b)                  |
| Balances, as of September 30, 2015,<br>Measurement Date | \$ 61,370,404              | \$ 37,635,643                  | \$ 23,734,761            |
| Changes for the year:                                   |                            |                                |                          |
| Service cost  | 302,837                    | -                              | 302,837                  |
| Interest  | 4,650,666                  | -                              | 4,650,666                |
| Differences between expected<br>and actual experience   | 120,719                    | -                              | 120,719                  |
| Contributions - Employer<br>and State                   | -                          | 2,709,016                      | (2,709,016)              |
| Contributions - Employee                                | -                          | 108,980                        | (108,980)                |
| Net investment income                                   | -                          | 2,748,904                      | (2,748,904)              |
| Changes of assumptions                                  | 608,377                    | -                              | 608,377                  |
| Benefit payments  | (3,877,251)                | (3,877,251)                    | -                        |
| Rollover  | 547,964                    | 547,964                        | -                        |
| Administrative expenses                                 | -                          | (80,853)                       | 80,853                   |
| Net changes   | <u>2,353,312</u>           | <u>2,156,760</u>               | <u>196,552</u>           |
| Balances, as of September 30, 2016,<br>Measurement Date | \$ <u>63,723,716</u>       | \$ <u>39,792,403</u>           | \$ <u>23,931,313</u>     |

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the City, calculated using the discount rate of 7.75% for GERS and 7.60% for PRS and FPTF as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75% for GRS and 6.60% for PRS and FPTF) or 1 percentage point higher (8.75% for GRS and 8.60% for PRS and FPTF) than the current rate:

|  | 1%<br>Decrease<br>6.75% | Current<br>Discount Rate<br>7.75% | 1%<br>Increase<br>8.75% |
|--|-------------------------|-----------------------------------|-------------------------|
| General Employees' Retirement<br>System          | \$ <u>45,121,257</u>    | \$ <u>35,639,381</u>              | \$ <u>27,620,310</u>    |
|  | 1%<br>Decrease<br>6.60% | Current<br>Discount Rate<br>7.60% | 1%<br>Increase<br>8.60% |
| Police Officers' Relief and<br>Retirement System | \$ <u>26,275,591</u>    | \$ <u>21,591,618</u>              | \$ <u>17,643,817</u>    |
| Firefighters' Pension Trust                      | \$ <u>28,418,697</u>    | \$ <u>23,931,313</u>              | \$ <u>20,150,759</u>    |

*City of Lake Worth, Florida*

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 10. Employee Retirement Systems (continued)**

**Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions:**

For the year ended September 30, 2017, the City recognized pension expense as follows:

|                       | General<br>Employees'<br>Retirement<br>System | Police Officers'<br>Relief and<br>Retirement<br>System | Firefighters'<br>Pension<br>Trust | Total<br>Pension<br>Trust Funds |
|-----------------------|---|--|-----------------------------------|---------------------------------|
| Total Pension Expense | \$ <u>2,613,892</u>                           | \$ <u>2,111,792</u>                                    | \$ <u>3,139,222</u>               | \$ <u>7,864,906</u>             |

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| <b>General Employees' Retirement System:</b>                                     |                                      |                                     |
| Pension contributions subsequent to the measurement date                         | \$ 4,086,164                         | \$ -                                |
| Differences between expected and actual experience                               | -                                    | (2,013,535)                         |
| Net difference between projected and actual earnings on pension plan investments | <u>3,262,183</u>                     | <u>(1,051,265)</u>                  |
| Total  | \$ <u>7,348,347</u>                  | \$ <u>(3,064,800)</u>               |
| <b>Police Officers' Relief and Retirement System:</b>                            |                                      |                                     |
| Pension contributions subsequent to the measurement date                         | \$ 3,013,393                         | \$ -                                |
| Net difference between projected and actual earnings on pension plan investments | <u>1,507,017</u>                     | <u>(235,159)</u>                    |
| Total  | \$ <u>4,520,410</u>                  | \$ <u>(235,159)</u>                 |
| <b>Firefighters' Pension Trust:</b>  |                                      |                                     |
| Pension contributions subsequent to the measurement date                         | \$ 2,811,277                         | \$ -                                |
| Net difference between projected and actual earnings on pension plan investments | <u>2,345,509</u>                     | <u>(122,544)</u>                    |
| Total  | \$ <u>5,156,786</u>                  | \$ <u>(122,544)</u>                 |
| <b>Total Pension Trust Funds</b>   | \$ <u><u>17,025,543</u></u>          | \$ <u><u>(3,422,503)</u></u>        |



*City of Lake Worth, Florida*

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 10. Employee Retirement Systems (continued)**

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period ending September 30, 2017. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending<br>September 30, | General<br>Employees'<br>Retirement<br>System | Police Officers'<br>Relief and<br>Retirement<br>System | Firefighters'<br>Pension<br>Trust | Total<br>Pension<br>Trust Funds |
|------------------------------|---|--|-----------------------------------|---------------------------------|
| 2018                         | \$ (514,627)                                  | \$ 356,041   | \$ 714,637                        | \$ 556,051                      |
| 2019                         | (309,881)                                     | 356,042  | 714,639                           | 760,800                         |
| 2020                         | 904,519                                       | 473,620  | 775,910                           | 2,154,049                       |
| 2021                         | 117,372                                       | 86,155   | 17,779                            | 221,306                         |
| Total                        | \$ <u>197,383</u>                             | \$ <u>1,271,858</u>                                    | \$ <u>2,222,965</u>               | \$ <u>3,692,206</u>             |

**Pension Trust Funds:**

The City maintains three pension trust funds to account for its fiduciary responsibility. The following condensed statements present the net position held in trust for pension benefits at September 30, 2017 and the changes in net position for the year then ended:

**Condensed Statements of Net Position:**

|   | General<br>Employees'<br>Retirement<br>System | Police Officers'<br>Relief and<br>Retirement<br>System | Firefighters'<br>Pension Trust | Total<br>Pension<br>Trust<br>Funds |
|---|---|--|--------------------------------|------------------------------------|
| <b>Assets:</b>  |   |  |                                |                                    |
| Cash and cash equivalents                               | \$ 3,109,630                                  | \$ 1,739,745   | \$ 1,371,506                   | \$ 6,220,881                       |
| Investments at fair value                               | 67,160,734                                    | 28,418,894   | 42,762,232                     | 138,341,860                        |
| Other   | 147,965                                       | 591,018  | 144,028                        | 883,011                            |
| <b>Total assets</b>                                     | <u>70,418,329</u>                             | <u>30,749,657</u>                                      | <u>44,277,766</u>              | <u>145,445,752</u>                 |
| <b>Liabilities:</b>                                     |   |  |                                |                                    |
| Accounts payable  | 77,621  | 27,502   | 14,073                         | 119,196                            |
| <b>Total liabilities</b>                                | <u>77,621</u>                                 | <u>27,502</u>  | <u>14,073</u>                  | <u>119,196</u>                     |
| <b>Net position restricted<br/>for pension benefits</b> | <u>\$ 70,340,708</u>                          | <u>\$ 30,722,155</u>                                   | <u>\$ 44,263,693</u>           | <u>\$ 145,326,556</u>              |

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 10. Employee Retirement Systems (continued)**

**Condensed Statements of Changes in Net Position:**

|                               | General<br>Employees'<br>Retirement<br>System | Police Officers'<br>Relief and<br>Retirement<br>System | Firefighters'<br>Pension Trust | Total<br>Pension<br>Trust<br>Funds |
|-------------------------------|---|--|--------------------------------|------------------------------------|
| <b>Additions:</b>             |   |  |                                |                                    |
| Contributions                 | \$ 5,188,979                                  | \$ 3,086,926   | \$ 4,448,692                   | \$ 12,724,597                      |
| Net investment income         | 7,822,485                                     | 3,021,517  | 4,306,471                      | 15,150,473                         |
| <b>Total additions</b>        | <b>13,011,464</b>                             | <b>6,108,443</b>                                       | <b>8,755,163</b>               | <b>27,875,070</b>                  |
| <b>Deductions:</b>            |   |  |                                |                                    |
| Pension benefits              | 8,029,499                                     | 4,422,363  | 4,213,072                      | 16,664,934                         |
| Administrative expenses       | 124,525                                       | 91,961   | 70,801                         | 287,287                            |
| <b>Total deductions</b>       | <b>8,154,024</b>                              | <b>4,514,324</b>                                       | <b>4,283,873</b>               | <b>16,952,221</b>                  |
| <b>Change in net position</b> | <b>\$ 4,857,440</b>                           | <b>\$ 1,594,119</b>                                    | <b>\$ 4,471,290</b>            | <b>\$ 10,922,849</b>               |

**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 administered 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 2017, the City contributed approximately \$ 164,097 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)**

**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.

**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 for 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.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 12. Other Post-Employment Benefits (OPEB) (continued)**

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                            | \$ 19,955                  |
| Amortization                           | 328,428                    |
| Interest                               | 39,466                     |
| Adjustments to ARC                     | <u>(178,175)</u>           |
| Annual OPEB cost                       | 209,674                    |
| Estimated Contribution made            | <u>(214,928)</u>           |
| Decrease in net OPEB obligation        | (5,254)                    |
| Net OPEB obligation, beginning of year | <u>1,127,590</u>           |
| Net OPEB obligation, end of year       | <u><u>\$ 1,122,336</u></u> |

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and two preceding years were as follows:

|                                     | <u>2017</u>  | <u>2016</u>  | <u>2015</u>  |
|-------------------------------------|--------------|--------------|--------------|
| Annual OPEB cost                    | \$ 209,674   | \$ 279,564   | \$ 277,084   |
| Percentage of OPEB cost contributed | 102.51%      | 94.34%       | 100.91%      |
| Net OPEB obligation                 | \$ 1,122,336 | \$ 1,127,590 | \$ 1,111,755 |

**Funded Status and Funding Progress** - The funded status of the plan as of October 1, 2016, the most recent actuarial valuation date, was as follows:

|   |                     |
|---|---------------------|
| Actuarial accrued liability                 | \$ 2,043,028        |
| Actuarial value of assets                   | <u>-</u>            |
| Unfunded actuarial accrued liability (UAAL) | <u>\$ 2,043,028</u> |
| Funded ratio                                | 0.0%                |
| Covered payroll                             | \$ 14,566,215       |
| UAAL as a percentage of covered payroll     | 14.03%              |

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.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 12. Other Post-Employment Benefits (OPEB) (continued)**

**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, 2016      |
| Actuarial cost method              | Entry age            |
| Amortization method                | Level dollar, closed |
| Remaining amortization period      | 7 Years              |
| Asset valuation method             | Unfunded             |
| Actuarial assumptions:             |                      |
| Investment rate of return          | 3.50%                |
| Projected salary increases         | 5.00% - 7.50%        |
| Payroll growth assumptions         | 0.00%                |
| Initial per capita cost trend rate | 4.82%                |
| 2nd trend rate                     | 7.00%                |
| 3rd trend rate                     | 6.75%                |
| Ultimate trend rate                | 4.58%                |
| Years to ultimate rate             | 24                   |
| Inflation                          | 2.50%                |

**Note 13. Commitments and Contingencies**

**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 Stanton 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.

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

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**Note 13. Commitments and Contingencies (continued)**

**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 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. The City executed the second option year in January 2018.

**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 litigations 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.

**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. The City is currently in the second appeal process. That appeal process will not likely be resolved until fiscal year 2018. Resources for any ultimately disallowed costs are available from the City's \$ 3.1 million emergency reserve with any additional funding needed from the self insurance fund.

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. The City is currently in the second appeal process. That appeal process will not likely be resolved until FY 2018. Reserves for any ultimately disallowed costs are available from the City's \$ 3.1 million emergency reserve.

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

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**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 \$ 41 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 purchased a \$ 1,000,000 excess 3<sup>rd</sup> party liability over a \$ 100,000 self-insured retention.

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.

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.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2017**

**Note 14. Self-Insurance Program (continued)**

All funds of the City participate in the program and make payments to the Insurance Fund based on estimates of the amounts needed to pay prior and current year claims, establish reserves for future claims and provide for administrative costs of the program. Interfund premiums are based upon the insured funds' number of employees and value of facilities and are reported as quasi-external interfund transactions. A liability for workers' compensation, general liability and property claims of approximately \$ 1,988,000 is reported in the fund at September 30, 2017. This amount has been discounted to present value at an assumed investment rate of 1.0%, and an approximate 75% confidence level. Changes in the fund's workers compensation, general liability and property claims on an undiscounted basis during the past two years are as follows:

| Fiscal<br>Year | Beginning<br>Liability | Claims<br>Incurred | Estimated<br>Prior<br>Claims | Claims<br>Paid and<br>Adjustments | Ending<br>Liability |
|----------------|------------------------|--------------------|------------------------------|-----------------------------------|---------------------|
| 2016           | \$ 1,301,180           | \$ 900,000         | \$ 79,771                    | \$ (556,331)                      | \$ 1,724,620        |
| 2017           | \$ 1,724,620           | \$ 825,000         | \$ 189,020                   | \$ (751,036)                      | \$ 1,987,604        |

**Note 15. Subsequent Event**

The City's Community Redevelopment Agency ("CRA") previously authorized Tax Incremental Redevelopment Revenue Bonds of \$ 4 million and is in the process of drawing down that funding. Subsequent to year end, the CRA authorized additional Redevelopment Revenue Bonds of \$ 1.5 million. The bonds will be used to fund the acquisition and construction of redevelopment projects located in the Community Redevelopment Area of the City.

Prior to the close of the fiscal year, Hurricane Irma made landfall affecting almost the entire State of Florida. The long cleanup process was initiated immediately; however, the majority of costs were not incurred until fiscal year 2018. As of the issuance of this CAFR, the amount of reimbursement from FEMA and the State of Florida for storm related expenses is unknown, primarily due to the fact that the work papers submitted to date are pending for approval.



***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, 2017**

|                                | Budgeted Amounts  |                   | Actual            | Variance<br>with Final<br>Budget<br>Positive<br>(Negative) |
|--------------------------------|-------------------|-------------------|-------------------|--|
|                                | Original          | Final             |                   |  |
| <b>Revenues:</b>               |                   |                   |                   |  |
| Taxes:                         |                   |                   |                   |  |
| Property taxes                 | \$ 7,757,071      | \$ 7,757,071      | \$ 7,902,965      | \$ 145,894   |
| Utility service taxes          | 3,926,445         | 3,926,445         | 4,153,437         | 226,992  |
| Sales and use taxes            | 936,759           | 936,759           | 962,936           | 26,177   |
| Franchise fees                 | 20,000            | 20,000            | 57,146            | 37,146   |
| Total taxes                    | <u>12,640,275</u> | <u>12,640,275</u> | <u>13,076,484</u> | <u>436,209</u>   |
| Licenses and permits:          |                   |                   |                   |  |
| Business                       | 800,500           | 800,500           | 768,570           | (31,930)   |
| Non-business                   | 166,500           | 166,500           | 112,255           | (54,245)   |
| Total licenses and permits     | <u>967,000</u>    | <u>967,000</u>    | <u>880,825</u>    | <u>(86,175)</u>  |
| Fines and forfeitures:         |                   |                   |                   |  |
| Public safety                  | 50,000            | 50,000            | 30,559            | (19,441)   |
| Library fines                  | 7,000             | 7,000             | 7,012             | 12   |
| Violations of local ordinances | 600,355           | 600,355           | 845,977           | 245,622  |
| Total fines and forfeitures    | <u>657,355</u>    | <u>657,355</u>    | <u>883,548</u>    | <u>226,193</u>   |
| Charges for services:          |                   |                   |                   |  |
| General government             | 4,204,448         | 4,204,448         | 3,375,066         | (829,382)  |
| Public safety                  | 295,000           | 295,000           | 189,538           | (105,462)  |
| Physical environment           | 655,500           | 655,500           | 805,714           | 150,214  |
| Transportation                 | 31,000            | 31,000            | 36,981            | 5,981  |
| Culture and recreation         | 147,450           | 147,450           | 124,819           | (22,631)   |
| Total charges for services     | <u>5,333,398</u>  | <u>5,333,398</u>  | <u>4,532,118</u>  | <u>(801,280)</u>   |
| Intergovernmental:             |                   |                   |                   |  |
| State shared revenues          | 6,313,999         | 6,313,999         | 5,267,524         | (1,046,475)  |
| Total intergovernmental        | <u>6,313,999</u>  | <u>6,313,999</u>  | <u>5,267,524</u>  | <u>(1,046,475)</u>   |
| Other revenues:                |                   |                   |                   |  |
| Investment income              | 39,000            | 39,000            | 17,153            | (21,847)   |
| Rents and royalties            | 21,900            | 21,900            | 20,703            | (1,197)  |
| Miscellaneous                  | 22,100            | 22,100            | 91,243            | 69,143   |
| Total other revenues           | <u>83,000</u>     | <u>83,000</u>     | <u>129,099</u>    | <u>46,099</u>  |
| <b>Total revenues</b>          | <u>25,995,027</u> | <u>25,995,027</u> | <u>24,769,598</u> | <u>(1,225,429)</u>   |
| <b>Expenditures:</b>           |                   |                   |                   |  |
| General Government:            |                   |                   |                   |  |
| City commission                | 255,966           | 280,966           | 342,653           | (61,687)   |
| City manager                   | 727,304           | 726,265           | 792,349           | (66,084)   |
| City clerk                     | 533,818           | 577,778           | 598,970           | (21,192)   |
| Finance                        | 1,430,558         | 1,430,558         | 1,379,141         | 51,417   |
| Internal auditing              | 168,218           | 168,218           | 113,845           | 54,373   |
| Personnel                      | 262,381           | 262,381           | 240,549           | 21,832   |
| City attorney                  | 770,743           | 770,743           | 623,960           | 146,783  |
| Community development          | 1,346,986         | 1,560,609         | 1,409,533         | 151,076  |
| Business license               | 157,264           | 157,264           | 96,031            | 61,233   |
| Building maintenance           | 1,154,652         | 1,285,352         | 1,151,325         | 134,027  |
| Cost of services               | 70,000            | 70,000            | 46,998            | 23,002   |
| Total general government       | <u>6,877,890</u>  | <u>7,290,134</u>  | <u>6,795,354</u>  | <u>494,780</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, 2017**

|  | Budgeted Amounts   |                    | Actual              | Variance<br>with Final<br>Budget<br>Positive<br>(Negative) |
|--|--------------------|--------------------|---------------------|--|
|  | Original           | Final              |                     |  |
| Public safety:   |                    |                    |                     |  |
| Police   | 15,619,780         | 15,640,280         | 15,798,499          | (158,219)  |
| Fire   | 2,746,613          | 2,746,613          | 2,754,704           | (8,091)  |
| Building and zoning  | 1,023,412          | 1,023,259          | 761,497             | 261,762  |
| Code and administration                                      | 1,164,166          | 1,205,426          | 1,110,904           | 94,522   |
| Total public safety  | <u>20,553,971</u>  | <u>20,615,578</u>  | <u>20,425,604</u>   | <u>189,974</u>   |
| Physical environment:  |                    |                    |                     |  |
| Cemetery   | 275,444            | 275,444            | 266,994             | 8,450  |
| Grounds maintenance  | 1,783,351          | 1,806,811          | 1,803,495           | 3,316  |
| Total physical environment                                   | <u>2,058,795</u>   | <u>2,082,255</u>   | <u>2,070,489</u>    | <u>11,766</u>  |
| Transportation:  |                    |                    |                     |  |
| Administration   | 369,973            | 313,463            | 315,812             | (2,349)  |
| Streets, drains and sidewalks                                | 1,107,482          | 1,172,482          | 1,094,273           | 78,209   |
| Total transportation   | <u>1,477,455</u>   | <u>1,485,945</u>   | <u>1,410,085</u>    | <u>75,860</u>  |
| Culture and recreation:                                      |                    |                    |                     |  |
| Library  | 578,356            | 573,524            | 524,348             | 49,176   |
| Recreation   | 1,630,496          | 1,636,947          | 1,438,291           | 198,656  |
| Total culture and recreation                                 | <u>2,208,852</u>   | <u>2,210,471</u>   | <u>1,962,639</u>    | <u>247,832</u>   |
| Capital outlay   | <u>147,050</u>     | <u>159,819</u>     | <u>135,082</u>      | <u>24,737</u>  |
| Debt service:  |                    |                    |                     |  |
| Interest   | <u>47,316</u>      | <u>47,316</u>      | <u>47,308</u>       | <u>8</u>   |
| <b>Total expenditures</b>                                    | <u>33,371,329</u>  | <u>33,891,518</u>  | <u>32,846,561</u>   | <u>1,044,957</u>   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>(7,376,302)</u> | <u>(7,896,491)</u> | <u>(8,076,963)</u>  | <u>(180,472)</u>   |
| <b>Other financing sources:</b>                              |                    |                    |                     |  |
| Transfers in   | 7,011,015          | 7,011,015          | 7,011,015           | -  |
| Transfers out  | -                  | (60,923)           | (60,923)            | -  |
| Appropriated fund balance                                    | <u>365,287</u>     | <u>946,399</u>     | <u>-</u>            | <u>(946,399)</u>   |
| <b>Total other financing sources</b>                         | <u>7,376,302</u>   | <u>7,896,491</u>   | <u>6,950,092</u>    | <u>(946,399)</u>   |
| <b>Net change in fund balance</b>                            | <u>\$ -</u>        | <u>\$ -</u>        | <u>(1,126,871)</u>  | <u>\$ (1,126,871)</u>                                      |
| <b>Fund balance, beginning of year</b>                       |                    |                    | <u>5,982,023</u>    |  |
| <b>Fund balance, end of year</b>                             |                    |                    | <u>\$ 4,855,152</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, 2017**

|  | <u>Budgeted Amounts</u> |                  | <u>Actual</u>         | <u>Variance<br/>with Final<br/>Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|------------------|-----------------------|---|
|  | <u>Original</u>         | <u>Final</u>     |                       |   |
| <b>Revenues:</b>                                     |                         |                  |                       |   |
| Charges for services                                 | \$ 2,803,603            | \$ 2,803,603     | \$ 2,820,679          | \$ 17,076   |
| Fines and forfeitures                                | 174,996                 | 174,996          | 252,661               | 77,665  |
| Investment income                                    | 4,300                   | 4,300            | 3,227                 | (1,073)   |
| Miscellaneous  | 4,000                   | 4,000            | 16,126                | 12,126  |
| <b>Total revenues</b>                                | <u>2,986,899</u>        | <u>2,986,899</u> | <u>3,092,693</u>      | <u>105,794</u>  |
| <b>Expenditures:</b>                                 |                         |                  |                       |   |
| Current:   |                         |                  |                       |   |
| Transportation                                       | 420,373                 | 421,136          | 393,333               | 27,803  |
| Culture and recreation                               | 3,050,307               | 3,125,190        | 2,221,760             | 903,430   |
| Capital outlay                                       | 157,400                 | 125,444          | 38,524                | 86,920  |
| <b>Total expenditures</b>                            | <u>3,628,080</u>        | <u>3,671,770</u> | <u>2,653,617</u>      | <u>1,018,153</u>  |
| Excess (deficiency) of<br>revenues over expenditures | <u>(641,181)</u>        | <u>(684,871)</u> | <u>439,076</u>        | <u>1,123,947</u>  |
| <b>Other financing sources (uses):</b>               |                         |                  |                       |   |
| Transfers out  | (58,000)                | (72,610)         | -                     | 72,610  |
| Appropriated fund balance                            | 699,181                 | 757,481          | -                     | (757,481)   |
| <b>Total other financing<br/>sources</b>             | <u>641,181</u>          | <u>684,871</u>   | <u>-</u>              | <u>(684,871)</u>  |
| <b>Net change in<br/>fund balance</b>                | <u>\$ -</u>             | <u>\$ -</u>      | 439,076               | <u>\$ 439,076</u>   |
| <b>Fund balance, beginning of year</b>               |                         |                  | <u>(4,013,078)</u>    |   |
| <b>Fund balance, end of year</b>                     |                         |                  | <u>\$ (3,574,002)</u> |   |

**Notes to Required Supplementary Information  
For the Fiscal Year Ended September 30, 2017**

**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.
- g. The City is not legally required to, and does not, adopt budgets for the pensions funds nor does it adopt a budget for the Neighborhood Road Program Fund, Simpkin Trust Fund, Library Trust Fund, Parking Improvement Fund, Law Enforcement and Firefighters Education Fund, Law Enforcement Confiscated Property Fund or Discretionary Sales Tax Fund.

**Note 2. Explanation of Differences in Fund Balance Between - Budget to Actual and Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor 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 Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Capital Projects Funds:

|   |                           |
|---|---------------------------|
| Net change in fund balance - Road Improvement Fund (1)  | \$ 14,985                 |
| Net change in fund balance - Capital Projects Fund (2)  | <u>(60,179)</u>           |
| Capital Projects Fund net change in fund balance per the Statement of Revenues, Expenditures, and Changes in Fund Balances - Capital Projects Fund - Page 85. | \$ <u><u>(45,194)</u></u> |

(1) See budget to actual comparison schedule on page 94.

