

City of Lake Worth Beach, Florida



Comprehensive Annual Financial Report For Fiscal Year Ended September 30, 2019

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CITY OF LAKE WORTH BEACH, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019

Prepared by
City of Lake Worth Beach Finance Department

City of Lake Worth Beach, Florida



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INTRODUCTORY SECTION

City of Lake Worth Beach, Florida





July 30, 2020

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Lake Worth Beach, Florida (the "City"), for the fiscal year ended September 30, 2019. 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. However, due to uncontrollable circumstances related to COVID-19, the City was unable to meet this deadline. 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.

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.

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.

Keefe McCullough, our independent auditors, has issued an unmodified opinion on the City of Lake Worth Beach's financial statements for the fiscal year ended September 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

City of Lake Worth Beach, Florida

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. The 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.

Lake Worth Beach is a dynamic, multi-cultural city with a strong social and environmental consciousness. People are drawn to the City by its independent character, acceptance of different cultures and lifestyles, many historic structures, hip downtown, and distinctive residential neighborhoods. The City has a rich history and is protective of its historic architectural fabric. Over 1,000 historic buildings contribute to the human scale and charm of the downtown and residential areas.

The City is the geographic and artistic center of Palm Beach County. The downtown is considered the artistic soul of Lake