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



*City of Lake Worth, Florida*

**City of Lake Worth  
Required Supplementary Information  
(unaudited)  
General Employees' Retirement System  
Schedule of Changes in Net Pension Liability and Related Ratios**

|   | <u>2017</u>           | <u>2016</u>           | <u>2015</u>           | <u>2014</u>           |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Total pension liability</b>  |                       |                       |                       |                       |
| Service cost  | \$ 1,264,754          | \$ 1,026,628          | \$ 1,289,330          | \$ 1,269,805          |
| Interest  | 7,623,881             | 7,765,990             | 7,865,429             | 7,897,624             |
| Differences between expected and actual experience                                | 186,801               | (2,300,009)           | (967,020)             | (289,809)             |
| Changes of assumptions  | 2,876,644             | -                     | -                     | -                     |
| Benefit payments, including refunds of member contributions                       | <u>(8,029,499)</u>    | <u>(9,099,308)</u>    | <u>(9,316,942)</u>    | <u>(9,308,177)</u>    |
| <b>Net change in total pension liability</b>                                      | 3,922,581             | (2,606,699)           | (1,129,203)           | (430,557)             |
| <b>Total pension liability - beginning</b>  | <u>101,122,649</u>    | <u>103,729,348</u>    | <u>104,858,551</u>    | <u>105,289,108</u>    |
| <b>Total pension liability - ending (a)</b>                                       | <u>\$ 105,045,230</u> | <u>\$ 101,122,649</u> | <u>\$ 103,729,348</u> | <u>\$ 104,858,551</u> |
| <b>Plan fiduciary net position</b>  |                       |                       |                       |                       |
| Contributions - employer  | \$ 4,086,164          | \$ 4,440,602          | \$ 4,614,165          | \$ 4,553,202          |
| Contributions - member  | 1,102,815             | 848,814               | 844,870               | 928,387               |
| Net investment income (loss)  | 7,822,485             | 4,307,428             | 508,074               | 7,515,916             |
| Benefit payments, including refunds of member contributions                       | (8,029,499)           | (9,099,308)           | (9,316,942)           | (9,308,177)           |
| Administrative expenses   | <u>(124,525)</u>      | <u>(142,750)</u>      | <u>(128,684)</u>      | <u>(126,863)</u>      |
| <b>Net change in plan fiduciary net position</b>                                  | 4,857,440             | 354,786               | (3,478,517)           | 3,562,465             |
| <b>Plan fiduciary net position - beginning</b>                                    | <u>65,483,268</u>     | <u>65,128,482</u>     | <u>68,606,999</u>     | <u>65,044,534</u>     |
| <b>Plan fiduciary net position - ending (b)</b>                                   | <u>\$ 70,340,708</u>  | <u>\$ 65,483,268</u>  | <u>\$ 65,128,482</u>  | <u>\$ 68,606,999</u>  |
| <b>City net pension liability - ending (a) - (b)</b>                              | <u>\$ 34,704,522</u>  | <u>\$ 35,639,381</u>  | <u>\$ 38,600,866</u>  | <u>\$ 36,251,552</u>  |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | 66.96%                | 64.76%                | 62.79%                | 65.43%                |
| <b>Covered-employee payroll</b>   | \$ 14,138,657         | \$ 10,882,231         | \$ 10,831,667         | \$ 11,902,397         |
| <b>City net pension liability as percentage of covered-employee payroll</b>       | 245.46%               | 327.50%               | 356.37%               | 304.57%               |

Note: This schedule is intended to present information for ten years. However, until a full ten year trend is compiled, the pension plan will present information for those years which the information is available.



*City of Lake Worth, Florida*

**City of Lake Worth  
Required Supplementary Information  
(unaudited)  
Police Officers' Relief and Retirement System  
Schedule of Changes in Net Pension Liability and Related Ratios**

|   | <u>2017</u>          | <u>2016</u>          | <u>2015</u>          | <u>2014</u>          |
|---|----------------------|----------------------|----------------------|----------------------|
| <b>Total pension liability</b>  |                      |                      |                      |                      |
| Service cost  | \$ 229,634           | \$ 255,209           | \$ 238,693           | \$ 280,511           |
| Interest  | 3,713,027            | 3,837,201            | 3,902,610            | 3,915,664            |
| Differences between expected<br>and actual experience                                 | (97,978)             | (655,445)            | 287,033              | 115,847              |
| Changes of assumptions  | 266,889              | 635,049              | -                    | -                    |
| Benefit payments, including refunds of<br>member contributions                        | (4,422,363)          | (5,427,902)          | (5,567,874)          | (3,923,670)          |
| Other   | <u>235,027</u>       | <u>209,050</u>       | <u>209,050</u>       | <u>202,603</u>       |
| <b>Net change in total pension liability</b>  | (75,764)             | (1,146,838)          | (930,488)            | 590,955              |
| <b>Total pension liability - beginning</b>  | <u>50,719,654</u>    | <u>51,866,492</u>    | <u>52,796,980</u>    | <u>52,206,025</u>    |
| <b>Total pension liability - ending (a)</b>   | <u>\$ 50,643,890</u> | <u>\$ 50,719,654</u> | <u>\$ 51,866,492</u> | <u>\$ 52,796,980</u> |
| <b>Plan fiduciary net position</b>  |                      |                      |                      |                      |
| Contributions - employer and state  | \$ 3,013,393         | \$ 2,882,783         | \$ 2,773,209         | \$ 2,543,956         |
| Contributions - member  | 73,533               | 169,346              | 102,916              | 208,801              |
| Net investment income (loss)  | 3,021,517            | 1,744,263            | 449,322              | 2,906,179            |
| Benefit payments, including refunds of<br>member contributions                        | (4,422,363)          | (5,427,902)          | (5,567,874)          | (3,923,670)          |
| Administrative expenses   | <u>(91,961)</u>      | <u>(94,732)</u>      | <u>(89,064)</u>      | <u>(96,476)</u>      |
| <b>Net change in plan fiduciary net position</b>                                      | 1,594,119            | (726,242)            | (2,331,491)          | 1,638,790            |
| <b>Plan fiduciary net position - beginning</b>  | <u>29,128,036</u>    | <u>29,854,278</u>    | <u>32,185,769</u>    | <u>30,546,979</u>    |
| <b>Plan fiduciary net position - ending (b)</b>                                       | <u>\$ 30,722,155</u> | <u>\$ 29,128,036</u> | <u>\$ 29,854,278</u> | <u>\$ 32,185,769</u> |
| <b>City net pension liability - ending (a) - (b)</b>                                  | <u>\$ 19,921,735</u> | <u>\$ 21,591,618</u> | <u>\$ 22,012,214</u> | <u>\$ 20,611,211</u> |
| <b>Plan fiduciary net position as a<br/>percentage of the total pension liability</b> | 60.66%               | 57.43%               | 57.56%               | 60.96%               |
| <b>Covered-employee payroll</b>   | \$ 1,041,543         | \$ 1,275,960         | \$ 1,250,989         | \$ 1,333,456         |
| <b>City net pension liability as percentage<br/>of covered-employee payroll</b>       | 1912.71%             | 1692.19%             | 1759.58%             | 1545.70%             |

Note: This schedule is intended to present information for ten years. However, until a full ten year trend is compiled, the pension plan will present information for those years which the information is available.

*City of Lake Worth, Florida*

**City of Lake Worth  
Required Supplementary Information  
(unaudited)  
Firefighters' Pension Trust  
Schedule of Changes in Net Pension Liability and Related Ratios**

|   | <u>2017</u>          | <u>2016</u>          | <u>2015</u>          | <u>2014</u>          |
|---|----------------------|----------------------|----------------------|----------------------|
| <b>Total pension liability</b>  |                      |                      |                      |                      |
| Service cost  | \$ 285,547           | \$ 302,837           | \$ 332,003           | \$ 297,315           |
| Interest  | 4,762,802            | 4,650,666            | 4,483,334            | 4,332,379            |
| Differences between expected and actual experience                                | (322,397)            | 120,719              | 198,870              | (241,254)            |
| Changes of assumptions  | 185,206              | 608,377              | 978,453              | -                    |
| Benefit payments, including refunds of member contributions                       | (4,213,072)          | (3,877,251)          | (3,184,398)          | (3,217,144)          |
| Other   | <u>1,531,431</u>     | <u>547,964</u>       | <u>1,101,767</u>     | <u>275,168</u>       |
| <b>Net change in total pension liability</b>                                      | 2,229,517            | 2,353,312            | 3,910,029            | 1,446,464            |
| <b>Total pension liability - beginning</b>  | <u>63,723,716</u>    | <u>61,370,404</u>    | <u>57,460,375</u>    | <u>56,013,911</u>    |
| <b>Total pension liability - ending (a)</b>                                       | <u>\$ 65,953,233</u> | <u>\$ 63,723,716</u> | <u>\$ 61,370,404</u> | <u>\$ 57,460,375</u> |
| <b>Plan fiduciary net position</b>  |                      |                      |                      |                      |
| Contributions - employer and state  | \$ 2,811,277         | \$ 2,709,016         | \$ 2,550,030         | \$ 2,625,210         |
| Contributions - member  | 105,985              | 108,980              | 118,270              | 123,344              |
| Net investment income (loss)  | 4,306,471            | 2,748,904            | (828,763)            | 3,079,060            |
| Benefit payments, including refunds of member contributions                       | (4,213,072)          | (3,877,251)          | (3,184,398)          | (3,217,144)          |
| Administrative expenses   | (70,801)             | (80,853)             | (92,510)             | (217,064)            |
| Rollover  | <u>1,531,430</u>     | <u>547,964</u>       | <u>1,101,767</u>     | <u>275,168</u>       |
| <b>Net change in plan fiduciary net position</b>                                  | 4,471,290            | 2,156,760            | (335,604)            | 2,668,574            |
| <b>Plan fiduciary net position - beginning</b>                                    | <u>39,792,403</u>    | <u>37,635,643</u>    | <u>37,971,247</u>    | <u>35,302,673</u>    |
| <b>Plan fiduciary net position - ending (b)</b>                                   | <u>\$ 44,263,693</u> | <u>\$ 39,792,403</u> | <u>\$ 37,635,643</u> | <u>\$ 37,971,247</u> |
| <b>City net pension liability - ending (a) - (b)</b>                              | <u>\$ 21,689,540</u> | <u>\$ 23,931,313</u> | <u>\$ 23,734,761</u> | <u>\$ 19,489,128</u> |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | 67.11%               | 62.45%               | 61.33%               | 66.08%               |
| <b>Covered-employee payroll</b>   | \$ 942,090           | \$ 968,706           | \$ 1,050,059         | \$ 1,073,629         |
| <b>City net pension liability as percentage of covered-employee payroll</b>       | 2302.28%             | 2470.44%             | 2260.33%             | 1815.26%             |

Note: This schedule is intended to present information for ten years. However, until a full ten year trend is compiled, the pension plan will present information for those years which the information is available.

*City of Lake Worth, Florida*

**City of Lake Worth, Florida  
Required Supplementary Information  
(unaudited)  
General Employees' Retirement System  
Schedule of Contributions  
Last Ten Fiscal Years**

| <u>Fiscal Year</u> | <u>Actuarially<br/>Determined<br/>Contribution</u> | <u>Actual<br/>Contribution</u> | <u>Contribution<br/>Deficiency<br/>(Excess)</u> | <u>Covered-<br/>Employee<br/>Payroll</u> | <u>Contributions<br/>as a<br/>Percentage<br/>of Covered-<br/>Employee<br/>Payroll</u> |
|--------------------|--|--------------------------------|---|--|---|
| <b>2017</b>        | \$ 4,086,164                                       | \$ 4,086,164                   | \$ -  | \$ 14,138,657                            | 28.9%   |
| <b>2016</b>        | 4,440,602  | 4,440,602                      | -   | 10,882,231                               | 40.8%   |
| <b>2015</b>        | 4,614,165  | 4,614,165                      | -   | 10,831,667                               | 42.6%   |
| <b>2014</b>        | 4,553,202  | 4,553,202                      | -   | 11,902,397                               | 38.3%   |
| <b>2013</b>        | 3,982,877  | 3,982,877                      | -   | 11,547,885                               | 34.5%   |
| <b>2012</b>        | 3,293,953  | 3,293,953                      | -   | 11,916,382                               | 27.6%   |
| <b>2011</b>        | 2,786,433  | 2,786,433                      | -   | 10,951,357                               | 25.4%   |
| <b>2010</b>        | 3,413,861  | 3,413,861                      | -   | 12,563,517                               | 27.2%   |
| <b>2009</b>        | 2,900,325  | 2,900,325                      | -   | 13,257,113                               | 21.9%   |
| <b>2008</b>        | 2,852,077  | 2,852,077                      | -   | 13,332,893                               | 21.4%   |

**Notes to Schedule:**

**Valuation date:** October 1, 2015

**Methods and assumptions used to determine contribution rates:**

|                               |  |
|-------------------------------|--|
| Actuarial cost method         | Entry age normal   |
| Amortization method           | Level dollar, closed   |
| Remaining amortization period | 22 years   |
| Asset valuation method        | 5 year smoothed market   |
| Inflation                     | 3.00%  |
| Salary increases              | 5.8%-11%, depending on years of service, including inflation   |
| Investment rate of return     | 7.75%  |
| Mortality                     | RP-2000 Combined Healthy Participant Mortality<br>Tables for males and females with mortality<br>improvement projected to all future years after<br>2000 using Scale AA. |

*City of Lake Worth, Florida*

**City of Lake Worth, Florida  
Required Supplementary Information  
(unaudited)  
Police Officers' Relief and Retirement System  
Schedule of Contributions  
Last Ten Fiscal Years**

| <u>Fiscal Year</u> | <u>Actuarially<br/>Determined<br/>Contribution</u> | <u>Actual<br/>Contribution</u> | <u>Contribution<br/>Deficiency<br/>(Excess)</u> | <u>Covered-<br/>Employee<br/>Payroll</u> | <u>Contributions<br/>as a<br/>Percentage<br/>of Covered-<br/>Employee<br/>Payroll</u> |
|--------------------|--|--------------------------------|---|--|---|
| <b>2017</b>        | \$ 2,696,961                                       | \$ 2,778,366                   | \$ (81,405)                                     | \$ 1,041,543                             | 266.8%  |
| <b>2016</b>        | 2,615,683  | 2,673,733                      | (58,050)  | 1,275,960                                | 209.5%  |
| <b>2015</b>        | 2,548,833  | 2,564,159                      | (15,326)  | 1,250,989                                | 205.0%  |
| <b>2014</b>        | 2,341,353  | 2,341,353                      | -   | 1,333,456                                | 175.6%  |
| <b>2013</b>        | 2,071,189  | 2,071,189                      | -   | 1,445,490                                | 143.3%  |
| <b>2012</b>        | 1,733,395  | 1,733,395                      | -   | 1,460,425                                | 118.7%  |
| <b>2011</b>        | 1,569,833  | 1,569,833                      | -   | 1,553,664                                | 101.0%  |
| <b>2010</b>        | 1,453,457  | 1,453,457                      | -   | 2,037,850                                | 71.3%   |
| <b>2009</b>        | 1,452,892  | 1,452,892                      | -   | 2,885,722                                | 50.3%   |
| <b>2008</b>        | 1,414,687  | 1,414,687                      | -   | 3,504,813                                | 40.4%   |

**Notes to Schedule:**

**Valuation date:** October 1, 2015

**Methods and assumptions used to determine contribution rates:**

|                               |  |
|-------------------------------|--|
| Actuarial cost method         | Entry age normal   |
| Amortization method           | Level dollar, closed   |
| Remaining amortization period | 15 years   |
| Asset valuation method        | 5 year smoothed market   |
| Inflation                     | 3.00%  |
| Salary increases              | 6.5%, including inflation  |
| Investment rate of return     | 7.60%  |
| Mortality                     | RP-2000 Combined Healthy Participant Mortality<br>Tables for males and females with mortality<br>improvement projected to all future years after<br>2000 using Scale AA. |

*City of Lake Worth, Florida*

**City of Lake Worth, Florida  
Required Supplementary Information  
(unaudited)  
Firefighters' Pension Trust  
Schedule of Contributions  
Last Ten Fiscal Years**

| <u>Fiscal Year</u> | <u>Actuarially<br/>Determined<br/>Contribution</u> | <u>Actual<br/>Contribution</u> | <u>Contribution<br/>Deficiency<br/>(Excess)</u> | <u>Covered-<br/>Employee<br/>Payroll</u> | <u>Contributions<br/>as a<br/>Percentage<br/>of Covered-<br/>Employee<br/>Payroll</u> |
|--------------------|--|--------------------------------|---|--|---|
| <b>2017</b>        | \$ 2,811,277                                       | \$ 2,811,277                   | \$ -  | \$ 942,090                               | 298.4%  |
| <b>2016</b>        | 2,709,016  | 2,709,016                      | -   | 968,706                                  | 279.7%  |
| <b>2015</b>        | 2,550,030  | 2,550,030                      | -   | 1,050,059                                | 242.8%  |
| <b>2014</b>        | 2,625,210  | 2,625,210                      | -   | 1,073,629                                | 244.5%  |
| <b>2013</b>        | 2,332,795  | 2,332,795                      | -   | 994,538                                  | 234.6%  |
| <b>2012</b>        | 1,845,288  | 1,845,288                      | -   | 1,073,889                                | 171.8%  |
| <b>2011</b>        | 1,705,530  | 1,705,530                      | -   | 1,118,599                                | 152.5%  |
| <b>2010</b>        | 1,794,081  | 1,794,081                      | -   | 1,312,204                                | 136.7%  |
| <b>2009</b>        | 2,113,667  | 2,113,687                      | (20)  | 1,309,166                                | 161.5%  |
| <b>2008</b>        | 1,803,579  | 1,803,667                      | (88)  | 3,293,733                                | 54.8%   |

**Notes to Schedule:**

**Valuation date:** October 1, 2015

**Methods and assumptions used to determine contribution rates:**

|                               |  |
|-------------------------------|--|
| Actuarial cost method         | Entry age normal   |
| Amortization method           | Level dollar, closed   |
| Remaining amortization period | 16 years   |
| Asset valuation method        | 5 year smoothed market   |
| Inflation                     | 3.00%  |
| Salary increases              | 6.50%  |
| Investment rate of return     | 7.60%  |
| Mortality                     | RP-2000 Combined Healthy Participant Mortality<br>Tables for males and females with mortality<br>improvement projected to all future years after<br>2000 using Scale AA. |

*City of Lake Worth, Florida*

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**City of Lake Worth, Florida  
Required Supplementary Information  
(unaudited)  
Pension Trust Funds  
Schedule of Investment Returns  
Last Ten Fiscal Years**

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| <b>Year Ended<br/>September 30,</b> | <b>Annual Money-Weighted Rate of Return, Net of Investment Expense</b> |  |  |
|-------------------------------------|--|--|--|
|                                     | <b>General<br/>Employees'<br/>Retirement<br/>System</b>                | <b>Police Officers'<br/>Relief and<br/>Retirement<br/>System</b> | <b>Firefighters'<br/>Pension Trust</b> |
| 2017                                | 12.90%   | 11.56%   | 11.14%                                 |
| 2016                                | 7.30%  | 6.76%  | 7.51%                                  |
| 2015                                | 0.43%  | 1.48%  | (2.16%)                                |
| 2014                                | 12.19%   | 10.14%   | 9.03%                                  |
| 2013                                | 16.25%   | 15.44%   | 13.81%                                 |
| 2012                                | 19.43%   | 19.80%   | 20.64%                                 |
| 2011                                | (0.89%)  | (0.34%)  | 0.38%                                  |
| 2010                                | 9.13%  | 9.07%  | 8.67%                                  |
| 2009                                | 3.41%  | 2.27%  | 2.24%                                  |
| 2008                                | (15.38%)   | (15.28%)   | (14.96%)                               |

*City of Lake Worth, Florida*

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

|                                 | Actuarial<br>Value<br>of Assets<br><u>(a)</u> | Actuarial<br>Accrued<br>Liabilities<br>(AAL)<br><u>(b)</u> | (Overfunded)<br>Unfunded AAL<br>(UAAL)<br><u>(b-a)</u> | Funded<br>Ratio<br><u>(a/b)</u> | Covered<br>Payroll<br><u>(c)</u> | UAAL<br>(Overfunded) as<br>a Percentage of<br>Covered Payroll<br><u>((b-a)/c)</u> |
|---------------------------------|---|--|--|---------------------------------|----------------------------------|---|
| <b>Actuarial Valuation Date</b> |   |  |  |                                 |                                  |   |
| October 1, 2016 (a)             | \$ -  | \$ 2,043,028   | \$ 2,043,028   | 0.00%                           | \$ 14,566,215                    | 14.03%  |
| October 1, 2014                 | -   | 2,683,974  | 2,683,974  | 0.00%                           | 12,855,613                       | 20.88%  |
| October 1, 2012                 | -   | 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 5 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 NONMAJOR 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.



**Nonmajor 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.

**Code Remediation 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.

## *City of Lake Worth, Florida*

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### **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.

#### **Discretionary Sales Tax Fund**

To account for the "Palm Beach County District Schools, Cities and County Government Infrastructure One-Cent Sales Surtax" for the acquisition or construction of major capital facilities and the purchase of capital items.

#### **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  
Nonmajor Governmental Funds  
September 30, 2017**

|  | <u>Nonmajor<br/>Special Revenue<br/>Funds</u> | <u>Nonmajor<br/>Capital Projects<br/>Funds</u> | <u>Total<br/>Nonmajor<br/>Governmental<br/>Funds</u> |
|--|---|--|--|
| <b>Assets:</b>                             |   |  |  |
| Cash and cash equivalents                  | \$ 1,582,937                                  | \$ 1,264,315                                   | \$ 2,847,252   |
| Investments                                | 2,849,384                                     | 2,155,093                                      | 5,004,477  |
| Accounts receivable, net                   | 165,487                                       | 497,325  | 662,812  |
| Accrued interest receivable                | 7,226   | 3,859  | 11,085   |
| Inventories                                | 5,521   | -  | 5,521  |
| Land held for resale                       | 237,861                                       | -  | 237,861  |
| Prepaid items                              | 2,800   | -  | 2,800  |
| Advances to other funds                    | -   | 435,000  | 435,000  |
|  | <u>                    </u>                   | <u>                    </u>                    | <u>                    </u>                          |
| <b>Total assets</b>                        | <b>\$ 4,851,216</b>                           | <b>\$ 4,355,592</b>                            | <b>\$ 9,206,808</b>                                  |
|  | <u>                    </u>                   | <u>                    </u>                    | <u>                    </u>                          |
| <b>Liabilities:</b>                        |   |  |  |
| Accounts and contracts payable             | \$ 41,031                                     | \$ 64,238                                      | \$ 105,269   |
| Accrued liabilities                        | 36,775  | 7,326  | 44,101   |
| Due to other funds                         | 481,939                                       | -  | 481,939  |
| Unearned revenue                           | 37,589  | -  | 37,589   |
|  | <u>                    </u>                   | <u>                    </u>                    | <u>                    </u>                          |
| <b>Total liabilities</b>                   | <b>597,334</b>                                | <b>71,564</b>                                  | <b>668,898</b>                                       |
|  | <u>                    </u>                   | <u>                    </u>                    | <u>                    </u>                          |
| <b>Fund balances:</b>                      |   |  |  |
| Nonspendable:                              |   |  |  |
| Prepaid items                              | 2,800   | -  | 2,800  |
| Inventories                                | 5,521   | -  | 5,521  |
| Restricted for:                            |   |  |  |
| Public safety                              | 2,905,579                                     | -  | 2,905,579  |
| Grants                                     | 215,898                                       | -  | 215,898  |
| Committed to:                              |   |  |  |
| Parking improvements                       | 67,387  | -  | 67,387   |
| Public safety                              | 675,047                                       | -  | 675,047  |
| Tree preservation                          | 12,185  | -  | 12,185   |
| Energy conservation                        | 467,874                                       | -  | 467,874  |
| Culture and recreation                     | 237,334                                       | -  | 237,334  |
| Assigned to:                               |   |  |  |
| Capital projects                           | -   | 4,284,028                                      | 4,284,028  |
| Unassigned (deficit)                       | (335,743)                                     | -  | (335,743)  |
|  | <u>                    </u>                   | <u>                    </u>                    | <u>                    </u>                          |
| <b>Total fund balances</b>                 | <b>4,253,882</b>                              | <b>4,284,028</b>                               | <b>8,537,910</b>                                     |
|  | <u>                    </u>                   | <u>                    </u>                    | <u>                    </u>                          |
| <b>Total liabilities and fund balances</b> | <b>\$ 4,851,216</b>                           | <b>\$ 4,355,592</b>                            | <b>\$ 9,206,808</b>                                  |
|  | <u>                    </u>                   | <u>                    </u>                    | <u>                    </u>                          |

*City of Lake Worth, Florida*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended September 30, 2017**

|  | <u>Nonmajor<br/>Special Revenue<br/>Funds</u> | <u>Nonmajor<br/>Capital Projects<br/>Funds</u> | <u>Total<br/>Nonmajor<br/>Governmental<br/>Funds</u> |
|--|---|--|--|
| <b>Revenues:</b>   |   |  |  |
| Utility and other taxes                                      | \$ -  | \$ 383,380                                     | \$ 383,380   |
| Licenses and permits   | 1,032,799                                     | -  | 1,032,799  |
| Charges for services   | 1,058,907                                     | -  | 1,058,907  |
| Intergovernmental  | 928,775                                       | 1,876,372                                      | 2,805,147  |
| Investment income  | 9,701   | 4,331  | 14,032   |
| Miscellaneous  | 249,185                                       | 57,000   | 306,185  |
|  | <u>3,279,367</u>                              | <u>2,321,083</u>                               | <u>5,600,450</u>                                     |
| <b>Total revenues</b>  |   |  |  |
| <b>Expenditures:</b>   |   |  |  |
| Current:   |   |  |  |
| General government   | 86,634  | 35,055   | 121,689  |
| Public safety  | 993,235                                       | -  | 993,235  |
| Physical environment   | 16  | -  | 16   |
| Transportation   | 29  | 41,788   | 41,817   |
| Culture and recreation                                       | 1,107,283                                     | -  | 1,107,283  |
| Capital outlay   | 1,026,967                                     | 490,834  | 1,517,801  |
|  | <u>3,214,164</u>                              | <u>567,677</u>                                 | <u>3,781,841</u>                                     |
| <b>Total expenditures</b>                                    |   |  |  |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>65,203</u>                                 | <u>1,753,406</u>                               | <u>1,818,609</u>                                     |
| <b>Other financing sources (uses):</b>                       |   |  |  |
| Proceeds from note payable                                   | -   | 123,759  | 123,759  |
| Transfers in   | 111,965                                       | -  | 111,965  |
| Transfers out  | -   | (70,136)                                       | (70,136)   |
|  | <u>111,965</u>                                | <u>53,623</u>                                  | <u>165,588</u>                                       |
| <b>Total other financing sources</b>                         |   |  |  |
| <b>Net change in fund balance</b>                            | 177,168                                       | 1,807,029                                      | 1,984,197  |
| <b>Fund balances, beginning of year</b>                      | <u>4,076,714</u>                              | <u>2,476,999</u>                               | <u>6,553,713</u>                                     |
| <b>Fund balances, end of year</b>                            | \$ <u><u>4,253,882</u></u>                    | \$ <u><u>4,284,028</u></u>                     | \$ <u><u>8,537,910</u></u>                           |

*City of Lake Worth, Florida*

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
September 30, 2017**

|  | Building Permit     | Golf                | Parking Improvement | Code Remediation  | Grants            | Tree Beautification | Utility Conservation | Simpkin Trust     | Library Trust    | Law Enforcement and Firefighters Education | Law Enforcement Confiscated Property | Total Nonmajor Special Revenue Funds |
|--|---------------------|---------------------|---------------------|-------------------|-------------------|---------------------|----------------------|-------------------|------------------|--|--------------------------------------|--------------------------------------|
| <b>Assets:</b>                             |                     |                     |                     |                   |                   |                     |                      |                   |                  |  |                                      |                                      |
| Cash and cash equivalents                  | \$ 977,065          | \$ 168,291          | \$ 24,676           | \$ 161,338        | \$ 91,540         | \$ 12,185           | \$ 17,750            | \$ 7,717          | \$ 40,612        | \$ 73,575                                  | \$ 8,188                             | \$ 1,582,937                         |
| Investments                                | 1,867,396           | -                   | 42,583              | 293,024           | -                 | -                   | 449,671              | 188,314           | -                | -  | 8,396                                | 2,849,384                            |
| Accounts receivable, net                   | -                   | 25,375              | -                   | -                 | 139,115           | -                   | -                    | -                 | 47               | 950  | -                                    | 165,487                              |
| Accrued interest receivable                | 4,026               | -                   | 128                 | 882               | -                 | -                   | 1,521                | 644               | -                | -  | 25                                   | 7,226                                |
| Inventories                                | -                   | 5,521               | -                   | -                 | -                 | -                   | -                    | -                 | -                | -  | -                                    | 5,521                                |
| Land held for resale                       | -                   | -                   | -                   | 237,861           | -                 | -                   | -                    | -                 | -                | -  | -                                    | 237,861                              |
| Prepaid items                              | -                   | 2,800               | -                   | -                 | -                 | -                   | -                    | -                 | -                | -  | -                                    | 2,800                                |
| <b>Total assets</b>                        | <b>\$ 2,848,487</b> | <b>\$ 201,987</b>   | <b>\$ 67,387</b>    | <b>\$ 693,105</b> | <b>\$ 230,655</b> | <b>\$ 12,185</b>    | <b>\$ 468,942</b>    | <b>\$ 196,675</b> | <b>\$ 40,659</b> | <b>\$ 74,525</b>                           | <b>\$ 16,609</b>                     | <b>\$ 4,851,216</b>                  |
| <b>Liabilities:</b>                        |                     |                     |                     |                   |                   |                     |                      |                   |                  |  |                                      |                                      |
| Accounts and contracts payable             | \$ 8,796            | \$ 7,512            | \$ -                | \$ 9,320          | \$ 12,818         | \$ -                | \$ -                 | \$ -              | \$ -             | \$ -                                       | \$ 2,585                             | \$ 41,031                            |
| Accrued liabilities                        | 22,661              | 4,308               | -                   | 8,738             | -                 | -                   | 1,068                | -                 | -                | -  | -                                    | 36,775                               |
| Due to other funds                         | -                   | 480,000             | -                   | -                 | 1,939             | -                   | -                    | -                 | -                | -  | -                                    | 481,939                              |
| Unearned revenue                           | -                   | 37,589              | -                   | -                 | -                 | -                   | -                    | -                 | -                | -  | -                                    | 37,589                               |
| <b>Total liabilities</b>                   | <b>\$ 31,457</b>    | <b>\$ 529,409</b>   | <b>\$ -</b>         | <b>\$ 18,058</b>  | <b>\$ 14,757</b>  | <b>\$ -</b>         | <b>\$ 1,068</b>      | <b>\$ -</b>       | <b>\$ -</b>      | <b>\$ -</b>                                | <b>\$ 2,585</b>                      | <b>\$ 597,334</b>                    |
| <b>Fund balances:</b>                      |                     |                     |                     |                   |                   |                     |                      |                   |                  |  |                                      |                                      |
| Nonspendable:                              |                     |                     |                     |                   |                   |                     |                      |                   |                  |  |                                      |                                      |
| Prepaid items                              | -                   | 2,800               | -                   | -                 | -                 | -                   | -                    | -                 | -                | -  | -                                    | 2,800                                |
| Inventories                                | -                   | 5,521               | -                   | -                 | -                 | -                   | -                    | -                 | -                | -  | -                                    | 5,521                                |
| Restricted for:                            |                     |                     |                     |                   |                   |                     |                      |                   |                  |  |                                      |                                      |
| Public safety                              | 2,817,030           | -                   | -                   | -                 | -                 | -                   | -                    | -                 | -                | 74,525                                     | 14,024                               | 2,905,579                            |
| Grants                                     | -                   | -                   | -                   | -                 | 215,898           | -                   | -                    | -                 | -                | -  | -                                    | 215,898                              |
| Committed to:                              |                     |                     |                     |                   |                   |                     |                      |                   |                  |  |                                      |                                      |
| Parking improvements                       | -                   | -                   | 67,387              | -                 | -                 | -                   | -                    | -                 | -                | -  | -                                    | 67,387                               |
| Public safety                              | -                   | -                   | -                   | 675,047           | -                 | -                   | -                    | -                 | -                | -  | -                                    | 675,047                              |
| Tree preservation                          | -                   | -                   | -                   | -                 | -                 | 12,185              | -                    | -                 | -                | -  | -                                    | 12,185                               |
| Energy conservation                        | -                   | -                   | -                   | -                 | -                 | -                   | 467,874              | -                 | -                | -  | -                                    | 467,874                              |
| Culture and recreation                     | -                   | -                   | -                   | -                 | -                 | -                   | -                    | 196,675           | 40,659           | -  | -                                    | 237,334                              |
| Unassigned (deficit)                       | -                   | (335,743)           | -                   | -                 | -                 | -                   | -                    | -                 | -                | -  | -                                    | (335,743)                            |
| <b>Total fund balances (deficit)</b>       | <b>\$ 2,817,030</b> | <b>\$ (327,422)</b> | <b>\$ 67,387</b>    | <b>\$ 675,047</b> | <b>\$ 215,898</b> | <b>\$ 12,185</b>    | <b>\$ 467,874</b>    | <b>\$ 196,675</b> | <b>\$ 40,659</b> | <b>\$ 74,525</b>                           | <b>\$ 14,024</b>                     | <b>\$ 4,253,882</b>                  |
| <b>Total liabilities and fund balances</b> | <b>\$ 2,848,487</b> | <b>\$ 201,987</b>   | <b>\$ 67,387</b>    | <b>\$ 693,105</b> | <b>\$ 230,655</b> | <b>\$ 12,185</b>    | <b>\$ 468,942</b>    | <b>\$ 196,675</b> | <b>\$ 40,659</b> | <b>\$ 74,525</b>                           | <b>\$ 16,609</b>                     | <b>\$ 4,851,216</b>                  |



*City of Lake Worth, Florida*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended September 30, 2017**

|  | Building Permit     | Golf                | Parking Improvement | Code Remediation  | Grants            | Tree Beautification | Utility Conservation | Simpkin Trust     | Library Trust    | Law Enforcement and Firefighters Education | Law Enforcement Confiscated Property | Total Nonmajor Special Revenue Funds |
|--|---------------------|---------------------|---------------------|-------------------|-------------------|---------------------|----------------------|-------------------|------------------|--|--------------------------------------|--------------------------------------|
| <b>Revenues:</b>   |                     |                     |                     |                   |                   |                     |                      |                   |                  |  |                                      |                                      |
| Licenses and permits                                     | \$ 1,032,799        | \$ -                | \$ -                | \$ -              | \$ -              | \$ -                | \$ -                 | \$ -              | \$ -             | \$ -                                       | \$ -                                 | \$ 1,032,799                         |
| Charges for services                                     | 22,215              | 1,036,692           | -                   | -                 | -                 | -                   | -                    | -                 | -                | -  | -                                    | 1,058,907                            |
| Intergovernmental  | -                   | -                   | -                   | -                 | 918,971           | -                   | -                    | -                 | -                | 9,804                                      | -                                    | 928,775                              |
| Investment income  | 4,155               | -                   | 180                 | 2,382             | -                 | -                   | 2,125                | 823               | -                | -  | 36                                   | 9,701                                |
| Miscellaneous  | -                   | 10,701              | -                   | 229,145           | -                 | 3,300               | 219                  | -                 | 5,820            | -  | -                                    | 249,185                              |
| <b>Total revenues</b>                                    | <b>1,059,169</b>    | <b>1,047,393</b>    | <b>180</b>          | <b>231,527</b>    | <b>918,971</b>    | <b>3,300</b>        | <b>2,344</b>         | <b>823</b>        | <b>5,820</b>     | <b>9,804</b>                               | <b>36</b>                            | <b>3,279,367</b>                     |
| <b>Expenditures:</b>                                     |                     |                     |                     |                   |                   |                     |                      |                   |                  |  |                                      |                                      |
| Current:   |                     |                     |                     |                   |                   |                     |                      |                   |                  |  |                                      |                                      |
| General government                                       | -                   | -                   | -                   | -                 | -                 | -                   | 86,634               | -                 | -                | -  | -                                    | 86,634                               |
| Public safety  | 761,131             | -                   | -                   | 160,846           | 71,252            | -                   | -                    | -                 | -                | -  | 6                                    | 993,235                              |
| Physical environment                                     | -                   | -                   | -                   | -                 | -                 | 16                  | -                    | -                 | -                | -  | -                                    | 16                                   |
| Transportation   | -                   | -                   | 29                  | -                 | -                 | -                   | -                    | -                 | -                | -  | -                                    | 29                                   |
| Culture and recreation                                   | -                   | 1,105,358           | -                   | -                 | 1,770             | -                   | -                    | 155               | -                | -  | -                                    | 1,107,283                            |
| Capital outlay   | 194,081             | -                   | -                   | -                 | 807,036           | -                   | -                    | -                 | -                | -  | 25,850                               | 1,026,967                            |
| <b>Total expenditures</b>                                | <b>955,212</b>      | <b>1,105,358</b>    | <b>29</b>           | <b>160,846</b>    | <b>880,058</b>    | <b>16</b>           | <b>86,634</b>        | <b>155</b>        | <b>-</b>         | <b>-</b>                                   | <b>25,856</b>                        | <b>3,214,164</b>                     |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>103,957</b>      | <b>(57,965)</b>     | <b>151</b>          | <b>70,681</b>     | <b>38,913</b>     | <b>3,284</b>        | <b>(84,290)</b>      | <b>668</b>        | <b>5,820</b>     | <b>9,804</b>                               | <b>(25,820)</b>                      | <b>65,203</b>                        |
| <b>Other financing sources:</b>                          |                     |                     |                     |                   |                   |                     |                      |                   |                  |  |                                      |                                      |
| Transfers in   | -                   | -                   | -                   | -                 | 111,965           | -                   | -                    | -                 | -                | -  | -                                    | 111,965                              |
| <b>Total other financing sources</b>                     | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>          | <b>111,965</b>    | <b>-</b>            | <b>-</b>             | <b>-</b>          | <b>-</b>         | <b>-</b>                                   | <b>-</b>                             | <b>111,965</b>                       |
| <b>Net change in fund balances</b>                       | <b>103,957</b>      | <b>(57,965)</b>     | <b>151</b>          | <b>70,681</b>     | <b>150,878</b>    | <b>3,284</b>        | <b>(84,290)</b>      | <b>668</b>        | <b>5,820</b>     | <b>9,804</b>                               | <b>(25,820)</b>                      | <b>177,168</b>                       |
| <b>Fund balances (deficit), beginning of year</b>        | <b>2,713,073</b>    | <b>(269,457)</b>    | <b>67,236</b>       | <b>604,366</b>    | <b>65,020</b>     | <b>8,901</b>        | <b>552,164</b>       | <b>196,007</b>    | <b>34,839</b>    | <b>64,721</b>                              | <b>39,844</b>                        | <b>4,076,714</b>                     |
| <b>Fund balances (deficit), end of year</b>              | <b>\$ 2,817,030</b> | <b>\$ (327,422)</b> | <b>\$ 67,387</b>    | <b>\$ 675,047</b> | <b>\$ 215,898</b> | <b>\$ 12,185</b>    | <b>\$ 467,874</b>    | <b>\$ 196,675</b> | <b>\$ 40,659</b> | <b>\$ 74,525</b>                           | <b>\$ 14,024</b>                     | <b>\$ 4,253,882</b>                  |

*City of Lake Worth, Florida*

**Combining Balance Sheet  
Nonmajor Capital Projects Funds  
September 30, 2017**

|  | <u>Park<br/>of<br/>Commerce</u> | <u>Discretionary<br/>Sales Tax</u> | <u>Capital<br/>Projects</u> | <u>Total<br/>Nonmajor<br/>Capital<br/>Projects<br/>Funds</u> |
|--|---------------------------------|------------------------------------|-----------------------------|--|
| <b>Assets:</b>                                 |                                 |                                    |                             |  |
| Cash and cash equivalents                      | \$ 172,040                      | \$ 470,869                         | \$ 621,406                  | \$ 1,264,315   |
| Investments                                    | -                               | 998,020                            | 1,157,073                   | 2,155,093  |
| Accounts receivable, net                       | -                               | 405,503                            | 91,822                      | 497,325  |
| Accrued interest receivable                    | -                               | 608                                | 3,251                       | 3,859  |
| Advances to other funds                        | -                               | -                                  | 435,000                     | 435,000  |
| <b>Total assets</b>                            | <u>\$ 172,040</u>               | <u>\$ 1,875,000</u>                | <u>\$ 2,308,552</u>         | <u>\$ 4,355,592</u>  |
| <b>Liabilities:</b>                            |                                 |                                    |                             |  |
| Accounts and contracts payable                 | \$ 12,499                       | \$ -                               | \$ 51,739                   | \$ 64,238  |
| Accrued liabilities                            | -                               | -                                  | 7,326                       | 7,326  |
| <b>Total liabilities</b>                       | <u>12,499</u>                   | <u>-</u>                           | <u>59,065</u>               | <u>71,564</u>  |
| <b>Fund balances:</b>                          |                                 |                                    |                             |  |
| Assigned to:                                   |                                 |                                    |                             |  |
| Capital projects                               | <u>159,541</u>                  | <u>1,875,000</u>                   | <u>2,249,487</u>            | <u>4,284,028</u>   |
| <b>Total fund balances</b>                     | <u>159,541</u>                  | <u>1,875,000</u>                   | <u>2,249,487</u>            | <u>4,284,028</u>   |
| <b>Total liabilities<br/>and fund balances</b> | <u>\$ 172,040</u>               | <u>\$ 1,875,000</u>                | <u>\$ 2,308,552</u>         | <u>\$ 4,355,592</u>  |

*City of Lake Worth, Florida*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended September 30, 2017**

|  | <u>Park<br/>of<br/>Commerce</u> | <u>Discretionary<br/>Sales Tax</u> | <u>Capital<br/>Projects</u> | <u>Total<br/>Nonmajor<br/>Capital<br/>Projects<br/>Funds</u> |
|--|---------------------------------|------------------------------------|-----------------------------|--|
| <b>Revenues:</b>   |                                 |                                    |                             |  |
| Utility and other taxes                                      | \$ -                            | \$ -                               | \$ 383,380                  | \$ 383,380   |
| Intergovernmental  | -                               | 1,876,372                          | -                           | 1,876,372  |
| Investment income  | -                               | -                                  | 4,331                       | 4,331  |
| Miscellaneous  | 7,000                           | -                                  | 50,000                      | 57,000   |
| <b>Total revenues</b>  | <u>7,000</u>                    | <u>1,876,372</u>                   | <u>437,711</u>              | <u>2,321,083</u>   |
| <b>Expenditures:</b>   |                                 |                                    |                             |  |
| Current:   |                                 |                                    |                             |  |
| General government   | -                               | 1,372                              | 33,683                      | 35,055   |
| Transportation   | -                               | -                                  | 41,788                      | 41,788   |
| Capital outlay   | 29,777                          | -                                  | 461,057                     | 490,834  |
| <b>Total expenditures</b>                                    | <u>29,777</u>                   | <u>1,372</u>                       | <u>536,528</u>              | <u>567,677</u>   |
| <b>Excess (deficiency) of<br/>revenues over expenditures</b> | <u>(22,777)</u>                 | <u>1,875,000</u>                   | <u>(98,817)</u>             | <u>1,753,406</u>   |
| <b>Other financing sources (uses):</b>                       |                                 |                                    |                             |  |
| Proceeds from note payable                                   | -                               | -                                  | 123,759                     | 123,759  |
| Transfers out  | -                               | -                                  | (70,136)                    | (70,136)   |
| <b>Total other financing sources</b>                         | <u>-</u>                        | <u>-</u>                           | <u>53,623</u>               | <u>53,623</u>  |
| <b>Net change in fund balances</b>                           | <u>(22,777)</u>                 | <u>1,875,000</u>                   | <u>(45,194)</u>             | <u>1,807,029</u>   |
| <b>Fund balances, beginning of year</b>                      | <u>182,318</u>                  | <u>-</u>                           | <u>2,294,681</u>            | <u>2,476,999</u>   |
| <b>Fund balances, end of year</b>                            | <u>\$ 159,541</u>               | <u>\$ 1,875,000</u>                | <u>\$ 2,249,487</u>         | <u>\$ 4,284,028</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, 2017**

|  | <b>Budgeted Amounts</b> |                  | <b>Actual</b>       | <b>Variance<br/>with Final<br/>Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|------------------|---------------------|---|
|  | <b>Original</b>         | <b>Final</b>     |                     |   |
| <b>Revenues:</b>   |                         |                  |                     |   |
| Licenses and permits   | \$ 1,042,500            | \$ 1,042,500     | \$ 1,032,799        | \$ (9,701)  |
| Charges for services   | 825                     | 825              | 22,215              | 21,390  |
| Investment income  | 4,019                   | 4,019            | 4,155               | 136   |
| Miscellaneous  | 815                     | 815              | -                   | (815)   |
| <b>Total revenues</b>  | <u>1,048,159</u>        | <u>1,048,159</u> | <u>1,059,169</u>    | <u>11,010</u>   |
| <b>Expenditures:</b>   |                         |                  |                     |   |
| Current:   |                         |                  |                     |   |
| Public safety  | 840,719                 | 875,667          | 761,131             | 114,536   |
| Capital outlay   | 87,600                  | 262,777          | 194,081             | 68,696  |
| <b>Total expenditures</b>                                    | <u>928,319</u>          | <u>1,138,444</u> | <u>955,212</u>      | <u>183,232</u>  |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>119,840</u>          | <u>(90,285)</u>  | <u>103,957</u>      | <u>194,242</u>  |
| <b>Other financing sources (uses):</b>                       |                         |                  |                     |   |
| Transfers out  | -                       | (27,430)         | -                   | 27,430  |
| Appropriated fund balance                                    | (119,840)               | 117,715          | -                   | (117,715)   |
| <b>Total other financing sources (uses)</b>                  | <u>(119,840)</u>        | <u>90,285</u>    | <u>-</u>            | <u>(90,285)</u>   |
| <b>Net change in fund balance</b>                            | <u>\$ -</u>             | <u>\$ -</u>      | 103,957             | <u>\$ 103,957</u>   |
| <b>Fund balance, beginning of year</b>                       |                         |                  | <u>2,713,073</u>    |   |
| <b>Fund balance, end of year</b>                             |                         |                  | <u>\$ 2,817,030</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, 2017**

|  | <b>Budgeted Amounts</b> |                  | <b>Actual</b>       | <b>Variance<br/>with Final<br/>Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|------------------|---------------------|---|
|  | <b>Original</b>         | <b>Final</b>     |                     |   |
| <b>Revenues:</b>   |                         |                  |                     |   |
| Charges for services   | \$ 1,147,750            | \$ 1,147,750     | \$ 1,036,692        | \$ (111,058)  |
| Miscellaneous  | 10,785                  | 10,785           | 10,701              | (84)  |
| <b>Total revenues</b>  | <u>1,158,535</u>        | <u>1,158,535</u> | <u>1,047,393</u>    | <u>(111,142)</u>  |
| <b>Expenditures:</b>   |                         |                  |                     |   |
| Current:   |                         |                  |                     |   |
| Culture and recreation                                       | 1,126,842               | 1,126,842        | 1,105,358           | 21,484  |
| <b>Total expenditures</b>                                    | <u>1,126,842</u>        | <u>1,126,842</u> | <u>1,105,358</u>    | <u>21,484</u>   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>31,693</u>           | <u>31,693</u>    | <u>(57,965)</u>     | <u>(89,658)</u>   |
| <b>Other financing uses:</b>                                 |                         |                  |                     |   |
| Appropriated fund balance                                    | (31,693)                | (31,693)         | -                   | 31,693  |
| <b>Total other financing uses</b>                            | <u>(31,693)</u>         | <u>(31,693)</u>  | <u>-</u>            | <u>31,693</u>   |
| <b>Net change in fund balance</b>                            | <u>\$ -</u>             | <u>\$ -</u>      | (57,965)            | <u>\$ (57,965)</u>  |
| <b>Fund balance (deficit), beginning of year</b>             |                         |                  | <u>(269,457)</u>    |   |
| <b>Fund balance (deficit), end of year</b>                   |                         |                  | <u>\$ (327,422)</u> |   |

*City of Lake Worth, Florida*

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Code Remediation Fund  
For the Fiscal Year Ended September 30, 2017**

|  | <b>Budgeted Amounts</b> |                 | <b>Actual</b>     | <b>Variance<br/>with Final<br/>Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|-----------------|-------------------|---|
|  | <b>Original</b>         | <b>Final</b>    |                   |   |
| <b>Revenues:</b>   |                         |                 |                   |   |
| Investment income  | \$ -                    | \$ -            | \$ 2,382          | \$ 2,382  |
| Miscellaneous  | 355,000                 | 355,000         | 229,145           | (125,855)   |
| <b>Total revenues</b>  | <u>355,000</u>          | <u>355,000</u>  | <u>231,527</u>    | <u>(123,473)</u>  |
| <b>Expenditures:</b>   |                         |                 |                   |   |
| Current:   |                         |                 |                   |   |
| Public safety  | 390,600                 | 390,600         | 160,846           | 229,754   |
| <b>Total expenditures</b>                                    | <u>390,600</u>          | <u>390,600</u>  | <u>160,846</u>    | <u>229,754</u>  |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>(35,600)</u>         | <u>(35,600)</u> | <u>70,681</u>     | <u>106,281</u>  |
| <b>Other financing sources:</b>                              |                         |                 |                   |   |
| Appropriated fund balance                                    | 35,600                  | 35,600          | -                 | (35,600)  |
| <b>Total other financing sources</b>                         | <u>35,600</u>           | <u>35,600</u>   | <u>-</u>          | <u>(35,600)</u>   |
| <b>Net change in fund balance</b>                            | <u>\$ -</u>             | <u>\$ -</u>     | 70,681            | <u>\$ 70,681</u>  |
| <b>Fund balance, beginning of year</b>                       |                         |                 | <u>604,366</u>    |   |
| <b>Fund balance, end of year</b>                             |                         |                 | <u>\$ 675,047</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, 2017**

|  | <b>Budgeted Amounts</b> |                  | <b>Actual</b>     | <b>Variance<br/>with Final<br/>Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|------------------|-------------------|---|
|  | <b>Original</b>         | <b>Final</b>     |                   |   |
| <b>Revenues:</b>   |                         |                  |                   |   |
| Intergovernmental  | \$ 840,139              | \$ 2,221,309     | \$ 918,971        | \$ (1,302,338)  |
| <b>Total revenues</b>  | <b>840,139</b>          | <b>2,221,309</b> | <b>918,971</b>    | <b>(1,302,338)</b>  |
| <b>Expenditures:</b>   |                         |                  |                   |   |
| Current:   |                         |                  |                   |   |
| Public safety  | 65,139                  | 135,522          | 71,252            | 64,270  |
| Culture and recreation                                       | -                       | 2,000            | 1,770             | 230   |
| Capital outlay   | 775,000                 | 2,198,135        | 807,036           | 1,391,099   |
| <b>Total expenditures</b>                                    | <b>840,139</b>          | <b>2,335,657</b> | <b>880,058</b>    | <b>1,455,599</b>  |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <b>-</b>                | <b>(114,348)</b> | <b>38,913</b>     | <b>153,261</b>  |
| <b>Other financing sources:</b>                              |                         |                  |                   |   |
| Transfers in   | -                       | 111,965          | 111,965           | -   |
| Appropriated fund balance                                    | -                       | 2,383            | -                 | (2,383)   |
| <b>Total other financing sources</b>                         | <b>-</b>                | <b>114,348</b>   | <b>111,965</b>    | <b>(2,383)</b>  |
| <b>Net change in fund balance</b>                            | <b>\$ -</b>             | <b>\$ -</b>      | <b>150,878</b>    | <b>\$ 150,878</b>   |
| <b>Fund balance, beginning of year</b>                       |                         |                  | <b>65,020</b>     |   |
| <b>Fund balance, end of year</b>                             |                         |                  | <b>\$ 215,898</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, 2017**

|  | <b>Budgeted Amounts</b> |              | <b>Actual</b>    | <b>Variance<br/>with Final<br/>Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|--------------|------------------|---|
|  | <b>Original</b>         | <b>Final</b> |                  |   |
| <b>Revenues:</b>   |                         |              |                  |   |
| Miscellaneous  | \$ 1,425                | \$ 1,425     | \$ 3,300         | \$ 1,875  |
| <b>Total revenues</b>  | <u>1,425</u>            | <u>1,425</u> | <u>3,300</u>     | <u>1,875</u>  |
| <b>Expenditures:</b>   |                         |              |                  |   |
| Current:   |                         |              |                  |   |
| Physical environment   | <u>1,425</u>            | <u>1,425</u> | <u>16</u>        | <u>1,409</u>  |
| <b>Total expenditures</b>                                    | <u>1,425</u>            | <u>1,425</u> | <u>16</u>        | <u>1,409</u>  |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>-</u>                | <u>-</u>     | <u>3,284</u>     | <u>3,284</u>  |
| <b>Net change in fund balance</b>                            | <u>\$ -</u>             | <u>\$ -</u>  | <u>3,284</u>     | <u>\$ 3,284</u>   |
| <b>Fund balance, beginning of year</b>                       |                         |              | <u>8,901</u>     |   |
| <b>Fund balance, end of year</b>                             |                         |              | <u>\$ 12,185</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, 2017**

|  | <b>Budgeted Amounts</b> |                 | <b>Actual</b>     | <b>Variance<br/>with Final<br/>Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|-----------------|-------------------|---|
|  | <b>Original</b>         | <b>Final</b>    |                   |   |
| <b>Revenues:</b>   |                         |                 |                   |   |
| Investment income  | \$ -                    | \$ -            | \$ 2,125          | \$ 2,125  |
| Miscellaneous  | -                       | -               | 219               | 219   |
| <b>Total revenues</b>  | <u>-</u>                | <u>-</u>        | <u>2,344</u>      | <u>2,344</u>  |
| <b>Expenditures:</b>   |                         |                 |                   |   |
| Current:   |                         |                 |                   |   |
| General government   | 90,110                  | 90,110          | 86,634            | 3,476   |
| <b>Total expenditures</b>                                    | <u>90,110</u>           | <u>90,110</u>   | <u>86,634</u>     | <u>3,476</u>  |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>(90,110)</u>         | <u>(90,110)</u> | <u>(84,290)</u>   | <u>5,820</u>  |
| <b>Other financing sources:</b>                              |                         |                 |                   |   |
| Appropriated fund balance                                    | 90,110                  | 90,110          | -                 | (90,110)  |
| <b>Total other financing sources</b>                         | <u>90,110</u>           | <u>90,110</u>   | <u>-</u>          | <u>(90,110)</u>   |
| <b>Net change in fund balance</b>                            | <u>\$ -</u>             | <u>\$ -</u>     | <u>(84,290)</u>   | <u>\$ (84,290)</u>  |
| <b>Fund balance, beginning of year</b>                       |                         |                 | <u>552,164</u>    |   |
| <b>Fund balance, end of year</b>                             |                         |                 | <u>\$ 467,874</u> |   |

*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, 2017**

|  | Budgeted Amounts |                  | Actual            | Variance<br>with Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|-------------------|--|
|  | Original         | Final            |                   |  |
| <b>Revenues:</b>   |                  |                  |                   |  |
| Miscellaneous  | \$ -             | \$ -             | \$ 7,000          | \$ 7,000   |
| <b>Total revenues</b>  | <u>-</u>         | <u>-</u>         | <u>7,000</u>      | <u>7,000</u>   |
| <b>Expenditures:</b>   |                  |                  |                   |  |
| Capital outlay   | -                | 272,766          | 29,777            | 242,989  |
| <b>Total expenditures</b>                                    | <u>-</u>         | <u>272,766</u>   | <u>29,777</u>     | <u>242,989</u>   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>-</u>         | <u>(272,766)</u> | <u>(22,777)</u>   | <u>249,989</u>   |
| <b>Other financing sources:</b>                              |                  |                  |                   |  |
| Appropriated fund balance                                    | -                | 272,766          | -                 | (272,766)  |
| <b>Total other financing sources</b>                         | <u>-</u>         | <u>272,766</u>   | <u>-</u>          | <u>(272,766)</u>   |
| <b>Net change in fund balance</b>                            | <u>\$ -</u>      | <u>\$ -</u>      | <u>(22,777)</u>   | <u>\$ (22,777)</u>   |
| <b>Fund balance, beginning of year</b>                       |                  |                  | <u>182,318</u>    |  |
| <b>Fund balance, end of year</b>                             |                  |                  | <u>\$ 159,541</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, 2017**

|  | Budgeted Amounts |                  | Actual              | Variance<br>with Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|---------------------|--|
|  | Original         | Final            |                     |  |
| <b>Revenues:</b>   |                  |                  |                     |  |
| Investment income  | \$ -             | \$ -             | \$ 1,810            | \$ 1,810   |
| Miscellaneous  | -                | -                | 50,000              | 50,000   |
| <b>Total revenues</b>  | <u>-</u>         | <u>-</u>         | <u>51,810</u>       | <u>51,810</u>  |
| <b>Expenditures:</b>   |                  |                  |                     |  |
| Current:   |                  |                  |                     |  |
| General government   | -                | 33,390           | 33,683              | (293)  |
| Capital outlay   | -                | 158,812          | 202,065             | (43,253)   |
| <b>Total expenditures</b>                                    | <u>-</u>         | <u>192,202</u>   | <u>235,748</u>      | <u>(43,546)</u>  |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>-</u>         | <u>(192,202)</u> | <u>(183,938)</u>    | <u>8,264</u>   |
| <b>Other financing sources:</b>                              |                  |                  |                     |  |
| Proceeds from note payable                                   | -                | -                | 123,759             | 123,759  |
| Transfers in   | -                | 58,000           | -                   | (58,000)   |
| Appropriated fund balance                                    | -                | 134,202          | -                   | (134,202)  |
| <b>Total other financing sources</b>                         | <u>-</u>         | <u>192,202</u>   | <u>123,759</u>      | <u>(68,443)</u>  |
| <b>Net change in fund balance</b>                            | <u>\$ -</u>      | <u>\$ -</u>      | <u>(60,179)</u>     | <u>\$ (60,179)</u>   |
| <b>Fund balance, beginning of year</b>                       |                  |                  | <u>1,072,267</u>    |  |
| <b>Fund balance, end of year</b>                             |                  |                  | <u>\$ 1,012,088</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, 2017**

|  | Budgeted Amounts |                  | Actual              | Variance<br>with Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|---------------------|--|
|  | Original         | Final            |                     |  |
| <b>Revenues:</b>   |                  |                  |                     |  |
| Utility and other taxes                                      | \$ 323,000       | \$ 323,000       | \$ 383,380          | \$ 60,380  |
| Investment income  | 2,200            | 2,200            | 2,521               | 321  |
| <b>Total revenues</b>  | <u>325,200</u>   | <u>325,200</u>   | <u>385,901</u>      | <u>60,701</u>  |
| <b>Expenditures:</b>   |                  |                  |                     |  |
| Current:   |                  |                  |                     |  |
| Transportation   | 218,574          | 148,438          | 41,788              | 106,650  |
| Capital outlay   | 304,907          | 296,489          | 258,992             | 37,497   |
| <b>Total expenditures</b>                                    | <u>523,481</u>   | <u>444,927</u>   | <u>300,780</u>      | <u>144,147</u>   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>(198,281)</u> | <u>(119,727)</u> | <u>85,121</u>       | <u>204,848</u>   |
| <b>Other financing sources:</b>                              |                  |                  |                     |  |
| Transfers in   | 294,034          | 294,034          | -                   | (294,034)  |
| Transfers out  | -                | (78,554)         | (70,136)            | 8,418  |
| Appropriated fund balance                                    | (95,753)         | (95,753)         | -                   | 95,753   |
| <b>Total other financing sources (uses)</b>                  | <u>198,281</u>   | <u>119,727</u>   | <u>(70,136)</u>     | <u>(189,863)</u>   |
| <b>Net change in fund balance</b>                            | <u>\$ -</u>      | <u>\$ -</u>      | 14,985              | <u>\$ 14,985</u>   |
| <b>Fund balance, beginning of year</b>                       |                  |                  | 1,222,414           |  |
| <b>Fund balance, end of year</b>                             |                  |                  | <u>\$ 1,237,399</u> |  |

## *City of Lake Worth, Florida*

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### ***Nonmajor 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  
Nonmajor Enterprise Funds  
September 30, 2017**

|  | <u>Stormwater<br/>Utility</u> | <u>Refuse<br/>Collection<br/>and<br/>Disposal</u> | <u>Total<br/>Nonmajor<br/>Enterprise<br/>Funds</u> |
|--|-------------------------------|---|--|
| <b>Assets:</b>   |                               |   |  |
| <b>Current assets:</b>   |                               |   |  |
| Cash and cash equivalents  | \$ 787,389                    | \$ 1,605,738                                      | \$ 2,393,127                                       |
| Investments  | 5,453,470                     | 4,112,671   | 9,566,141  |
| Prepaid items  | -                             | 1,804   | 1,804  |
| Accounts receivable, net   | 10,324                        | 402,244   | 412,568  |
| Accrued interest receivable  | 15,385                        | 10,838  | 26,223   |
| <b>Total current assets</b>  | <u>6,266,568</u>              | <u>6,133,295</u>                                  | <u>12,399,863</u>                                  |
| <b>Non-current assets:</b>   |                               |   |  |
| Capital assets:  |                               |   |  |
| Land   | 138,346                       | 593,700   | 732,046  |
| Construction in progress   | 227,747                       | -   | 227,747  |
| Land improvements  | 241,637                       | -   | 241,637  |
| Buildings and structures   | -                             | 296,994   | 296,994  |
| Infrastructure   | 3,736,441                     | -   | 3,736,441  |
| Machinery and equipment  | 450,282                       | 76,687  | 526,969  |
| Vehicles   | 380,233                       | 3,509,780   | 3,890,013  |
| Accumulated depreciation   | (2,435,079)                   | (2,663,308)                                       | (5,098,387)  |
| <b>Total non-current assets</b>  | <u>2,739,607</u>              | <u>1,813,853</u>                                  | <u>4,553,460</u>                                   |
| <b>Total assets</b>  | <u>9,006,175</u>              | <u>7,947,148</u>                                  | <u>16,953,323</u>                                  |
| <b>Deferred Outflows of Resources:</b>                                   |                               |   |  |
| Deferred outflows relating to pensions                                   | 165,523                       | 601,174   | 766,697  |
| <b>Total assets and deferred outflows of resources</b>                   | <u>\$ 9,171,698</u>           | <u>\$ 8,548,322</u>                               | <u>\$ 17,720,020</u>                               |
| <b>Liabilities:</b>  |                               |   |  |
| <b>Current liabilities:</b>  |                               |   |  |
| Accounts and contracts payable   | \$ 122,380                    | \$ 86,508   | \$ 208,888   |
| Accrued liabilities  | 11,997                        | 46,792  | 58,789   |
| Compensated absences   | 3,615                         | 11,643  | 15,258   |
| <b>Total current liabilities</b>   | <u>137,992</u>                | <u>144,943</u>                                    | <u>282,935</u>                                     |
| <b>Non-current liabilities:</b>  |                               |   |  |
| Compensated absences   | 476                           | 285,369   | 285,845  |
| Other post-employment benefits   | 16,581                        | 105,591   | 122,172  |
| Net pension liability  | 923,884                       | 2,967,403   | 3,891,287  |
| <b>Total non-current liabilities</b>                                     | <u>940,941</u>                | <u>3,358,363</u>                                  | <u>4,299,304</u>                                   |
| <b>Total liabilities</b>   | <u>1,078,933</u>              | <u>3,503,306</u>                                  | <u>4,582,239</u>                                   |
| <b>Deferred Inflows of Resources:</b>                                    |                               |   |  |
| Deferred inflows relating to pensions                                    | 70,366                        | 252,201   | 322,567  |
| <b>Net position:</b>   |                               |   |  |
| Net investment in capital assets   | 2,734,351                     | 1,813,853   | 4,548,204  |
| Unrestricted   | 5,288,048                     | 2,978,962   | 8,267,010  |
| <b>Total net position</b>  | <u>8,022,399</u>              | <u>4,792,815</u>                                  | <u>12,815,214</u>                                  |
| <b>Total liabilities, deferred inflows of resources and net position</b> | <u>\$ 9,171,698</u>           | <u>\$ 8,548,322</u>                               | <u>\$ 17,720,020</u>                               |



*City of Lake Worth, Florida*

**Combining Statement of Revenues, Expenses and Changes in Net Position  
Nonmajor Enterprise Funds  
For the Fiscal Year Ended September 30, 2017**

|  | <u>Stormwater<br/>Utility</u> | <u>Refuse<br/>Collection<br/>and<br/>Disposal</u> | <u>Total<br/>Nonmajor<br/>Enterprise<br/>Funds</u> |
|--|-------------------------------|---|--|
| <b>Operating revenues:</b>                     |                               |   |  |
| Charges for services                           | \$ 1,839,490                  | \$ 5,937,437                                      | \$ 7,776,927                                       |
| <b>Total operating revenues</b>                | <u>1,839,490</u>              | <u>5,937,437</u>                                  | <u>7,776,927</u>                                   |
| <b>Operating expenses:</b>                     |                               |   |  |
| Cost of services                               | 861,582                       | 4,277,493   | 5,139,075  |
| General and administrative                     | 73,344                        | 217,997   | 291,341  |
| Depreciation                                   | 205,138                       | 231,398   | 436,536  |
| <b>Total operating expenses</b>                | <u>1,140,064</u>              | <u>4,726,888</u>                                  | <u>5,866,952</u>                                   |
| <b>Operating income (loss)</b>                 | <u>699,426</u>                | <u>1,210,549</u>                                  | <u>1,909,975</u>                                   |
| <b>Non-operating revenues (expenses):</b>      |                               |   |  |
| Investment income                              | 24,653                        | 14,142  | 38,795   |
| Other  | 128,619                       | 39,914  | 168,533  |
| <b>Total non-operating revenues (expenses)</b> | <u>153,272</u>                | <u>54,056</u>                                     | <u>207,328</u>                                     |
| <b>Income (loss) before transfers</b>          | 852,698                       | 1,264,605   | 2,117,303  |
| <b>Other financing uses:</b>                   |                               |   |  |
| Transfers out                                  | (181,265)                     | (489,631)   | (670,896)  |
| <b>Total other financing uses</b>              | <u>(181,265)</u>              | <u>(489,631)</u>                                  | <u>(670,896)</u>                                   |
| <b>Change in net position</b>                  | 671,433                       | 774,974   | 1,446,407  |
| <b>Net position, beginning of year</b>         | <u>7,350,966</u>              | <u>4,017,841</u>                                  | <u>11,368,807</u>                                  |
| <b>Net position, end of year</b>               | <u>\$ 8,022,399</u>           | <u>\$ 4,792,815</u>                               | <u>\$ 12,815,214</u>                               |

*City of Lake Worth, Florida*

**Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Fiscal Year Ended September 30, 2017**

|  | <u>Stormwater<br/>Utility</u> | <u>Refuse<br/>Collection<br/>and<br/>Disposal</u> | <u>Total<br/>Nonmajor<br/>Enterprise<br/>Funds</u> |
|--|-------------------------------|---|--|
| <b>Cash flows from operating activities:</b>                                       |                               |   |  |
| Receipts from customers  | \$ 1,838,815                  | \$ 5,891,546                                      | \$ 7,730,361                                       |
| Payments to suppliers  | (1,004,042)                   | (5,693,583)                                       | (6,697,625)  |
| Payments to employees  | 404,046                       | 2,059,341   | 2,463,387  |
| Payments for interfund services received   | (249,171)                     | (956,703)   | (1,205,874)  |
| Other receipts   | 128,619                       | 39,914  | 168,533  |
| <b>Net cash provided by (used in)<br/>operating activities</b>                     | <u>1,118,267</u>              | <u>1,340,515</u>                                  | <u>2,458,782</u>                                   |
| <b>Cash flows from non-capital financing activities:</b>                           |                               |   |  |
| Transfer to other funds  | <u>(181,265)</u>              | <u>(489,631)</u>                                  | <u>(670,896)</u>                                   |
| <b>Net cash provided by (used in)<br/>non-capital financing activities</b>         | <u>(181,265)</u>              | <u>(489,631)</u>                                  | <u>(670,896)</u>                                   |
| <b>Cash flows from capital and related financing activities:</b>                   |                               |   |  |
| Acquisition and construction of capital asset, net                                 | <u>(466,115)</u>              | <u>(779,762)</u>                                  | <u>(1,245,877)</u>                                 |
| <b>Net cash provided by (used in)<br/>capital and related financing activities</b> | <u>(466,115)</u>              | <u>(779,762)</u>                                  | <u>(1,245,877)</u>                                 |
| <b>Cash flows from investing activities:</b>                                       |                               |   |  |
| Purchase of investments  | (2,945,969)                   | (2,320,471)                                       | (5,266,440)  |
| Sale of investments  | 2,501,110                     | 1,667,407   | 4,168,517  |
| Interest and gains or losses on investments  | 17,920                        | 9,280   | 27,200   |
| <b>Net cash provided by (used in)<br/>investing activities</b>                     | <u>(426,939)</u>              | <u>(643,784)</u>                                  | <u>(1,070,723)</u>                                 |
| <b>Net change in cash and cash equivalents</b>                                     | 43,948                        | (572,662)   | (528,714)  |
| <b>Cash and cash equivalents, beginning</b>  | <u>743,441</u>                | <u>2,178,400</u>                                  | <u>2,921,841</u>                                   |
| <b>Cash and cash equivalents, ending</b>   | <u>\$ 787,389</u>             | <u>\$ 1,605,738</u>                               | <u>\$ 2,393,127</u>                                |

*City of Lake Worth, Florida*

**Combining Statement of Cash Flows  
Nonmajor Enterprise Funds (continued)  
For the Fiscal Year Ended September 30, 2017**

|   | <u>Stormwater<br/>Utility</u> | <u>Refuse<br/>Collection<br/>and<br/>Disposal</u> | <u>Total<br/>Nonmajor<br/>Enterprise<br/>Funds</u> |
|---|-------------------------------|---|--|
| <b>Reconciliation of operating income (loss)<br/>to net cash provided by (used in)<br/>operating activities:</b>        |                               |   |  |
| Operating income (loss)   | \$ 699,426                    | \$ 1,210,549                                      | \$ 1,909,975                                       |
| <b>Adjustments to reconcile operating<br/>income (loss) to net cash provided by<br/>(used in) operating activities:</b> |                               |   |  |
| Depreciation  | 205,138                       | 231,398   | 436,536  |
| Other non-operating income  | 128,619                       | 39,914  | 168,533  |
| <b>Decrease (increase) in assets:</b>   |                               |   |  |
| Accounts receivable   | (675)                         | (45,891)  | (46,566)   |
| Prepaid items   | -                             | (411)   | (411)  |
| Deferred outflows relating to pensions  | 11,826                        | 63,872  | 75,698   |
| <b>Increase (decrease) in liabilities:</b>  |                               |   |  |
| Accounts and contracts payable  | 113,063                       | (210,602)   | (97,539)   |
| Accrued liabilities   | (4,821)                       | 17,236  | 12,415   |
| Compensated absences  | (712)                         | 215,850   | 215,138  |
| Other post-employment benefits  | (94)                          | (455)   | (549)  |
| Net pension liability   | (43,603)                      | (235,492)   | (279,095)  |
| Deferred inflows relating to pensions   | 10,100                        | 54,547  | 64,647   |
| <b>Total adjustments</b>  | <u>418,841</u>                | <u>129,966</u>                                    | <u>548,807</u>                                     |
| <b>Net cash provided by (used in)<br/>operating activities</b>  | <u>\$ 1,118,267</u>           | <u>\$ 1,340,515</u>                               | <u>\$ 2,458,782</u>                                |
| <b>Supplemental disclosure of<br/>investing activities:</b>   |                               |   |  |
| Unrealized gains (losses) on investments  | <u>\$ 29,800</u>              | <u>\$ 21,396</u>                                  | <u>\$ 51,196</u>                                   |



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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.

**City 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, 2017**

|   | <u>Information<br/>Technology</u> | <u>Insurance</u>     | <u>City Garage</u>  | <u>Employee<br/>Benefits</u> | <u>Total<br/>Internal<br/>Service<br/>Funds</u> |
|---|-----------------------------------|----------------------|---------------------|------------------------------|---|
| <b>Assets:</b>                            |                                   |                      |                     |                              |   |
| <b>Current assets:</b>                    |                                   |                      |                     |                              |   |
| Cash and cash equivalents                 | \$ 1,004,514                      | \$ 2,362,709         | \$ 854,077          | \$ 1,329,763                 | \$ 5,551,063                                    |
| Investments                               | -                                 | 6,527,940            | -                   | 548,911                      | 7,076,851                                       |
| Accounts receivable                       | -                                 | -                    | -                   | 587                          | 587   |
| Accrued interest receivable               | -                                 | 17,083               | -                   | 335                          | 17,418  |
| Due from other funds                      | -                                 | 33,333               | -                   | 29,575                       | 62,908  |
| Inventories                               | -                                 | -                    | 110,735             | -                            | 110,735   |
| Prepaid items                             | -                                 | 54,588               | -                   | -                            | 54,588  |
| <b>Total current assets</b>               | <u>1,004,514</u>                  | <u>8,995,653</u>     | <u>964,812</u>      | <u>1,909,171</u>             | <u>12,874,150</u>                               |
| <b>Non-current assets:</b>                |                                   |                      |                     |                              |   |
| Advances to other funds                   | -                                 | 1,489,000            | -                   | -                            | 1,489,000                                       |
| Machinery and equipment                   | 1,060,295                         | -                    | -                   | -                            | 1,060,295                                       |
| Vehicles                                  | 45,764                            | -                    | 2,982,671           | -                            | 3,028,435                                       |
| Accumulated depreciation                  | (912,021)                         | -                    | (1,663,293)         | -                            | (2,575,314)                                     |
| <b>Total non-current assets</b>           | <u>194,038</u>                    | <u>1,489,000</u>     | <u>1,319,378</u>    | <u>-</u>                     | <u>3,002,416</u>                                |
| <b>Total assets</b>                       | <u>\$ 1,198,552</u>               | <u>\$ 10,484,653</u> | <u>\$ 2,284,190</u> | <u>\$ 1,909,171</u>          | <u>\$ 15,876,566</u>                            |
| <b>Liabilities:</b>                       |                                   |                      |                     |                              |   |
| <b>Current liabilities:</b>               |                                   |                      |                     |                              |   |
| Accounts and contracts payable            | \$ 47,718                         | \$ 761,760           | \$ 109,385          | \$ 57,495                    | \$ 976,358                                      |
| Accrued liabilities                       | 7,590                             | 976,765              | 7,203               | 91                           | 991,649   |
| Compensated absences                      | 53                                | -                    | 953                 | -                            | 1,006   |
| <b>Total current liabilities</b>          | <u>55,361</u>                     | <u>1,738,525</u>     | <u>117,541</u>      | <u>57,586</u>                | <u>1,969,013</u>                                |
| <b>Non-current liabilities:</b>           |                                   |                      |                     |                              |   |
| Insurance claims payable                  | -                                 | 1,987,604            | -                   | -                            | 1,987,604                                       |
| Compensated absences                      | 26,693                            | -                    | 22,937              | -                            | 49,630  |
| <b>Total non-current liabilities</b>      | <u>26,693</u>                     | <u>1,987,604</u>     | <u>22,937</u>       | <u>-</u>                     | <u>2,037,234</u>                                |
| <b>Total liabilities</b>                  | <u>82,054</u>                     | <u>3,726,129</u>     | <u>140,478</u>      | <u>57,586</u>                | <u>4,006,247</u>                                |
| <b>Net position:</b>                      |                                   |                      |                     |                              |   |
| Net investment in capital assets          | 194,038                           | -                    | 1,319,378           | -                            | 1,513,416                                       |
| Unrestricted                              | 922,460                           | 6,758,524            | 824,334             | 1,851,585                    | 10,356,903                                      |
| <b>Total net position</b>                 | <u>1,116,498</u>                  | <u>6,758,524</u>     | <u>2,143,712</u>    | <u>1,851,585</u>             | <u>11,870,319</u>                               |
| <b>Total liabilities and net position</b> | <u>\$ 1,198,552</u>               | <u>\$ 10,484,653</u> | <u>\$ 2,284,190</u> | <u>\$ 1,909,171</u>          | <u>\$ 15,876,566</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, 2017**

|   | <u>Information<br/>Technology</u> | <u>Insurance</u>    | <u>City Garage</u>  | <u>Employee<br/>Benefits</u> | <u>Total<br/>Internal<br/>Service<br/>Funds</u> |
|---|-----------------------------------|---------------------|---------------------|------------------------------|---|
| <b>Operating revenues:</b>                              |                                   |                     |                     |                              |   |
| Charges for services                                    | \$ 1,263,481                      | \$ 2,107,321        | \$ 878,940          | \$ 7,966,720                 | \$ 12,216,462                                   |
| Intergovernmental                                       | -                                 | -                   | -                   | 14,126                       | 14,126  |
| <b>Total operating revenues</b>                         | <u>1,263,481</u>                  | <u>2,107,321</u>    | <u>878,940</u>      | <u>7,980,846</u>             | <u>12,230,588</u>                               |
| <b>Operating expenses:</b>                              |                                   |                     |                     |                              |   |
| Cost of services  | 1,198,525                         | 4,384,253           | 730,794             | 8,022,882                    | 14,336,454                                      |
| Depreciation  | 83,888                            | -                   | 469,125             | -                            | 553,013   |
| <b>Total operating expenses</b>                         | <u>1,282,413</u>                  | <u>4,384,253</u>    | <u>1,199,919</u>    | <u>8,022,882</u>             | <u>14,889,467</u>                               |
| <b>Operating income (loss)</b>                          | <u>(18,932)</u>                   | <u>(2,276,932)</u>  | <u>(320,979)</u>    | <u>(42,036)</u>              | <u>(2,658,879)</u>                              |
| <b>Non-operating revenues (expenses):</b>               |                                   |                     |                     |                              |   |
| Investment income (loss)                                | -                                 | 39,890              | -                   | (754)                        | 39,136  |
| Other   | 75                                | 402,460             | 57,809              | 82                           | 460,426   |
| <b>Total non-operating revenues (expenses)</b>          | <u>75</u>                         | <u>442,350</u>      | <u>57,809</u>       | <u>(672)</u>                 | <u>499,562</u>                                  |
| <b>Income (loss) before transfers and contributions</b> | (18,857)                          | (1,834,582)         | (263,170)           | (42,708)                     | (2,159,317)                                     |
| Capital contributions                                   | -                                 | -                   | 167,953             | 18,839                       | 186,792   |
| Transfers in  | 19,094                            | -                   | -                   | -                            | 19,094  |
| <b>Change in net position</b>                           | 237                               | (1,834,582)         | (95,217)            | (23,869)                     | (1,953,431)                                     |
| <b>Net position, beginning of year</b>                  | <u>1,116,261</u>                  | <u>8,593,106</u>    | <u>2,238,929</u>    | <u>1,875,454</u>             | <u>13,823,750</u>                               |
| <b>Net position, end of year</b>                        | <u>\$ 1,116,498</u>               | <u>\$ 6,758,524</u> | <u>\$ 2,143,712</u> | <u>\$ 1,851,585</u>          | <u>\$ 11,870,319</u>                            |



*City of Lake Worth, Florida*

**Combining Statement of Cash Flows  
Internal Service Funds  
For the Fiscal Year Ended September 30, 2017**

|  | <u>Information<br/>Technology</u> | <u>Insurance</u>    | <u>City Garage</u> | <u>Employee<br/>Benefits</u> | <u>Total<br/>Internal<br/>Service<br/>Funds</u> |
|--|-----------------------------------|---------------------|--------------------|------------------------------|---|
| <b>Cash flows from operating activities:</b>                                       |                                   |                     |                    |                              |   |
| Receipts from interfund charges  | \$ 1,263,481                      | \$ 2,107,321        | \$ 878,940         | \$ 7,980,259                 | \$ 12,230,001                                   |
| Payments to suppliers  | (1,552,302)                       | (2,876,763)         | (1,034,596)        | (8,452,864)                  | (13,916,525)                                    |
| Payments to employees  | 352,839                           | 128,663             | 312,798            | 96,768                       | 891,068   |
| Other receipts (disbursements)   | 75                                | 402,460             | 57,809             | 82                           | 460,426   |
| <b>Net cash provided by (used in)<br/>operating activities</b>                     | <u>64,093</u>                     | <u>(238,319)</u>    | <u>214,951</u>     | <u>(375,755)</u>             | <u>(335,030)</u>                                |
| <b>Cash flows from non-capital financing activities:</b>                           |                                   |                     |                    |                              |   |
| Due from (to) other funds  | -                                 | 133,334             | -                  | -                            | 133,334   |
| Transfer from (to) other funds   | 19,094                            | -                   | -                  | -                            | 19,094  |
| <b>Net cash provided by (used in)<br/>non-capital financing activities</b>         | <u>19,094</u>                     | <u>133,334</u>      | <u>-</u>           | <u>-</u>                     | <u>152,428</u>                                  |
| <b>Cash flows from capital and related financing activities:</b>                   |                                   |                     |                    |                              |   |
| Acquisition and construction of capital assets, net                                | (84,073)                          | -                   | (401,207)          | -                            | (485,280)                                       |
| Advances from (to) other funds   | -                                 | 33,333              | -                  | -                            | 33,333  |
| Contributed capital, cash transactions   | -                                 | -                   | 167,953            | 18,839                       | 186,792   |
| <b>Net cash provided by (used in)<br/>capital and related financing activities</b> | <u>(84,073)</u>                   | <u>33,333</u>       | <u>(233,254)</u>   | <u>18,839</u>                | <u>(265,155)</u>                                |
| <b>Cash flows from investing activities:</b>                                       |                                   |                     |                    |                              |   |
| Purchase of investments  | -                                 | (3,587,369)         | -                  | (548,911)                    | (4,136,280)                                     |
| Sale of investments  | -                                 | 2,501,110           | -                  | -                            | 2,501,110                                       |
| Interest and gains or losses on investments  | -                                 | 32,207              | -                  | (1,089)                      | 31,118  |
| <b>Net cash provided by (used in)<br/>investing activities</b>                     | <u>-</u>                          | <u>(1,054,052)</u>  | <u>-</u>           | <u>(550,000)</u>             | <u>(1,604,052)</u>                              |
| <b>Net change in cash and cash equivalents</b>                                     | (886)                             | (1,125,704)         | (18,303)           | (906,916)                    | (2,051,809)                                     |
| <b>Cash and cash equivalents, beginning</b>  | <u>1,005,400</u>                  | <u>3,488,413</u>    | <u>872,380</u>     | <u>2,236,679</u>             | <u>7,602,872</u>                                |
| <b>Cash and cash equivalents, ending</b>   | <u>\$ 1,004,514</u>               | <u>\$ 2,362,709</u> | <u>\$ 854,077</u>  | <u>\$ 1,329,763</u>          | <u>\$ 5,551,063</u>                             |

*City of Lake Worth, Florida*

**Combining Statement of Cash Flows  
Internal Service Funds (continued)  
For the Fiscal Year Ended September 30, 2017**

|   | <u>Information<br/>Technology</u> | <u>Insurance</u>    | <u>City Garage</u> | <u>Employee<br/>Benefits</u> | <u>Total<br/>Internal<br/>Service<br/>Funds</u> |
|---|-----------------------------------|---------------------|--------------------|------------------------------|---|
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>        |                                   |                     |                    |                              |   |
| <b>Operating income (loss)</b>  | \$ (18,932)                       | \$ (2,276,932)      | \$ (320,979)       | \$ (42,036)                  | \$ (2,658,879)                                  |
| <b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</b> |                                   |                     |                    |                              |   |
| Depreciation  | 83,888                            | -                   | 469,125            | -                            | 553,013   |
| Other non-operating income (disbursements)  | 75                                | 402,460             | 57,809             | 82                           | 460,426   |
| <b>Decrease (increase) in assets:</b>   |                                   |                     |                    |                              |   |
| Accounts receivable   | -                                 | -                   | -                  | (587)                        | (587)   |
| Prepaid items   | -                                 | (34,341)            | -                  | -                            | (34,341)  |
| Inventories   | -                                 | -                   | (10,473)           | -                            | (10,473)  |
| <b>Increase (decrease) in liabilities:</b>  |                                   |                     |                    |                              |   |
| Accounts and contracts payable  | 11,039                            | 734,820             | 15,700             | 52,537                       | 814,096   |
| Accrued liabilities   | (19,769)                          | 672,691             | 945                | (385,751)                    | 268,116   |
| Insurance claims payable  | -                                 | 262,983             | -                  | -                            | 262,983   |
| Compensated absences  | 7,792                             | -                   | 2,824              | -                            | 10,616  |
| <b>Total adjustments</b>  | <u>83,025</u>                     | <u>2,038,613</u>    | <u>535,930</u>     | <u>(333,719)</u>             | <u>2,323,849</u>                                |
| <b>Net cash provided by (used in) operating activities</b>  | <u>\$ 64,093</u>                  | <u>\$ (238,319)</u> | <u>\$ 214,951</u>  | <u>\$ (375,755)</u>          | <u>\$ (335,030)</u>                             |
| <b>Supplemental disclosure of noncash investing activities:</b>   |                                   |                     |                    |                              |   |
| Unrealized gains (losses) on investments  | <u>\$ -</u>                       | <u>\$ 33,794</u>    | <u>\$ -</u>        | <u>\$ 1,290</u>              | <u>\$ 35,084</u>                                |



## *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, 2017**

|   | <b>General<br/>Employees'<br/>Retirement<br/>System</b> | <b>Police Officers'<br/>Relief and<br/>Retirement<br/>System</b> | <b>Firefighters'<br/>Pension<br/>Trust</b> | <b>Total<br/>Pension<br/>Trust<br/>Funds</b> |
|---|---|--|--|--|
| <b>Assets:</b>  |   |  |  |  |
| Cash and cash equivalents                                   | \$ 3,109,630  | \$ 1,739,745   | \$ 1,371,506                               | \$ 6,220,881                                 |
| Investments at fair value:                                  |   |  |  |  |
| U.S. government and agency funds                            | 7,977,204   | 3,921,380  | 6,595,320                                  | 18,493,904                                   |
| Corporate bonds   | 7,422,119   | 3,486,842  | 1,354,630                                  | 12,263,591                                   |
| Common stocks   | 31,885,659  | 8,800,222  | 2,833,390                                  | 43,519,271                                   |
| Real estate   | 8,714,730   | 4,162,823  | 4,189,130                                  | 17,066,683                                   |
| Mutual funds  | 11,161,022  | 8,047,627  | 27,789,762                                 | 46,998,411                                   |
| Accrued interest, dividends and<br>contributions receivable | 140,511   | 586,018  | 144,028                                    | 870,557                                      |
| Prepaid items   | 7,454   | 5,000  | -  | 12,454                                       |
| <b>Total assets</b>   | <b><u>70,418,329</u></b>                                | <b><u>30,749,657</u></b>   | <b><u>44,277,766</u></b>                   | <b><u>145,445,752</u></b>                    |
| <b>Liabilities:</b>   |   |  |  |  |
| Accounts payable  | 77,621  | 27,502   | 14,073                                     | 119,196                                      |
| <b>Total liabilities</b>                                    | <b><u>77,621</u></b>                                    | <b><u>27,502</u></b>   | <b><u>14,073</u></b>                       | <b><u>119,196</u></b>                        |
| <b>Net position restricted<br/>for pension benefits</b>     | <b><u>\$ 70,340,708</u></b>                             | <b><u>\$ 30,722,155</u></b>                                      | <b><u>\$ 44,263,693</u></b>                | <b><u>\$ 145,326,556</u></b>                 |



*City of Lake Worth, Florida*

**Combining Statement of Changes in Net Position  
Pension Trust Funds  
For the Fiscal Year Ended September 30, 2017**

|   | <u>General<br/>Employees'<br/>Retirement<br/>System</u> | <u>Police Officers'<br/>Relief and<br/>Retirement<br/>System</u> | <u>Firefighters'<br/>Pension<br/>Trust</u> | <u>Total<br/>Pension<br/>Trust<br/>Funds</u> |
|---|---|--|--|--|
| <b>Additions:</b>                       |   |  |  |  |
| Contributions:                          |   |  |  |  |
| Employer                                | \$ 4,086,164  | \$ 2,494,961   | \$ 2,710,615                               | \$ 9,291,740                                 |
| Chapter 175                             | -   | -  | 100,662                                    | 100,662                                      |
| Plan members                            | 1,102,815   | 73,533   | 105,985                                    | 1,282,333                                    |
| Rollover                                | -   | -  | 1,531,430                                  | 1,531,430                                    |
| State                                   | -   | 518,432  | -  | 518,432                                      |
|   | <u>5,188,979</u>  | <u>3,086,926</u>   | <u>4,448,692</u>                           | <u>12,724,597</u>                            |
| Total contributions                     |   |  |  |  |
| Investment income:                      |   |  |  |  |
| Interest and dividends                  | 1,702,427   | 721,809  | 1,966,133                                  | 4,390,369                                    |
| Net change in fair value of investments | 6,513,091   | 2,466,025  | 2,480,741                                  | 11,459,857                                   |
| Other income                            | 3,068   | -  | 2,619                                      | 5,687  |
|   | <u>8,218,586</u>  | <u>3,187,834</u>   | <u>4,449,493</u>                           | <u>15,855,913</u>                            |
| Total investment income                 |   |  |  |  |
| Less investment expenses                | <u>(396,101)</u>  | <u>(166,317)</u>   | <u>(143,022)</u>                           | <u>(705,440)</u>                             |
| Net investment income                   |   |  |  |  |
|   | <u>7,822,485</u>  | <u>3,021,517</u>   | <u>4,306,471</u>                           | <u>15,150,473</u>                            |
| Net investment income                   |   |  |  |  |
| <b>Total additions</b>                  | <u>13,011,464</u>                                       | <u>6,108,443</u>   | <u>8,755,163</u>                           | <u>27,875,070</u>                            |
| <b>Deductions:</b>                      |   |  |  |  |
| Pension benefits                        | 8,029,499   | 4,422,363  | 4,213,072                                  | 16,664,934                                   |
| Administrative expenses                 | 124,525   | 91,961   | 70,801                                     | 287,287                                      |
|   | <u>8,154,024</u>  | <u>4,514,324</u>   | <u>4,283,873</u>                           | <u>16,952,221</u>                            |
| <b>Total deductions</b>                 |   |  |  |  |
| <b>Change in net position</b>           | 4,857,440   | 1,594,119  | 4,471,290                                  | 10,922,849                                   |
| <b>Net position, beginning of year</b>  | <u>65,483,268</u>                                       | <u>29,128,036</u>  | <u>39,792,403</u>                          | <u>134,403,707</u>                           |
| <b>Net position, end of year</b>        | <u>\$ 70,340,708</u>                                    | <u>\$ 30,722,155</u>   | <u>\$ 44,263,693</u>                       | <u>\$ 145,326,556</u>                        |

*City of Lake Worth, Florida*

**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**September 30, 2017**

|                           | <u>Balance<br/>October 1,<br/>2016</u> | <u>Additions</u> | <u>Deductions</u>  | <u>Balance<br/>September 30,<br/>2017</u> |
|---------------------------|--|------------------|--------------------|---|
| <b>Assets:</b>            |  |                  |                    |   |
| Cash and cash equivalents | \$ 2,661                               | \$ 14,855        | \$ (14,177)        | \$ 3,339                                  |
| Accounts receivable       | -                                      | 5,100            | (5,100)            | -   |
| <b>Total assets</b>       | <u>\$ 2,661</u>                        | <u>\$ 19,955</u> | <u>\$ (19,277)</u> | <u>\$ 3,339</u>                           |
| <b>Liabilities:</b>       |  |                  |                    |   |
| Accounts payable          | \$ 350                                 | \$ 5,942         | \$ (5,948)         | \$ 344                                    |
| Deposit payable           | <u>2,311</u>                           | <u>15,954</u>    | <u>(15,270)</u>    | <u>2,995</u>                              |
| <b>Total liabilities</b>  | <u>\$ 2,661</u>                        | <u>\$ 21,896</u> | <u>\$ (21,218)</u> | <u>\$ 3,339</u>                           |



*City of Lake Worth, Florida*

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***Discretely Presented Component Unit***

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**Community Redevelopment Agency Trust 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, 2017**

|  | <b>Community Redevelopment Agency</b>               |                     |                                 |                                     |
|--|---|---------------------|---------------------------------|-------------------------------------|
|  | <b>Community<br/>Redevelopment<br/>Agency Trust</b> | <b>NSP2</b>         | <b>CRA Capital<br/>Projects</b> | <b>Total<br/>Component<br/>Unit</b> |
| <b>Assets:</b>                             |   |                     |                                 |                                     |
| Cash and cash equivalents                  | \$ 1,515,192  | \$ 856,104          | \$ 15,508                       | \$ 2,386,804                        |
| Investments                                | 1,021,210   | -                   | 100,230                         | 1,121,440                           |
| Accounts receivable, net                   | 1,042   | 156,056             | 10                              | 157,108                             |
| Due from other funds                       | 4,004   | 20                  | -                               | 4,024                               |
| Land held for resale                       | -   | 3,939,802           | -                               | 3,939,802                           |
| Prepaid items                              | 17,088  | -                   | 218,275                         | 235,363                             |
| <b>Total assets</b>                        | <b>\$ 2,558,536</b>                                 | <b>\$ 4,951,982</b> | <b>\$ 334,023</b>               | <b>\$ 7,844,541</b>                 |
| <b>Liabilities:</b>                        |   |                     |                                 |                                     |
| Accounts and contracts payable             | \$ 26,070   | \$ 143,160          | \$ 1,681                        | \$ 170,911                          |
| Accrued liabilities                        | 10,823  | 1,246               | -                               | 12,069                              |
| Due to other funds                         | 2,197   | 4,004               | -                               | 6,201                               |
| Unearned revenue                           | 24,325  | -                   | 23,082                          | 47,407                              |
| <b>Total liabilities</b>                   | <b>63,415</b>                                       | <b>148,410</b>      | <b>24,763</b>                   | <b>236,588</b>                      |
| <b>Fund balances:</b>                      |   |                     |                                 |                                     |
| Nonspendable:                              |   |                     |                                 |                                     |
| Land held for resale                       | -   | 3,939,802           | -                               | 3,939,802                           |
| Prepaid items                              | 17,088  | -                   | 218,275                         | 235,363                             |
| Restricted for:                            |   |                     |                                 |                                     |
| Community redevelopment                    | 2,478,033   | 863,770             | -                               | 3,341,803                           |
| Assigned to:                               |   |                     |                                 |                                     |
| Capital projects                           | -   | -                   | 90,985                          | 90,985                              |
| <b>Total fund balances</b>                 | <b>2,495,121</b>                                    | <b>4,803,572</b>    | <b>309,260</b>                  | <b>7,607,953</b>                    |
| <b>Total liabilities and fund balances</b> | <b>\$ 2,558,536</b>                                 | <b>\$ 4,951,982</b> | <b>\$ 334,023</b>               | <b>\$ 7,844,541</b>                 |

*City of Lake Worth, Florida*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Discretely Presented Component Unit  
For the Year Ended September 30, 2017**

|  | Community Redevelopment Agency             |                     |                         | Total<br>Component<br>Unit |
|--|--|---------------------|-------------------------|----------------------------|
|  | Community<br>Redevelopment<br>Agency Trust | NSP2                | CRA Capital<br>Projects |                            |
| <b>Revenues:</b>   |  |                     |                         |                            |
| Property taxes   | \$ 2,089,742                               | \$ -                | \$ -                    | \$ 2,089,742               |
| Intergovernmental  | 2,000                                      | 142,479             | 36,350                  | 180,829                    |
| Investment income  | 4,299                                      | 219                 | 1,001                   | 5,519                      |
| Miscellaneous  | 132,554                                    | -                   | -                       | 132,554                    |
| <b>Total revenues</b>  | <u>2,228,595</u>                           | <u>142,698</u>      | <u>37,351</u>           | <u>2,408,644</u>           |
| <b>Expenditures:</b>   |  |                     |                         |                            |
| Current:   |  |                     |                         |                            |
| Community redevelopment                                      | 899,317                                    | 83,168              | 28,593                  | 1,011,078                  |
| Capital outlay   | 19,477                                     | -                   | 86,656                  | 106,133                    |
| <b>Total expenditures</b>                                    | <u>918,794</u>                             | <u>83,168</u>       | <u>115,249</u>          | <u>1,117,211</u>           |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>1,309,801</u>                           | <u>59,530</u>       | <u>(77,898)</u>         | <u>1,291,433</u>           |
| <b>Other financing sources (uses):</b>                       |  |                     |                         |                            |
| Transfers in   | -  | -                   | 133,000                 | 133,000                    |
| Transfers out  | (133,000)                                  | -                   | -                       | (133,000)                  |
| <b>Total other financing sources (uses)</b>                  | <u>(133,000)</u>                           | <u>-</u>            | <u>133,000</u>          | <u>-</u>                   |
| <b>Net change in fund balances</b>                           | 1,176,801                                  | 59,530              | 55,102                  | 1,291,433                  |
| <b>Fund balances, beginning of year</b>                      | <u>1,318,320</u>                           | <u>4,744,042</u>    | <u>254,158</u>          | <u>6,316,520</u>           |
| <b>Fund balances, end of year</b>                            | <u>\$ 2,495,121</u>                        | <u>\$ 4,803,572</u> | <u>\$ 309,260</u>       | <u>\$ 7,607,953</u>        |





## ***STATISTICAL SECTION***

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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*

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|  |           |
|--|-----------|
| 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 - S16 |
| These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.  |           |
| Debt Capacity  | S17 - 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 - S26 |
| 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  | S27 - 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>2008</u>               | <u>2009</u>               | <u>2010</u>               | <u>2011</u>               |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>Governmental Activities:</b>                    |                           |                           |                           |                           |
| Net investment in capital assets                   | \$ 57,367,332             | \$ 60,803,680             | \$ 59,067,959             | \$ 60,345,422             |
| Restricted   | 8,524,651                 | 9,638,809                 | 12,939,913                | 5,630,464                 |
| Unrestricted (deficit)                             | <u>19,705,440</u>         | <u>13,434,653</u>         | <u>13,881,744</u>         | <u>21,765,696</u>         |
| <br>Total governmental activities<br>net position  | <br><u>85,597,423</u>     | <br><u>83,877,142</u>     | <br><u>85,889,616</u>     | <br><u>87,741,582</u>     |
| <b>Business-Type Activities:</b>                   |                           |                           |                           |                           |
| Net investment in capital assets                   | 75,118,328                | 70,255,454                | 65,016,315                | 73,913,475                |
| Restricted   | 19,642,872                | 17,522,478                | 17,398,012                | 17,043,315                |
| Unrestricted                                       | <u>44,785,774</u>         | <u>54,291,217</u>         | <u>58,134,674</u>         | <u>53,714,975</u>         |
| <br>Total business-type<br>activities net position | <br><u>139,546,974</u>    | <br><u>142,069,149</u>    | <br><u>140,549,001</u>    | <br><u>144,671,765</u>    |
| <b>Total Government:</b>                           |                           |                           |                           |                           |
| Net investment in capital assets                   | 132,485,660               | 131,059,134               | 124,084,274               | 134,258,897               |
| Restricted   | 28,167,523                | 27,161,287                | 30,337,925                | 22,673,779                |
| Unrestricted                                       | <u>64,491,214</u>         | <u>67,725,870</u>         | <u>72,016,418</u>         | <u>75,480,671</u>         |
| <br>Total government<br>net position               | <br><u>\$ 225,144,397</u> | <br><u>\$ 225,946,291</u> | <br><u>\$ 226,438,617</u> | <br><u>\$ 232,413,347</u> |

NOTE: The City implemented GASB statement No. 68, "Accounting and Financial Reporting for Pensions" in fiscal year 2015. Information for fiscal year 2014 has been restated.



|    | <u>2012</u>               | <u>2013</u>               | <u>2014</u>               | <u>2015</u>               | <u>2016</u>               | <u>2017</u>               |
|----|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| \$ | 63,132,112                | \$ 63,660,538             | \$ 59,907,246             | \$ 58,548,019             | \$ 56,328,679             | \$ 55,276,904             |
|    | 6,374,614                 | 1,631,956                 | 1,803,743                 | 2,159,736                 | 2,882,658                 | 23,188,479                |
|    | <u>2,624,576</u>          | <u>6,055,185</u>          | <u>(45,102,488)</u>       | <u>(42,865,854)</u>       | <u>(42,528,582)</u>       | <u>(62,909,621)</u>       |
|    | <u>72,131,302</u>         | <u>71,347,679</u>         | <u>16,608,501</u>         | <u>17,841,901</u>         | <u>16,682,755</u>         | <u>15,555,762</u>         |
|    | 60,153,130                | 66,248,211                | 65,053,346                | 67,396,574                | 74,381,420                | 83,094,062                |
|    | 22,390,764                | 2,803,258                 | 4,330,029                 | 3,954,649                 | 4,023,055                 | 5,084,192                 |
|    | <u>68,980,999</u>         | <u>79,507,888</u>         | <u>59,487,552</u>         | <u>64,875,277</u>         | <u>71,056,620</u>         | <u>64,164,221</u>         |
|    | <u>151,524,893</u>        | <u>148,559,357</u>        | <u>128,870,927</u>        | <u>136,226,500</u>        | <u>149,461,095</u>        | <u>152,342,475</u>        |
|    | 123,285,242               | 129,908,749               | 124,960,592               | 125,944,593               | 130,710,099               | 138,370,966               |
|    | 28,765,378                | 4,435,214                 | 6,133,772                 | 6,114,385                 | 6,905,713                 | 28,272,671                |
|    | <u>71,605,575</u>         | <u>85,563,073</u>         | <u>14,385,064</u>         | <u>22,009,423</u>         | <u>28,528,038</u>         | <u>1,254,600</u>          |
| \$ | <u><u>223,656,195</u></u> | <u><u>219,907,036</u></u> | <u><u>145,479,428</u></u> | <u><u>154,068,401</u></u> | <u><u>166,143,850</u></u> | <u><u>167,898,237</u></u> |

*City of Lake Worth, Florida*

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

|   | <u>2008</u>           | <u>2009</u>           | <u>2010</u>           | <u>2011</u>           |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Expenses:</b>                                |                       |                       |                       |                       |
| Governmental Activities:                        |                       |                       |                       |                       |
| General Government                              | \$ 3,595,041          | \$ 4,447,237          | \$ 1,808,565          | \$ 2,779,104          |
| Public Safety                                   | 24,218,855            | 26,611,820            | 20,206,868            | 19,077,692            |
| Physical Environment                            | 1,246,126             | 2,810,190             | 3,171,382             | 2,510,728             |
| Transportation                                  | 2,062,494             | 3,813,671             | 3,869,570             | 1,382,039             |
| Culture and Recreation                          | 6,376,489             | 2,320,000             | 2,867,839             | 4,761,357             |
| Community Redevelopment                         | 1,661,848             | 1,341,898             | 1,514,545             | 2,664,189             |
| Interest on Long-Term Debt                      | 353,096               | 303,538               | 266,896               | 228,457               |
| Total Governmental Activities Expenses          | <u>39,513,949</u>     | <u>41,648,354</u>     | <u>33,705,665</u>     | <u>33,403,566</u>     |
| <b>Business-Type Activities:</b>                |                       |                       |                       |                       |
| Electric  | 57,490,812            | 55,353,581            | 53,936,852            | 49,596,103            |
| Water   | 9,619,267             | 8,942,867             | 9,171,596             | 8,712,797             |
| Local Sewer                                     | 5,262,561             | 5,676,010             | 6,174,317             | 5,460,696             |
| Regional Sewer                                  | 5,184,429             | 5,611,951             | 4,884,662             | 3,815,581             |
| Golf Course                                     | 2,023,117             | 1,641,346             | 1,436,970             | 1,343,390             |
| Stormwater Utility                              | 1,307,365             | 1,081,029             | 1,124,438             | 2,092,756             |
| Refuse Collection and Disposal                  | 3,810,654             | 3,538,792             | 3,419,697             | 3,245,043             |
| Total Business-Type Activities Expenses         | <u>84,698,205</u>     | <u>81,845,576</u>     | <u>80,148,532</u>     | <u>74,266,366</u>     |
| Total Primary Government Expenses               | <u>\$ 124,212,154</u> | <u>\$ 123,493,930</u> | <u>\$ 113,854,197</u> | <u>\$ 107,669,932</u> |
| <b>Program Revenues:</b>                        |                       |                       |                       |                       |
| Governmental Activities:                        |                       |                       |                       |                       |
| Charges for Services:                           |                       |                       |                       |                       |
| General Government                              | 2,337,022             | 1,548,336             | 2,846,869             | 2,332,345             |
| Public Safety                                   | 1,536,383             | 876,141               | 1,099,226             | 717,382               |
| Physical Environment                            | 573,727               | 34,005                | 17,995                | 82,768                |
| Transportation                                  | 367,892               | 471,675               | 614,943               | 793,998               |
| Culture and Recreation                          | 150,229               | 246,592               | 353,038               | 316,993               |
| Community Redevelopment                         | 487,013               | 4,139                 | -                     | -                     |
| Operating Grants and Contributions              | 1,594,136             | 840,361               | 879,328               | 1,948,280             |
| Capital Grants and Contributions                | 2,404,587             | 2,422,946             | 3,477,733             | 4,683,790             |
| Total Governmental Activities Program Revenues  | <u>9,450,989</u>      | <u>6,444,195</u>      | <u>9,289,132</u>      | <u>10,875,556</u>     |
| <b>Business-Type Activities:</b>                |                       |                       |                       |                       |
| Charges for Services:                           |                       |                       |                       |                       |
| Electric  | 57,474,801            | 58,406,242            | 59,380,987            | 55,903,189            |
| Water   | 9,879,269             | 10,178,854            | 11,392,126            | 12,004,104            |
| Local Sewer                                     | 5,277,244             | 5,613,738             | 6,417,177             | 6,983,675             |
| Regional Sewer                                  | 3,481,035             | 4,913,736             | 5,613,322             | 5,043,689             |
| Golf Course                                     | 1,921,702             | 1,476,811             | 1,348,186             | 1,184,647             |
| Stormwater Utility                              | 1,651,158             | 1,364,897             | 1,582,863             | 1,564,276             |
| Refuse Collection and Disposal                  | 4,678,227             | 4,543,339             | 4,601,480             | 4,906,260             |
| Operating Grants and Contributions              | -                     | -                     | -                     | -                     |
| Capital Grants and Contributions                | 1,421,392             | 1,026,062             | 173,887               | 148,343               |
| Total Business-Type Activities Program Revenues | <u>85,784,828</u>     | <u>87,523,679</u>     | <u>90,510,028</u>     | <u>87,738,183</u>     |
| Total Primary Program Revenues                  | <u>\$ 95,235,817</u>  | <u>\$ 93,967,874</u>  | <u>\$ 99,799,160</u>  | <u>\$ 98,613,739</u>  |

|    | <u>2012</u>        | <u>2013</u>        | <u>2014</u>        | <u>2015</u>        | <u>2016</u>        | <u>2017</u>        |
|----|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ | 2,625,404          | \$ 2,326,955       | \$ 2,297,354       | \$ 2,422,314       | \$ 3,059,477       | \$ 4,090,775       |
|    | 18,516,774         | 19,624,339         | 19,971,563         | 18,613,494         | 21,521,291         | 21,020,172         |
|    | 2,021,308          | 1,841,328          | 1,709,220          | 2,684,500          | 1,791,681          | 2,118,859          |
|    | 3,388,138          | 3,923,414          | 3,775,229          | 3,798,644          | 4,224,006          | 4,462,603          |
|    | 4,480,875          | 6,666,221          | 4,219,879          | 4,102,901          | 5,672,028          | 6,605,043          |
|    | -                  | -                  | -                  | -                  | -                  | -                  |
|    | 21,401             | 24,000             | -                  | -                  | -                  | 328,454            |
|    | <u>31,053,900</u>  | <u>34,406,257</u>  | <u>31,973,245</u>  | <u>31,621,853</u>  | <u>36,268,483</u>  | <u>38,625,906</u>  |
|    | 52,552,814         | 51,377,436         | 50,529,559         | 48,719,483         | 47,510,501         | 54,793,486         |
|    | 10,569,901         | 10,790,441         | 10,218,577         | 9,541,300          | 10,173,782         | 11,754,509         |
|    | 6,239,262          | 5,304,658          | 6,522,133          | 6,523,547          | 6,819,673          | 7,356,239          |
|    | 6,070,749          | 11,061,208         | 5,827,196          | 7,360,670          | 5,084,878          | 4,868,053          |
|    | -                  | -                  | -                  | -                  | -                  | -                  |
|    | 2,075,984          | 1,340,812          | 1,365,026          | 1,160,138          | 1,109,596          | 1,183,318          |
|    | 3,954,656          | 3,956,006          | 4,880,048          | 4,231,967          | 4,308,118          | 4,884,890          |
|    | <u>81,463,366</u>  | <u>83,830,561</u>  | <u>79,342,539</u>  | <u>77,537,105</u>  | <u>75,006,548</u>  | <u>84,840,495</u>  |
| \$ | <u>112,517,266</u> | <u>118,236,818</u> | <u>111,315,784</u> | <u>109,158,958</u> | <u>111,275,031</u> | <u>123,466,401</u> |
|    | 2,062,610          | 2,229,910          | 1,791,964          | 2,709,695          | 2,888,193          | 2,483,748          |
|    | 526,601            | 572,064            | 934,486            | 1,283,169          | 1,562,712          | 1,374,166          |
|    | 25,250             | 22,200             | 15,420             | 11,350             | 16,250             | 19,125             |
|    | 650,724            | 1,021,207          | 1,425,139          | 1,565,500          | 1,675,853          | 1,881,827          |
|    | 1,543,131          | 1,799,711          | 1,936,822          | 2,229,513          | 2,069,347          | 2,160,482          |
|    | -                  | -                  | -                  | -                  | -                  | -                  |
|    | 940,072            | 1,275,649          | 809,270            | 1,033,222          | 1,267,255          | 878,208            |
|    | 3,533,795          | 2,913,927          | 559,996            | 292,129            | 51,440             | 18,850             |
|    | <u>9,282,183</u>   | <u>9,834,668</u>   | <u>7,473,097</u>   | <u>9,124,578</u>   | <u>9,531,050</u>   | <u>8,816,406</u>   |
|    | 53,885,218         | 51,062,159         | 54,537,479         | 54,269,092         | 57,011,403         | 55,850,044         |
|    | 11,731,448         | 11,487,086         | 12,005,357         | 13,053,300         | 13,960,788         | 14,652,277         |
|    | 7,705,072          | 7,222,939          | 6,322,018          | 7,228,749          | 7,694,525          | 7,183,903          |
|    | 6,586,821          | 5,231,267          | 4,657,237          | 6,137,326          | 6,543,368          | 6,981,203          |
|    | -                  | -                  | -                  | -                  | -                  | -                  |
|    | 1,936,918          | 1,865,303          | 1,811,731          | 1,807,513          | 1,853,597          | 1,839,490          |
|    | 5,491,867          | 5,587,032          | 5,840,137          | 5,905,283          | 5,859,424          | 5,937,437          |
|    | -                  | -                  | -                  | -                  | -                  | -                  |
|    | -                  | 677,280            | 398,574            | 824,131            | 668,015            | 937,910            |
|    | <u>87,337,344</u>  | <u>83,133,066</u>  | <u>85,572,533</u>  | <u>89,225,394</u>  | <u>93,591,120</u>  | <u>93,382,264</u>  |
| \$ | <u>96,619,527</u>  | <u>92,967,734</u>  | <u>93,045,630</u>  | <u>98,349,972</u>  | <u>103,122,170</u> | <u>102,198,670</u> |

*City of Lake Worth, Florida*

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

|  | <u>2008</u>                | <u>2009</u>                | <u>2010</u>                | <u>2011</u>               |
|--|----------------------------|----------------------------|----------------------------|---------------------------|
| <b>Net (Expense) / Revenue:</b>                  |                            |                            |                            |                           |
| Governmental Activities                          | \$ (30,062,960)            | \$ (35,204,159)            | \$ (24,416,533)            | \$ (22,528,010)           |
| Business-Type Activities                         | <u>1,086,623</u>           | <u>5,678,103</u>           | <u>10,361,496</u>          | <u>13,471,817</u>         |
| <br>Total Primary Government<br>Net Expenses     | <br><u>\$ (28,976,337)</u> | <br><u>\$ (29,526,056)</u> | <br><u>\$ (14,055,037)</u> | <br><u>\$ (9,056,193)</u> |
| <b>General Revenues:</b>                         |                            |                            |                            |                           |
| Governmental Activities:                         |                            |                            |                            |                           |
| Taxes:   |                            |                            |                            |                           |
| Property Taxes                                   | \$ 17,339,044              | \$ 14,784,901              | \$ 6,773,150               | \$ 6,592,349              |
| Franchise Taxes                                  | 401,349                    | 88,226                     | 43,337                     | 42,836                    |
| Utility Taxes                                    | 5,283,661                  | 5,498,780                  | 5,864,811                  | 5,335,753                 |
| Sales and Gas Taxes                              | 3,550,446                  | 3,098,708                  | 3,170,175                  | 3,170,202                 |
| Intergovernmental - Unrestricted                 | 1,287,185                  | 2,653,336                  | 1,215,448                  | 1,245,229                 |
| Investment Income - Unrestricted                 | 1,126,412                  | 1,168,908                  | 146,788                    | 85,908                    |
| Miscellaneous                                    | 203,202                    | 404,767                    | 17,599                     | 200,291                   |
| Transfers  | <u>2,849,991</u>           | <u>5,786,252</u>           | <u>7,379,240</u>           | <u>2,310,223</u>          |
| <br>Total Governmental Activities<br>Revenues    | <br><u>32,041,290</u>      | <br><u>33,483,878</u>      | <br><u>24,610,548</u>      | <br><u>18,982,791</u>     |
| Business-Type Activities:                        |                            |                            |                            |                           |
| Investment Income - Unrestricted                 | 2,436,509                  | 2,160,175                  | 488,511                    | -                         |
| Miscellaneous                                    | 370,328                    | 470,149                    | 753,906                    | 3,834,357                 |
| Transfers  | <u>(2,849,991)</u>         | <u>(5,786,252)</u>         | <u>(7,379,240)</u>         | <u>(2,310,223)</u>        |
| <br>Total Business-Type Activities<br>Revenues   | <br><u>(43,154)</u>        | <br><u>(3,155,928)</u>     | <br><u>(6,136,823)</u>     | <br><u>1,524,134</u>      |
| <br>Total Primary Government<br>General Revenues | <br><u>\$ 31,998,136</u>   | <br><u>\$ 30,327,950</u>   | <br><u>\$ 18,473,725</u>   | <br><u>\$ 20,506,925</u>  |
| <b>Change in Net Position:</b>                   |                            |                            |                            |                           |
| Governmental Activities                          | \$ 1,978,330               | \$ (1,720,281)             | \$ 194,015                 | \$ (3,545,219)            |
| Business-type Activities                         | <u>1,043,469</u>           | <u>2,522,175</u>           | <u>4,224,673</u>           | <u>14,995,951</u>         |
| <br>Total Primary Government                     | <br><u>\$ 3,021,799</u>    | <br><u>\$ 801,894</u>      | <br><u>\$ 4,418,688</u>    | <br><u>\$ 11,450,732</u>  |

|    | <u>2012</u>         | <u>2013</u>         | <u>2014</u>         | <u>2015</u>         | <u>2016</u>        | <u>2017</u>         |
|----|---------------------|---------------------|---------------------|---------------------|--------------------|---------------------|
| \$ | (21,771,717)        | \$ (24,571,589)     | \$ (24,500,148)     | \$ (22,497,275)     | \$ (26,737,433)    | \$ (29,809,500)     |
|    | <u>5,873,978</u>    | <u>(697,495)</u>    | <u>6,229,994</u>    | <u>11,688,289</u>   | <u>18,584,572</u>  | <u>8,541,769</u>    |
| \$ | <u>(15,897,739)</u> | <u>(25,269,084)</u> | <u>(18,270,154)</u> | <u>(10,808,986)</u> | <u>(8,152,861)</u> | <u>(21,267,731)</u> |
| \$ | 6,256,979           | \$ 6,530,263        | \$ 7,016,336        | \$ 7,016,336        | \$ 7,933,054       | \$ 8,501,004        |
|    | 54,068              | 36,127              | 39,358              | 39,358              | 40,559             | 57,146              |
|    | 5,020,040           | 5,118,045           | 5,040,381           | 5,040,381           | 5,249,541          | 5,323,406           |
|    | 3,288,619           | 3,488,545           | 3,731,994           | 3,731,994           | 3,913,702          | 5,866,094           |
|    | 1,262,112           | 661,551             | 1,469,121           | 1,469,121           | 1,528,273          | 1,669,080           |
|    | 50,884              | 72,073              | 84,656              | 84,656              | 73,088             | 96,906              |
|    | 479,396             | 104,778             | 202,581             | 202,581             | 79,538             | 176,950             |
|    | <u>7,270,342</u>    | <u>5,949,062</u>    | <u>6,146,248</u>    | <u>6,146,248</u>    | <u>6,760,532</u>   | <u>6,991,921</u>    |
|    | <u>23,682,440</u>   | <u>21,960,444</u>   | <u>23,730,675</u>   | <u>23,730,675</u>   | <u>25,578,287</u>  | <u>28,682,507</u>   |
|    | 228,997             | 293,379             | 638,789             | 638,789             | 584,317            | 371,686             |
|    | 4,352,763           | 1,794,210           | 731,768             | 731,768             | 826,238            | 959,846             |
|    | <u>(7,270,342)</u>  | <u>(5,949,062)</u>  | <u>(6,146,248)</u>  | <u>(6,146,248)</u>  | <u>(6,760,532)</u> | <u>(6,991,921)</u>  |
|    | <u>(2,688,582)</u>  | <u>(3,861,473)</u>  | <u>(4,775,691)</u>  | <u>(4,775,691)</u>  | <u>(5,349,977)</u> | <u>(5,660,389)</u>  |
| \$ | <u>20,993,858</u>   | <u>18,098,971</u>   | <u>18,954,984</u>   | <u>18,954,984</u>   | <u>20,228,310</u>  | <u>23,022,118</u>   |
| \$ | 1,910,723           | \$ (2,611,145)      | \$ (769,473)        | \$ 1,233,400        | \$ (1,159,146)     | \$ (1,126,993)      |
|    | <u>3,185,396</u>    | <u>(4,558,968)</u>  | <u>1,454,303</u>    | <u>6,912,598</u>    | <u>13,234,595</u>  | <u>2,881,380</u>    |
| \$ | <u>5,096,119</u>    | <u>(7,170,113)</u>  | <u>684,830</u>      | <u>8,145,998</u>    | <u>12,075,449</u>  | <u>1,754,387</u>    |

*City of Lake Worth, Florida*

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

|   | <u>2008</u>              | <u>2009</u>              | <u>2010</u>              | <u>2011</u>              |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>General Fund:</b>                      |                          |                          |                          |                          |
| Reserved                                  | \$ 2,487,554             | \$ 559,088               | \$ 1,555,329             | \$ -                     |
| Unreserved, designated                    | 9,602,723                | 6,613,235                | 5,193,918                | -                        |
| Unreserved, undesignated                  | 4,044,241                | -                        | 843,977                  | -                        |
| Nonspendable                              | -                        | -                        | -                        | 1,898,200                |
| Committed                                 | -                        | -                        | -                        | 5,193,918                |
| Assigned                                  | -                        | -                        | -                        | 8,435                    |
| Unassigned                                | -                        | -                        | -                        | 2,015,792                |
| <br>Total General Fund                    | <br><u>\$ 16,134,518</u> | <br><u>\$ 7,172,323</u>  | <br><u>\$ 7,593,224</u>  | <br><u>\$ 9,116,345</u>  |
| <b>All Other Governmental Funds:</b>      |                          |                          |                          |                          |
| Reserved                                  | 5,372,993                | 3,524,765                | 3,300,192                | -                        |
| Unreserved, designated                    | 94,567                   | 4,381,973                | 6,627,823                | -                        |
| Unreserved, undesignated,<br>reported:    |                          |                          |                          |                          |
| Special Revenue Funds                     | 8,316,059                | 2,505,388                | 5,589,788                | -                        |
| Capital Projects Funds                    | 2,448,836                | 4,678,219                | 1,145,425                | -                        |
| Nonspendable                              | -                        | -                        | -                        | 5,651,914                |
| Restricted                                | -                        | -                        | -                        | 3,260,848                |
| Committed                                 | -                        | -                        | -                        | 3,469,027                |
| Assigned                                  | -                        | -                        | -                        | 4,099,589                |
| Unassigned (deficit)                      | -                        | -                        | -                        | -                        |
| <br>Total All Other Governmental<br>Funds | <br><u>16,232,455</u>    | <br><u>15,090,345</u>    | <br><u>16,663,228</u>    | <br><u>16,481,378</u>    |
| <br>Total Governmental<br>Funds           | <br><u>\$ 32,366,973</u> | <br><u>\$ 22,262,668</u> | <br><u>\$ 24,256,452</u> | <br><u>\$ 25,597,723</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>2012</u>          | <u>2013</u>         | <u>2014</u>         | <u>2015</u>         | <u>2016</u>         | <u>2017</u>          |
|----------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| \$ -                 | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                 |
| -                    | -                   | -                   | -                   | -                   | -                    |
| -                    | -                   | -                   | -                   | -                   | -                    |
| 1,551,899            | 26,438              | 22,256              | 18,703              | 11,352              | 13,245               |
| -                    | -                   | -                   | -                   | -                   | -                    |
| 8,435                | 9,462               | 9,267               | 78,156              | 374,534             | 435,487              |
| <u>3,823,324</u>     | <u>4,237,941</u>    | <u>4,359,619</u>    | <u>4,867,733</u>    | <u>5,596,137</u>    | <u>4,406,420</u>     |
| <u>\$ 5,383,658</u>  | <u>\$ 4,273,841</u> | <u>\$ 4,391,142</u> | <u>\$ 4,964,592</u> | <u>\$ 5,982,023</u> | <u>\$ 4,855,152</u>  |
| -                    | -                   | -                   | -                   | -                   | -                    |
| -                    | -                   | -                   | -                   | -                   | -                    |
| -                    | -                   | -                   | -                   | -                   | -                    |
| 3,697                | 16,722              | 15,327              | 74,520              | 8,534               | 8,321                |
| 1,318,521            | 1,631,956           | 1,803,743           | 2,159,736           | 2,882,658           | 22,764,757           |
| 2,709,902            | 2,068,146           | 2,021,065           | 1,692,430           | 1,463,513           | 1,459,827            |
| 5,427,177            | 5,404,534           | 3,601,203           | 2,926,266           | 2,476,999           | 4,284,028            |
| <u>(1,996,104)</u>   | <u>(6,475,512)</u>  | <u>(5,602,675)</u>  | <u>(4,823,306)</u>  | <u>(4,291,069)</u>  | <u>(3,909,745)</u>   |
| <u>7,463,193</u>     | <u>2,645,846</u>    | <u>1,838,663</u>    | <u>2,029,646</u>    | <u>2,540,635</u>    | <u>24,607,188</u>    |
| <u>\$ 12,846,851</u> | <u>\$ 6,919,687</u> | <u>\$ 6,229,805</u> | <u>\$ 6,994,238</u> | <u>\$ 8,522,658</u> | <u>\$ 29,462,340</u> |



*City of Lake Worth, Florida*

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

|   | <u>2008</u>         | <u>2009</u>            | <u>2010</u>         | <u>2011</u>         |
|---|---------------------|------------------------|---------------------|---------------------|
| <b>Revenues:</b>  |                     |                        |                     |                     |
| Property Taxes  | \$ 15,730,702       | \$ 14,784,901          | \$ 7,764,745        | \$ 6,082,587        |
| Utility and Other Taxes                                     | 6,282,858           | 6,419,989              | 6,633,934           | 6,709,122           |
| Licenses and Permits  | 2,023,268           | 1,098,442              | 1,260,724           | 1,122,704           |
| Fines and Forfeitures                                       | 830,403             | 469,519                | 482,635             | 340,140             |
| Charges for Services  | 1,754,532           | 1,372,515              | 2,921,690           | 6,587,720           |
| Intergovernmental   | 9,463,236           | 8,274,109              | 13,058,025          | 10,575,314          |
| Investment Income   | 1,032,231           | 1,168,908              | 360,493             | 146,788             |
| Rents and Royalties   | 248,659             | 240,412                | 267,022             | 28,256              |
| Miscellaneous   | 1,084,215           | 404,767                | 1,307,012           | 204,917             |
| <b>Total Revenues</b>                                       | <u>38,450,104</u>   | <u>34,233,562</u>      | <u>34,056,280</u>   | <u>31,797,548</u>   |
| <b>Expenditures:</b>  |                     |                        |                     |                     |
| Current:  |                     |                        |                     |                     |
| General Government  | 3,015,659           | 3,549,190              | 5,481,014           | 5,743,061           |
| Public Safety   | 25,732,096          | 27,037,184             | 20,011,801          | 19,090,029          |
| Physical Environment  | 446,465             | 2,098,908              | 2,367,405           | 2,351,909           |
| Transportation  | 1,949,482           | 1,276,444              | 1,743,460           | 1,052,798           |
| Culture and Recreation                                      | 3,768,270           | 2,088,088              | 2,406,296           | 2,196,355           |
| Community Redevelopment                                     | 1,416,380           | 1,295,003              | 1,489,780           | 2,257,690           |
| Capital Outlay  | 4,650,066           | 11,366,391             | 3,716,428           | 3,567,570           |
| Debt Service:   |                     |                        |                     |                     |
| Principal   | 1,151,410           | 1,101,956              | 1,212,102           | 1,338,833           |
| Interest and Other Fiscal Charges                           | 360,127             | 310,955                | 274,727             | 237,272             |
| <b>Total Expenditures</b>                                   | <u>42,489,955</u>   | <u>50,124,119</u>      | <u>38,703,013</u>   | <u>37,835,517</u>   |
| Excess (Deficiency) of Revenues<br>Over Expenditures        | <u>(4,039,851)</u>  | <u>(15,890,557)</u>    | <u>(4,646,733)</u>  | <u>(6,037,969)</u>  |
| <b>Other Financing Sources (Uses):</b>                      |                     |                        |                     |                     |
| Transfers In  | 11,075,191          | 21,323,530             | 12,643,285          | 9,577,618           |
| Transfers Out   | (7,835,200)         | (15,537,278)           | (6,002,768)         | (2,198,378)         |
| Advances forgiven   | -                   | -                      | -                   | -                   |
| Debt issuance   | -                   | -                      | -                   | -                   |
| <b>Total Other Financing<br/>Sources (Uses)</b>             | <u>3,239,991</u>    | <u>5,786,252</u>       | <u>6,640,517</u>    | <u>7,379,240</u>    |
| <b>Net Change in Fund Balances</b>                          | <u>\$ (799,860)</u> | <u>\$ (10,104,305)</u> | <u>\$ 1,993,784</u> | <u>\$ 1,341,271</u> |
| Debt Service as a Percentage of<br>Non-Capital Expenditures | 4.16%               | 3.78%                  | 4.44%               | 4.82%               |

|    | <u>2012</u>         | <u>2013</u>        | <u>2014</u>        | <u>2015</u>        | <u>2016</u>        | <u>2017</u>        |
|----|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ | 5,879,132           | \$ 5,646,125       | \$ 5,762,505       | \$ 6,316,354       | \$ 7,217,524       | \$ 7,902,965       |
|    | 6,192,834           | 5,882,323          | 5,311,296          | 5,237,870          | 5,454,398          | 5,556,899          |
|    | 1,311,181           | 1,909,015          | 1,374,635          | 2,306,549          | 2,298,863          | 1,913,624          |
|    | 253,858             | 209,517            | 507,709            | 990,180            | 1,196,984          | 1,136,209          |
|    | 7,326,862           | 6,977,890          | 8,309,647          | 8,113,998          | 8,319,650          | 8,411,704          |
|    | 8,621,673           | 8,144,808          | 6,145,110          | 6,324,240          | 6,521,260          | 8,072,671          |
|    | 85,908              | 50,884             | 72,073             | 99,182             | 73,088             | 98,989             |
|    | 811                 | 22,874             | 21,921             | 21,099             | 20,974             | 20,703             |
|    | 281,729             | 311,550            | 165,899            | 299,088            | 224,878            | 413,554            |
|    | <u>29,953,988</u>   | <u>29,154,986</u>  | <u>27,670,795</u>  | <u>29,708,560</u>  | <u>31,327,619</u>  | <u>33,527,318</u>  |
|    | 6,805,608           | 5,923,710          | 5,751,549          | 5,634,202          | 6,199,180          | 6,917,043          |
|    | 18,293,122          | 19,482,378         | 19,773,044         | 20,326,650         | 20,746,172         | 21,418,839         |
|    | 2,006,693           | 1,837,574          | 1,683,387          | 1,755,019          | 1,773,092          | 2,070,505          |
|    | 875,626             | 1,244,226          | 1,129,732          | 1,284,203          | 1,652,394          | 1,845,235          |
|    | 3,938,839           | 4,102,093          | 4,252,002          | 4,370,469          | 4,606,962          | 5,291,682          |
|    | -                   | -                  | -                  | -                  | -                  | -                  |
|    | 8,338,374           | 4,073,029          | 1,825,165          | 1,719,832          | 2,431,377          | 4,128,562          |
|    | -                   | -                  | -                  | -                  | -                  | -                  |
|    | 21,401              | -                  | -                  | -                  | -                  | 303,736            |
|    | <u>40,279,663</u>   | <u>36,663,010</u>  | <u>34,414,879</u>  | <u>35,090,375</u>  | <u>37,409,177</u>  | <u>41,975,602</u>  |
|    | <u>(10,325,675)</u> | <u>(7,508,024)</u> | <u>(6,744,084)</u> | <u>(5,381,815)</u> | <u>(6,081,558)</u> | <u>(8,448,284)</u> |
|    | 9,338,075           | 8,845,314          | 9,083,001          | 7,503,308          | 6,820,532          | 7,122,980          |
|    | (7,027,852)         | (1,574,972)        | (3,133,939)        | (1,357,060)        | (60,000)           | (131,059)          |
|    | -                   | 238,278            | -                  | -                  | -                  | -                  |
|    | -                   | -                  | -                  | -                  | 849,446            | 22,396,045         |
|    | <u>2,310,223</u>    | <u>7,508,620</u>   | <u>5,949,062</u>   | <u>6,146,248</u>   | <u>7,609,978</u>   | <u>29,387,966</u>  |
| \$ | <u>(8,015,452)</u>  | <u>596</u>         | <u>(795,022)</u>   | <u>764,433</u>     | <u>1,528,420</u>   | <u>20,939,682</u>  |
|    | 0.07%               | 0.00%              | 0.00%              | 0.00%              | 0.00%              | 0.80%              |

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<br>September 30, | Tax Revenue<br>Year | Real Property           |                        |          | Railroad<br>Property | Total<br>Net<br>Assessed<br>Value | Total Direct<br>Tax Rate |
|------------------------------------|---------------------|-------------------------|------------------------|----------|----------------------|-----------------------------------|--------------------------|
|                                    |                     | Residential<br>Property | Commercial<br>Property |          |                      |                                   |                          |
| 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            | 8.76                              |                          |
| 2011                               | 2010                | 1,053,076               | 53,324                 | 3,735    | 1,110,135            | 8.49                              |                          |
| 2012                               | 2011                | 990,200                 | 52,992                 | 3,825    | 1,047,017            | 8.95                              |                          |
| 2013                               | 2012                | 1,041,529               | 51,276                 | 4,350    | 1,097,155            | 8.95                              |                          |
| 2014                               | 2013                | 1,143,415               | 49,839                 | 4,763    | 1,198,017            | 8.95                              |                          |
| 2015                               | 2014                | 1,260,658               | 51,353                 | 5,148    | 1,317,159            | 8.95                              |                          |
| 2016                               | 2015                | 1,415,323               | 51,077                 | 5,596    | 1,471,996            | 8.95                              |                          |
| 2017                               | 2016                | 1,584,396               | 43,122                 | 5,781    | 1,633,299            | 9.70                              |                          |

**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<br>Ended<br>September 30, | City of Lake Worth |                       |      |                 |               |                      |   |  |   |   | Overlapping Rates (1)                           |                                   |       |  | Total Direct<br>and<br>Overlapping<br>Rates |
|---------------------------------------|--------------------|-----------------------|------|-----------------|---------------|----------------------|---|--|---|---|---|-----------------------------------|-------|--|---|
|                                       | Tax Roll<br>Year   | General<br>Operations | MSTU | Debt<br>Service | Total<br>City | Palm Beach<br>County | Palm Beach<br>County<br>School<br>Board | South                                      |   |   | Palm Beach<br>County<br>Health Care<br>District | Children's<br>Services<br>Council |       |  |   |
|                                       |                    |                       |      |                 |               |                      |   | Florida<br>Water<br>Management<br>District | Florida<br>Inland<br>Navigation<br>District | Florida<br>Inland<br>Navigation<br>District |   |                                   |       |  |   |
| 2008                                  | 2007               | 7.30                  | -    | 0.21            | 7.51          | 3.98                 | 7.87                                    | 0.70 *                                     | 0.03  | 0.03  | 0.89  | 0.58                              | 21.56 |  |   |
| 2009                                  | 2008               | 8.07                  | -    | 0.23            | 8.30          | 3.97                 | 7.25                                    | 0.62                                       | 0.03  | 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  | 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  | 0.03  | 1.13  | 0.75                              | 23.81 |  |   |
| 2012                                  | 2011               | 5.49                  | 3.46 | -               | 8.95          | 4.99                 | 7.78                                    | 0.18                                       | 0.03  | 0.03  | 1.12  | 0.73                              | 23.78 |  |   |
| 2013                                  | 2012               | 5.49                  | 3.46 | -               | 8.95          | 4.78                 | 7.78                                    | 0.77                                       | 0.03  | 0.03  | 1.12  | 0.73                              | 24.16 |  |   |
| 2014                                  | 2013               | 5.49                  | 3.46 | -               | 8.95          | 4.78                 | 7.59                                    | 0.74                                       | 0.03  | 0.03  | 1.08  | 0.70                              | 23.87 |  |   |
| 2015                                  | 2014               | 5.49                  | 3.46 | -               | 8.95          | 4.78                 | 7.59                                    | 0.69                                       | 0.03  | 0.03  | 1.05  | 0.67                              | 23.76 |  |   |
| 2016                                  | 2015               | 5.49                  | 3.46 | -               | 8.95          | 4.91                 | 7.08                                    | 0.33                                       | 0.03  | 0.03  | 0.90  | 0.68                              | 22.88 |  |   |
| 2017                                  | 2016               | 5.49                  | 3.46 | 0.75            | 9.70          | 4.90                 | 6.77                                    | 0.31                                       | 0.03  | 0.03  | 0.78  | 0.66                              | 23.15 |  |   |

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<br>September 30, | Total Taxes Levied<br>for Year (2) | Collected Within<br>the Fiscal Year of<br>the Levy (1) |            | Percent of<br>Levy | Collections in<br>Subsequent Year's | Total Collections<br>to Date |            | Percent of<br>Levy |
|------------------------------------|------------------------------------|--|------------|--------------------|-------------------------------------|------------------------------|------------|--------------------|
|                                    |                                    | Amount   | Amount     |                    |                                     | Amount                       | Amount     |                    |
| 2008                               | \$ 15,671,110                      | \$   | 12,547,122 | 80.07%             | \$ 375,536                          | \$                           | 12,922,658 | 82.46%             |
| 2009                               | 15,338,884                         |  | 14,541,337 | 94.80%             | 409,294                             |                              | 14,950,631 | 97.47%             |
| 2010                               | 7,965,615                          |  | 7,434,810  | 93.34%             | 194,277                             |                              | 7,629,087  | 95.78%             |
| 2011                               | 6,096,193                          |  | 5,841,442  | 95.82%             | 206,029                             |                              | 6,047,471  | 99.20%             |
| 2012                               | 5,752,832                          |  | 5,728,138  | 99.57%             | 24,581                              |                              | 5,752,719  | 100.00%            |
| 2013                               | 6,028,316                          |  | 5,429,614  | 90.07%             | 374,692                             |                              | 5,804,306  | 96.28%             |
| 2014                               | 6,561,373                          |  | 5,694,788  | 86.79%             | 132,548                             |                              | 5,827,336  | 88.81%             |
| 2015                               | 6,668,511                          |  | 6,277,985  | 94.14%             | 5,404                               |                              | 6,283,389  | 94.22%             |
| 2016                               | 7,225,095                          |  | 6,951,573  | 96.21%             | -                                   |                              | 6,951,573  | 96.21%             |
| 2017                               | 8,101,969                          |  | 7,796,543  | 96.23%             | -                                   |                              | 7,796,543  | 96.23%             |

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**

|                                  | 2017                 |      |              | 2008                 |      |              |
|----------------------------------|----------------------|------|--------------|----------------------|------|--------------|
|                                  | Taxable              | Rank | Percentage   | Taxable              | Rank | Percentage   |
| LAKE WORTH VILLAGE, LLC          | \$ 20,965,792        | 1    | 1.20%        | -                    | -    | -            |
| CP LOGISTICS LAKE WORTH, LLC     | 19,519,622           | 2    | 1.28%        | -                    | -    | -            |
| PALM CLUB INVESTMENTS, LLC       | 13,373,327           | 3    | 0.82%        | -                    | -    | -            |
| PALM BEACH MOBILE HOME PARK, LLC | 9,199,868            | 4    | 0.56%        | 7,124,371            | 5    | 0.24%        |
| GSG INVESTMENTS                  | 10,515,634           | 5    | 0.64%        | 8,905,538            | 4    | 0.30%        |
| CUBESMART LP                     | 9,980,925            | 6    | 0.61%        | -                    | -    | -            |
| PATRICIA A TACKETT               | 9,094,305            | 7    | 0.56%        | 14,347,202           | 1    | 0.49%        |
| 1920 10TH AVENUE, LLC            | 8,500,000            | 8    | 0.52%        | -                    | -    | -            |
| CUBESMART LP                     | 7,785,101            | 9    | 0.48%        | -                    | -    | -            |
| LAKE WORTH TOWN PLAZA, LLC       | 6,619,989            | 10   | 0.41%        | -                    | -    | -            |
| PALM CLUB APARTMENTS, LLC        | -                    | -    | -            | 11,503,671           | 2    | 0.39%        |
| GP CENTREPOINT, LLC              | -                    | -    | -            | 9,437,060            | 3    | 0.32%        |
| CSC LAKE WROTH LTD PARTNERSHIP   | -                    | -    | -            | 6,806,471            | 6    | 0.23%        |
| LAKE WORTH CORNERS, LLC          | -                    | -    | -            | 6,675,726            | 7    | 0.23%        |
| LAKE OSBORNE SELF STORAGE, LLC   | -                    | -    | -            | 6,665,300            | 8    | 0.23%        |
| WALGREENS CO.                    | -                    | -    | -            | 5,701,913            | 9    | 0.19%        |
| ARBOR SQUARE REALTY CO, LLC      | -                    | -    | -            | 5,452,611            | 10   | 0.18%        |
|                                  | <u>\$ 94,588,771</u> |      | <u>7.08%</u> | <u>\$ 82,619,863</u> |      | <u>2.80%</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<br>September 30, | Amount of Special<br>Assessments Recorded<br>Due During<br>Fiscal Year | Special<br>Assessments<br>Collected | Total<br>Outstanding<br>Assessments (1) |
|------------------------------------|--|-------------------------------------|---|
| 2008                               | \$ 130,620   | \$ 94,587                           | \$ 460,744                              |
| 2009                               | 88,144   | 292,204                             | 256,684                                 |
| 2010                               | 24,901   | 20,641                              | 260,943                                 |
| 2011                               | -  | 148,894                             | 112,049                                 |
| 2012                               | -  | 23,100                              | 88,949                                  |
| 2013                               | -  | 22,707                              | 66,242                                  |
| 2014                               | -  | 25,284                              | 40,958                                  |
| 2015                               | -  | 24,290                              | 16,668                                  |
| 2016                               | -  | 9,064                               | 7,604                                   |
| 2017                               | -  | 7,604                               | -                                       |

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, Island Estates and High Ridge Road Watermain Project.

*City of Lake Worth, Florida*

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

| Fiscal Year Ended<br>September 30, | Primary Government             |                  |                   |                  |                  |                          |               |                                      |          |  |  | Debt<br>Per Capita (1) |
|------------------------------------|--------------------------------|------------------|-------------------|------------------|------------------|--------------------------|---------------|--------------------------------------|----------|--|--|------------------------|
|                                    | Governmental Activities        |                  |                   |                  |                  | Business-Type Activities |               |                                      |          |  |  |                        |
|                                    | General<br>Obligation<br>Bonds | Notes<br>Payable | Capital<br>Leases | Revenue<br>Bonds | Notes<br>Payable | Capital<br>Leases        | Total         | Percent<br>of Personal<br>Income (1) | Debt     |  |  |                        |
| 2008                               | \$ 1,170,000                   | \$ 6,608,023     | \$ 411,686        | \$ 65,066,291    | \$ 6,810,257     | \$ 1,299,841             | \$ 81,366,098 | 4.76%                                | \$ 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    |  |  |                        |
| 2015                               | -                              | -                | -                 | 49,595,000       | 6,223,140        | -                        | 55,818,140    | N/A                                  | 1,482    |  |  |                        |
| 2016                               | -                              | 849,446          | -                 | 43,000,000       | 21,869,067       | -                        | 65,718,513    | N/A                                  | 1,738    |  |  |                        |
| 2017                               | 21,685,000                     | 973,205          | -                 | 39,565,000       | 27,904,081       | -                        | 90,127,286    | N/A                                  | 2,375    |  |  |                        |

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

(1) 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<br>September 30, | General<br>Obligation<br>Bonds | Less: Amounts Available<br>in Debt Service<br>Fund | Net<br>Total | Percentage of Estimated<br>Actual Taxable Value<br>of Property (1) | Per<br>Capita (2) |
|------------------------------------|--------------------------------|--|--------------|--|-------------------|
| 2008                               | \$ 1,170,000                   | \$ (295,341)                                       | \$ 874,659   | 0.04%  | \$ 25             |
| 2009                               | 800,000                        | (262,284)  | 537,716      | 0.02%  | 15                |
| 2010                               | 410,000                        | (255,244)  | 154,756      | 0.01%  | 4                 |
| 2011                               | -                              | (250,208)  | (250,208)    | -0.02%   | (7)               |
| 2012                               | -                              | -  | -            | -  | -                 |
| 2013                               | -                              | -  | -            | -  | -                 |
| 2014                               | -                              | -  | -            | -  | -                 |
| 2015                               | -                              | -  | -            | -  | -                 |
| 2016                               | -                              | -  | -            | -  | -                 |
| 2017                               | 21,685,000                     | -  | 21,685,000   | 1.33%  | 571.47            |

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

(1) See the Schedule of 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, 2017**

|   |                  |
|---|------------------|
| Taxable Assessed Valuation                  | \$ 1,633,299,000 |
| Debt Limit (25% of Valuation)               | 408,324,750      |
| Outstanding Debt:                           | 22,658,205       |
| Debt-Contracting Margin                     | \$ 385,666,545   |
| Percentage Debt-Contracting Limit Remaining | \$ 94.45%        |

NOTE: 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.

*City of Lake Worth, Florida*

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

| <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>                      |                             |  |  |
| Debt Repaid with Property Taxes:         |                             |  |  |
| Palm Beach County                        | \$ 103,305,000              | 0.68%  | 698,914  |
| Palm Beach School Board                  | 12,647,000                  | 0.68%  | 85,564   |
|  | <u>Subtotal</u>             |  | <u>784,478</u>                                     |
| <b>Direct Debt:</b>                      |                             |  |  |
| City of Lake Worth                       | \$ 22,658,205               | 100.00%  | 22,658,205   |
| <b>Total Direct and Overlapping Debt</b> | <u>\$ 138,610,205</u>       |  | <u>\$ 23,442,683</u>                               |

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 \$1,633,298,850 to the total assessed value of taxable property in the overlapping of \$ 241,414,419,000.

*City of Lake Worth, Florida*

**PLEDGED REVENUE COVERAGE  
LAST TEN FISCAL YEARS**

| Fiscal Year<br>Ended<br>September 30, | Sewer<br>Revenue (1) | Less:<br>Operating<br>Expenses (2) | Net<br>Available<br>Revenue | Debt<br>Service<br>Principal | Debt<br>Service<br>Interest | Coverage |
|---------------------------------------|----------------------|------------------------------------|-----------------------------|------------------------------|-----------------------------|----------|
| 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   |
| 2015                                  | 7,328,527            | 5,877,591                          | 1,450,936                   | -                            | -                           | 100.00   |
| 2016                                  | 7,784,279            | 6,093,835                          | 1,690,444                   | -                            | -                           | 100.00   |
| 2017                                  | 7,214,779            | 6,504,503                          | 710,276                     | -                            | -                           | 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<br>Ended<br>September 30, | Electric<br>Revenue (1) | Less:<br>Operating<br>Expenses (2) | Net<br>Available<br>Revenue | Debt<br>Service<br>Principal | Debt<br>Service<br>Interest | Coverage |
|---------------------------------------|-------------------------|------------------------------------|-----------------------------|------------------------------|-----------------------------|----------|
|                                       |                         |                                    |                             |                              |                             |          |
| 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     |
| 2015                                  | 54,399,160              | 46,526,432                         | 7,872,728                   | 1,627,500                    | 642,765                     | 3.47     |
| 2016                                  | 57,161,737              | 44,823,917                         | 12,337,820                  | (3)                          | 576,200                     | 21.41    |
| 2017                                  | 55,991,458              | 50,603,851                         | 5,387,607                   | (3)                          | 1,450,893                   | 1.70     |

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.
- (3) Debt service principal payments were made early for the Utility System Refunding Revenue Bonds.

*City of Lake Worth, Florida*

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

| Fiscal Year<br>Ended<br>September 30, | Water<br>Revenue (1) | Less:<br>Operating<br>Expenses (2) | Net<br>Available<br>Revenue | Debt<br>Service<br>Principal | Debt<br>Service<br>Interest | Coverage |
|---------------------------------------|----------------------|------------------------------------|-----------------------------|------------------------------|-----------------------------|----------|
|                                       |                      |                                    |                             |                              |                             |          |
| 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     |
| 2015                                  | 13,258,306           | 6,437,459                          | 6,820,847                   | 1,933,319                    | 804,048                     | 2.49     |
| 2016                                  | 14,161,798           | 6,748,708                          | 7,413,090                   | 313,895                      | 153,207                     | 15.87    |
| 2017                                  | 14,768,650           | 7,468,404                          | 7,300,246                   | 2,031,395                    | 1,171,760                   | 2.28     |

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.
- (3) Debt service principal payments were made early for the Water Revenue Bond.

*City of Lake Worth, Florida*

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

| <b>Year</b> | <b>Population (1)</b> | <b>Personal Income<br/>(Amounts Expressed<br/>in Thousands) (4)</b> | <b>Per Capita<br/>Personal<br/>Income (4)</b> | <b>Assessed Value<br/>(Amounts Expressed<br/>in Thousands) (2)</b> | <b>Per Capita<br/>Assessed<br/>Value</b> | <b>Unemployment<br/>Rate (3)</b> |
|-------------|-----------------------|---|---|--|--|----------------------------------|
| 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   | 1,097,155  | 30,858                                   | 6.6%                             |
| 2014        | 37,145                | N/A   | N/A   | 1,198,017  | 32,252                                   | 6.2%                             |
| 2015        | 37,674                | N/A   | N/A   | 1,317,159  | 34,962                                   | 5.1%                             |
| 2016        | 37,803                | N/A   | 68,743  | 1,471,996  | 38,939                                   | 5.8%                             |
| 2017        | 37,946                | N/A   | N/A   | 1,633,299  | 43,043                                   | 4.5%                             |

**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<br>Employer | 2017                   |      |   | 2008         |          |   |
|---|------------------------|------|---|--------------|----------|---|
|   | Number of<br>Employees | Rank | Percentage of<br>Total County<br>Employment | Employees    | Rank     | Percentage of<br>Total County<br>Employment |
| City of Lake Worth                      | 316                    | 1    |   | 21,707       | 1        | 3.42%                                       |
| Lake Worth High School                  | 266                    | 2    |   | 4,500        | 3        | 0.71%                                       |
| Publix (214 N. Dixie Hwy.)              | 161                    | 3    |   | 11,293       | 2        | 1.78%                                       |
| Highland Elementary                     | 142                    | 4    |   | -            | -        | -   |
| Wayne Akers Ford                        | 140                    | 5    |   | -            | -        | -   |
| Medicana Nursing & Rehab                | 127                    | 6    |   | -            | -        | -   |
| North Grade Elementary                  | 125                    | 7    |   | 2,923        | 6        | 0.46%                                       |
| Publix (1910 Lake Worth Rd.)            | 116                    | 8    |   | -            | -        | 0.00%                                       |
| Lake Worth Middle School                | 112                    | 9    |   | -            | -        | 0.00%                                       |
| Barton Elementary                       | 111                    | 10   |   | -            | -        | 0.00%                                       |
|   | <u>1,616</u>           |      |   | <u>3,411</u> | <u>4</u> | <u>0.54%</u>                                |
| School Board of Palm Beach County       | 21,200                 | 1    | 3.13%                                       | 2,200        | 8        | 0.35%                                       |
| Tenet Healthcare Corp                   | 6,136                  | 2    | 0.91%                                       | 1,860        | 10       | 0.29%                                       |
| Palm Beach County                       | 5,928                  | 3    | 0.87%                                       | 2,180        | 9        | 0.34%                                       |
| NextEra Energy Headquarters             | 4,021                  | 4    | 0.59%                                       | 2,300        | 7        | 0.36%                                       |
| Hospital Corporation of America-HCA     | 3,550                  | 5    | 0.52%                                       | 3,250        | 5        | 0.51%                                       |
| Boca Raton Regional Hospital            | 2,800                  | 6    | 0.41%                                       | 55,624       |          | 8.76%                                       |
| Florida Atlantic University             | 2,761                  | 7    | 0.41%                                       |              |          |   |
| Veterans Health Administration          | 2,468                  | 8    | 0.36%                                       |              |          |   |
| Bethesda Health, Inc.                   | 2,200                  | 9    | 0.32%                                       |              |          |   |
| Office Depot                            | 2,034                  | 10   | 0.30%                                       |              |          |   |
| HCA                                     | -                      | -    | -   |              |          |   |
| City of Boca Raton                      | -                      | -    | -   |              |          |   |
| Boca Raton Community Hospital           | -                      | -    | -   |              |          |   |
| Office Depot                            | -                      | -    | -   |              |          |   |
| The Breakers                            | -                      | -    | -   |              |          |   |
| Florida Power & Light Headquarters      | -                      | -    | -   |              |          |   |
| Total                                   | <u>53,098</u>          |      | <u>7.82%</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**

|                                  | 2008       | 2009       | 2010       | 2011       | 2012       | 2013       | 2014       | 2015       | 2016       | 2017       |
|----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Number of Employees:</b>      |            |            |            |            |            |            |            |            |            |            |
| General Government               | 74         | 118        | 96         | 66         | 69         | 63         | 65         | 71         | 73         | 78         |
| Public Safety                    | 197        | 186        | 9          | 14         | 10         | 12         | 14         | 13         | 12         | 14         |
| Physical Environment             | 3          | 4          | 4          | 15         | 13         | 13         | 13         | 15         | 13         | 20         |
| Transportation                   | 0          | 0          | 7          | 7          | 4          | 3          | 11         | 8          | 11         | 16         |
| Culture and Recreation           | 59         | 73         | 30         | 42         | 16         | 20         | 28         | 19         | 22         | 25         |
| Community Redevelopment          | 2          | 3          | 2          | 2          | 6          | 7          | 2          | 2          | 2          | 4          |
| Electric                         | 82         | 84         | 89         | 72         | 88         | 72         | 66         | 73         | 67         | 71         |
| Water and Sewer                  | 40         | 40         | 44         | 44         | 39         | 48         | 47         | 55         | 48         | 55         |
| Refuse                           | 30         | 31         | 30         | 28         | 28         | 30         | 30         | 30         | 28         | 33         |
| <b>Total Full Time Employees</b> | <b>487</b> | <b>539</b> | <b>311</b> | <b>290</b> | <b>273</b> | <b>268</b> | <b>276</b> | <b>286</b> | <b>276</b> | <b>316</b> |



*City of Lake Worth, Florida*

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

| Function/Program               | 2008         | 2009       | 2010       | 2011          |
|--------------------------------|--------------|------------|------------|---------------|
| <b>Public Safety:</b>          |              |            |            |               |
| Police Calls for Service       | 35,773       | -          | -          | -             |
| Parking Violations             | 1,077        | -          | -          | -             |
| Traffic Violations             | 9,212        | -          | -          | -             |
| <b>Fire:</b>                   |              |            |            |               |
| Fire Personnel                 | 61           | -          | -          | -             |
| Fire Alarms Answered           | 239          | -          | -          | -             |
| Fire Inspections Performed     | 2,200        | -          | -          | -             |
| <b>Building Department:</b>    |              |            |            |               |
| Building Permits Issued-Res.   | 3,198        | 2,090      | 1,560      | 1,211         |
| Building Permits Issued-Com.   | 699          | 1,041      | 616        | 641           |
| <b>Culture and Recreation:</b> |              |            |            |               |
| Golf Course-Attendance         | *            | 60,000     | 43,425     | 42,500        |
| Swimming Pool-Attendance       | *            | 15,000     | 13,000     | @             |
| Fishing Pier-Attendance        | **           | 100,000    | 77,000     | 65,644        |
| <b>Public Library:</b>         |              |            |            |               |
| Circulation-All Media          | 83,336       | 86,665     | 101,345    | 155,274       |
| Patrons Registered             | 20,460       | 17,053     | 22,079     | 19,511        |
| Patrons Registered-Inside City | 15,205       | 13,014     | 15,505     | 14,567        |
| <b>Utility System:</b>         |              |            |            |               |
| <b>Water:</b>                  |              |            |            |               |
| Total Number of Bills          | 150,843      | 12,581     | 12,494     | 150,255       |
| Number of Units Billed         | 1,819,050    | 153,394    | 142,208    | 1,706,506     |
| Total Amount Billed            | \$ 9,695,764 | \$ 844,862 | \$ 904,388 | \$ 10,852,667 |
| Average Selling Price          | \$ 3.54      | \$ 5.51    | \$ 6.35    | \$ 6.36       |
| Average Bill                   | \$ 64.28     | \$ 67.15   | \$ 72.38   | \$ 72.39      |
| Number of Connections          | 12,570       | 12,102     | 12,353     | 12,216        |
| Water Main Breaks              | 22           | 26         | 48         | 22            |
| <b>Sewer:</b>                  |              |            |            |               |
| Total Number of Bills          | 137,800      | 11,493     | 11,410     | 136,945       |
| Number of Units Billed         | 1,214,722    | 103,251    | 98,100     | 1,177,201     |
| Total Amount Billed            | \$ 4,947,558 | \$ 448,921 | \$ 500,733 | \$ 6,534,005  |
| Average Selling Price          | \$ 4.07      | \$ 4.35    | \$ 5.10    | \$ 5.55       |
| Average Bill                   | \$ 35.90     | \$ 39.06   | \$ 43.88   | \$ 47.72      |
| Number of Connections          | 11,387       | 11,925     | 11,097     | 11,108        |

Sources: Various City Departments

\* - Information unavailable.

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

|    | <u>2012</u> | <u>2013</u>   | <u>2014</u>   | <u>2015</u>   | <u>2016</u>   | <u>2017</u>   |
|----|-------------|---------------|---------------|---------------|---------------|---------------|
|    | -           | -             | -             | -             | -             | -             |
|    | -           | -             | -             | -             | -             | -             |
|    | -           | -             | -             | -             | -             | -             |
|    | -           | -             | -             | -             | -             | -             |
|    | -           | -             | -             | -             | -             | -             |
|    | -           | -             | -             | -             | -             | -             |
|    | 1,309       | 2,170         | 1,702         | 2,050         | 2,503         | 2,224         |
|    | 480         | 500           | 425           | 703           | 657           | 751           |
|    | 38,199      | 42,983        | 59,367        | 42,103        | 34,554        | 39,218        |
|    | @           | @             | 8,118         | 13,143        | 13,304        | @             |
|    | 72,799      | 78,102        | 90,250        | 87,258        | 88,264        | 89,240        |
|    | 83,790      | 81,256        | 62,454        | 44,599        | 48,112        | 43,321        |
|    | 21,457      | 22,398        | 23,565        | 19,548        | 15,490        | 15,696        |
|    | 16,281      | 17,444        | 17,355        | 14,867        | 11,325        | 11,421        |
|    | 153,898     | 156,219       | 157,646       | 161,573       | 160,395       | 161,410       |
|    | 15,217,786  | 14,782,623    | 15,698,399    | 16,135,064    | 15,881,991    | 15,995,970    |
| \$ | 12,045,014  | \$ 11,338,385 | \$ 11,791,811 | \$ 13,318,069 | \$ 13,345,940 | \$ 13,709,754 |
| \$ | 0.79        | \$ 0.77       | \$ 0.76       | \$ 0.83       | \$ 0.84       | \$ 0.86       |
| \$ | 78.27       | \$ 72.58      | \$ 74.80      | \$ 82.43      | \$ 83.21      | \$ 84.94      |
|    | 12,301      | *             | *             | *             | *             | *             |
|    | 30          | *             | *             | *             | *             | *             |
|    | 138,412     | 140,700       | 142,187       | 143,379       | 146,821       | 147,742       |
|    | 11,345,142  | 14,219,556    | 11,603,213    | 11,929,331    | 12,216,102    | 12,408,208    |
| \$ | 7,224,736   | \$ 6,856,410  | \$ 6,003,365  | \$ 6,725,422  | \$ 7,018,882  | \$ 7,283,007  |
| \$ | 0.64        | \$ 0.62       | \$ 0.52       | \$ 0.57       | \$ 0.57       | \$ 0.59       |
| \$ | 52.20       | \$ 48.73      | \$ 42.23      | \$ 47.00      | \$ 48.00      | \$ 49.30      |
|    | 11,106      | 11,268        | 11,192        | 11,216        | 11,218        | 12,194        |

@ - Swimming pool closed during fiscal year.

*City of Lake Worth, Florida*

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

| Function/Program              | 2008          | 2009          | 2010          | 2011          |
|-------------------------------|---------------|---------------|---------------|---------------|
| <b>Electric:</b>              |               |               |               |               |
| <b>Residential Customers:</b> |               |               |               |               |
| Total Number of Bills         | 271,292       | 265,185       | 262,069       | 260,891       |
| Number of Units Billed        | 307,201,231   | 411,030,957   | 689,827,968   | 661,734,180   |
| Total Amount Billed           | \$ 32,390,473 | \$ 31,994,781 | \$ 33,189,172 | \$ 31,217,074 |
| Average Selling Price         | \$ 0.11       | \$ 0.08       | \$ 0.05       | \$ 0.05       |
| Average Bill                  | \$ 119.39     | \$ 120.65     | \$ 126.64     | \$ 119.66     |
| <b>Commercial Customers:</b>  |               |               |               |               |
| Total Number of Bills         | 34,978        | 34,037        | 33,374        | 35,400        |
| Number of Units Billed        | 149,655,436   | 123,394,255   | 197,727,801   | 253,410,443   |
| Total Amount Billed           | \$ 12,904,732 | \$ 13,120,479 | \$ 12,743,567 | \$ 16,866,100 |
| Average Selling Price         | \$ 0.09       | \$ 0.11       | \$ 0.06       | \$ 0.07       |
| Average Bill                  | \$ 368.94     | \$ 385.48     | \$ 381.84     | \$ 476.45     |
| <b>Private Area Lighting:</b> |               |               |               |               |
| Total Number of Bills         | 7,277         | 7,010         | 6,810         | 6,739         |
| Number of Units Billed        | 2,438,972     | 2,397,284     | 2,333,560     | 2,070,352     |
| Total Amount Billed           | \$ 224,179    | \$ 215,961    | \$ 203,917    | \$ 202,599    |
| Average Selling Price         | \$ 0.09       | \$ 0.09       | \$ 0.09       | \$ 0.10       |
| Average Bill                  | \$ 30.81      | \$ 30.81      | \$ 29.94      | \$ 30.06      |
| <b>Commercial Demand:</b>     |               |               |               |               |
| Total Number of Bills         | 1,002         | 975           | 932           | 908           |
| Number of Units Billed        | 69,995,720    | 60,015,027    | 106,862,451   | 93,041,066    |
| Total Amount Billed           | \$ 8,458,129  | \$ 7,927,918  | \$ 7,825,890  | \$ 6,169,848  |
| Average Selling Price         | \$ 0.12       | \$ 0.13       | \$ 0.07       | \$ 0.07       |
| Average Bill                  | \$ 8,441.25   | \$ 8,131.20   | \$ 8,396.88   | \$ 6,794.99   |
| <b>Street Lights:</b>         |               |               |               |               |
| Total Number of Bills         | 95            | 103           | 108           | 108           |
| Number of Units Billed        | 4,937,232     | 4,969,264     | 4,974,384     | 4,359,714     |
| Total Amount Billed           | \$ 378,043    | \$ 372,785    | \$ 364,262    | \$ 355,775    |
| Average Selling Price         | \$ 0.08       | \$ 0.08       | \$ 0.07       | \$ 0.09       |
| Average Bill                  | \$ 3,979.40   | \$ 3,619.27   | \$ 3,372.80   | \$ 3,294.22   |
| <b>Solid waste:</b>           |               |               |               |               |
| Residential accounts          | 10,509        | 935           | 22            | 9             |
| Commercial accounts           | 1,135         | 1,107         | 1,083         | 1,068         |

Sources: Various City Departments.

|    | 2012        | 2013          | 2014          | 2015          | 2016          | 2017          |
|----|-------------|---------------|---------------|---------------|---------------|---------------|
|    | 236,321     | 268,028       | 271,926       | 281,016       | 283,149       | 285,434       |
|    | 670,732,013 | 450,714,920   | 307,934,950   | 324,881,383   | 329,044,873   | 329,388,680   |
| \$ | 30,357,449  | \$ 28,629,223 | \$ 30,515,277 | \$ 33,156,771 | \$ 32,802,475 | \$ 32,786,766 |
| \$ | 0.05        | \$ 0.07       | \$ 0.10       | \$ 0.11       | \$ 0.10       | \$ 0.10       |
| \$ | 128.46      | \$ 106.82     | \$ 112.22     | \$ 117.99     | \$ 115.85     | \$ 114.87     |
|    | 33,758      | 35,538        | 36,429        | 37,561        | 37,674        | 37,677        |
|    | 190,521,820 | 136,281,598   | 108,714,074   | 152,817,241   | 125,097,776   | 127,896,107   |
| \$ | 11,852,622  | \$ 14,807,277 | \$ 15,057,782 | \$ 15,645,193 | \$ 15,573,116 | \$ 15,893,259 |
| \$ | 0.06        | \$ 0.11       | \$ 0.14       | \$ 0.11       | \$ 0.12       | \$ 0.12       |
| \$ | 351.11      | \$ 416.66     | \$ 413.35     | \$ 416.50     | \$ 413.37     | \$ 421.83     |
|    | 6,558       | 6,484         | 6,488         | 6,574         | 6,536         | 6,556         |
|    | 2,339,530   | 2,349,288     | 1,260,696     | 1,235,578     | 1,193,692     | 1,200,994     |
| \$ | 201,083     | \$ 201,892    | \$ 226,235    | \$ 220,335    | \$ 216,292    | \$ 217,297    |
| \$ | 0.09        | \$ 0.09       | \$ 0.18       | \$ 0.18       | \$ 0.18       | \$ 0.18       |
| \$ | 30.66       | \$ 31.14      | \$ 34.87      | \$ 33.52      | \$ 33.09      | \$ 33.14      |
|    | 1,056       | 1,055         | 1,029         | 1,032         | 1,034         | 1,031         |
|    | 122,380,220 | 54,570,150    | 56,307,954    | 53,104,190    | 52,771,310    | 52,555,086    |
| \$ | 7,571,587   | \$ 6,042,329  | \$ 6,202,544  | \$ 5,869,258  | \$ 5,855,878  | \$ 5,641,515  |
| \$ | 0.06        | \$ 0.11       | \$ 0.11       | \$ 0.11       | \$ 0.11       | \$ 0.11       |
| \$ | 7,170.06    | \$ 5,727.33   | \$ 6,027.74   | \$ 5,687.27   | \$ 5,663.32   | \$ 5,417.89   |
|    | 108         | 104           | 112           | 108           | 112           | 109           |
|    | 5,013,600   | 4,978,576     | 2,541,824     | 2,506,800     | 2,568,936     | 2,592,168     |
| \$ | 360,750     | \$ 385,599    | \$ 385,858    | \$ 383,706    | \$ 392,298    | \$ 395,382    |
| \$ | 0.07        | \$ 0.08       | \$ 0.16       | \$ 0.16       | \$ 0.15       | \$ 0.15       |
| \$ | 3,340.28    | \$ 3,707.69   | \$ 3,445.16   | \$ 3,552.84   | \$ 3,502.66   | \$ 3,627.36   |
|    | 8           | 3             | 24            | 42            | 34            | 37            |
|    | 1,085       | 1,086         | 1,104         | 1,136         | 1,127         | 1,129         |

*City of Lake Worth, Florida*

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

| Function/Program               | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>General Government:</b>     |       |       |       |       |       |       |       |       |       |       |
| Number of Buildings            | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| <b>Public Safety:</b>          |       |       |       |       |       |       |       |       |       |       |
| Police:                        |       |       |       |       |       |       |       |       |       |       |
| Police Stations                | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Patrol Units                   | 35    | -     | -     | -     | -     | -     | -     | -     | -     | -     |
| Fire:                          |       |       |       |       |       |       |       |       |       |       |
| Fire Stations                  | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
| <b>Transportation:</b>         |       |       |       |       |       |       |       |       |       |       |
| Miles of Streets:              |       |       |       |       |       |       |       |       |       |       |
| Streets-Paved                  | 102   | 102   | 102   | 102   | 102   | 102   | 102   | 102   | 102   | 116   |
| Streets-Unpaved                | 17    | 17    | 17    | 17    | 17    | 17    | 17    | 17    | 17    | 23    |
| Number of Street Lights        | 4,102 | 4,102 | 4,102 | 4,102 | 4,102 | 4,102 | 4,102 | 4,102 | 4,305 | 4,526 |
| <b>Culture and Recreation:</b> |       |       |       |       |       |       |       |       |       |       |
| Parks                          | 18    | 11    | 11    | 11    | 11    | 11    | 11    | 11    | 11    | 11    |
| Parks Acreage                  | 267   | 267   | 267   | 267   | 267   | 267   | 267   | 267   | 267   | 267   |
| Tennis Courts                  | 7     | 8     | 8     | 8     | 8     | 8     | 8     | 8     | 7     | 7     |
| Baseball/Softball Fields       | 9     | 9     | 10    | 10    | 10    | 10    | 10    | 10    | 6     | 8     |
| In/Outdoor Basketball Courts   | 18    | 4     | 4     | 4     | 4     | 4     | 4     | 4     | 4     | 4     |
| Public Boat Ramps              | 2     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Community Centers              | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 1     | 1     |
| 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     |
| <b>Utility System:</b>         |       |       |       |       |       |       |       |       |       |       |
| Fire Hydrants                  | 684   | 695   | 941   | 959   | 964   | 976   | 996   | 1,003 | 1,034 | 1,081 |
| <b>Solid Waste:</b>            |       |       |       |       |       |       |       |       |       |       |
| Collection Trucks              | 27    | 21    | 22    | 22    | 22    | 22    | 22    | 22    | 23    | 26    |
| <b>Water System:</b>           |       |       |       |       |       |       |       |       |       |       |
| Total Wells                    | 18    | 18    | 18    | 18    | 18    | 16    | 16    | 17    | 15    | 15    |
| Usable Wells                   | 12    | 12    | 12    | 17    | 17    | 14    | 13    | 15    | 15    | 15    |
| Miles of Water Lines           | 167   | 161   | 157   | 156   | 156   | 156   | 156   | 157   | 156   | 165   |
| <b>Sewer System:</b>           |       |       |       |       |       |       |       |       |       |       |
| Miles of Sewer Lines           | 99    | 100   | 100   | 98    | 98    | 98    | 98    | 98    | 114   | 117   |
| <b>Electric system:</b>        |       |       |       |       |       |       |       |       |       |       |
| 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   | 290   |

Sources: Various City Departments.

***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, 2017, 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 26, 2018. 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, 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.

City of Lake Worth, Florida

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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 of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

### **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 26, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended September 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2017.

## 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 the Uniform Guidance, 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
June 26, 2018

## 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, 2017, and have issued our report thereon dated June 26, 2018.

### 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

### Other Reports Requirements

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 Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance; Schedule of Findings and Questioned Costs; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated June 26, 2018, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. 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 and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate 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 to identify 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.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate 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.

### **Annual Financial Report**

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the City, for the fiscal year ended September 30, 2017, 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, 2017. 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, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide 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 did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 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 Commission, 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 26, 2018



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, 2017. Management is responsible for the City's compliance with the specific requirements. Our responsibility is to express an opinion on the City's compliance with the specific requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

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 26, 2018

*City of Lake Worth, Florida*

**Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended September 30, 2017**

| Federal Agency/Pass-Through Grantor/Program Title                                  | CFDA Number | Contract/<br>Grant<br>Number | Expenditures   |
|--|-------------|------------------------------|----------------|
| <b>Federal Awards:</b>   |             |                              |                |
| <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:<br>Tropical and Barton      | 14.218      | R2016-0067                   | 492,602        |
| 11th Avenue Project  | 14.218      | R2015-1560                   | 212,790        |
| Osborn Park Pavillion  | 14.218      | R2015-1791                   | 60,000         |
| Domino Park Pavillion  | 14.218      | R2016-0067                   | 34,813         |
| Total U.S. Department of Housing and Urban Development                             |             |                              | <u>800,205</u> |
| <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              | 472,141        |
| <b><u>U.S. Department of Justice:</u></b>  |             |                              |                |
| <b>Direct Program</b>  |             |                              |                |
| Edward Byrne Memorial Justice Assistance Grant Program:<br>Justice Assistance 2015 | 16.738      | 2015-DJ-BX-0687              | 23,379         |
| Justice Assistance 2016  | 16.738      | 2016-DJ-BX-0687              | 9,009          |
| Total U.S. Department of Justice   |             |                              | <u>32,388</u>  |
| <b><u>Federal Department of Transportation</u></b>                                 |             |                              |                |
| <b>Passed through the Florida Department of Transportation</b>                     |             |                              |                |
| Highway Planning and Construction:<br>5th Avenue South Greenway                    | 20.205      | R2016-0066                   | 12,668         |

*City of Lake Worth, Florida*

**Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended September 30, 2017  
(continued)**

| Federal Agency/Pass-Through Grantor/Program Title  | CFDA Number | Contract/<br>Grant<br>Number | Expenditures        |
|--|-------------|------------------------------|---------------------|
| <b>U.S. Environmental Protection Agency:</b>   |             |                              |                     |
| Passed through the State of Florida Department of Environmental Protection<br>Capitalization Grants for Drinking Water State Revolving Funds | 66.468      | DW501710                     | 1,920,315           |
| <b>Total Expenditures of Federal Awards</b>  |             |                              | <b>\$ 3,237,717</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, 2017***

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#### **Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the City of Lake Worth, Florida (the "City"). The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

#### **Note 2: Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, as well as other applicable provisions of contracts and grant agreements, wherein certain types of expenditures are not allowable or are limited as to reimbursements, as applicable.

#### **Note 3: 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.

#### **Note 4: Indirect Cost Rate**

The City did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

*City of Lake Worth, Florida*

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**Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2017**

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**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 the Uniform Guidance.
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 a major program is as follows:

**Federal Program:**

**Federal CFDA No.**

United States Environmental Protection Agency  
Passed through the State of Florida Department  
of Environmental Protection -  
Capitalization Grants for Drinking Water State  
Revolving Funds

66.468

8. The dollar threshold used to distinguish between Type A and Type B programs was \$ 750,000 for the major federal programs.
9. The City of Lake Worth, Florida was determined to be a low-risk auditee pursuant to the Uniform Guidance.

**B. Findings - Financial Statements Audit**

No matters are reported.

**C. Findings and Questioned Costs - Major Federal Award Programs**

No matters are reported.

**Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2017  
(continued)**

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**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 the Uniform Guidance.

**E. Other Matters and Recommendations**

**Current Year Financial Management Findings**

**2017-01: Inventory**

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 and properly stated on the financial statements.

Condition

During the course of our audit, we noted several discrepancies in the physical count of the inventory as of September 30, 2017. The inventory reports did not agree to the physical count that was conducted.

Condition

Established internal controls for the City's inventory were not implemented.

Effect

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

Recommendation

We recommend that the City improves its physical inventory count procedures to ensure that inventory is fairly stated on the financial statements.

Management's Response

Management accepts the finding and recommendation. A new process has been implemented in June 2018 to conduct an inventory cycle count to ensure that all inventory items will be counted within a twelve (12) month period. One section of inventory will be cycle counted at the close of each month, floor to book. Variances will be reconciled to the system. Each subsequent month will follow with the adjacent section to the previous month. This will improve the number of discrepancies as more frequent monitoring is administered. Also, any inventory items that are of high value will be counted monthly. We are in the process of identifying the high value items.

***Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2017  
(continued)***

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**2017-02: Staffing Needs**

Criteria

The Finance Department should have appropriate staffing to properly record, reconcile and report all financial transactions of the City in a timely manner.

Condition

The demands on the Finance Department's time are numerous and conflicting. While many municipalities are looking for ways in which the finance function can play an increased role in strategic decisions, new regulations and increased complexity are adding to the basic duties that demand attention from the Finance Department.

It was apparent that the recent reduction of accounting/finance staff is putting a strain on the current personnel to complete their responsibilities in a timely manner. For example, we noted that there was a significant increase in the work backlog and in the time required to close the books. The situation will likely only get more difficult as the City grows and transactions and reporting requirements increase. We recommend that the City Manager, along with the Interim Finance Director, assess the current need for additional staffing of the Finance Department.

Cause

Staff level reductions and/or increased responsibilities of the Finance Department's personnel.

Effect

Financial reports and transactions are not recorded and reconciled in a timely manner.

Recommendation

We recommend that the City assess the current level of staff required by the Finance Department.

Management's Response

Management accepts the finding and recommendation. The Finance Department is currently assessing the appropriate levels of staffing required to enhance the effectiveness and efficiency of the Finance Department.





*City of Lake Worth, Florida*

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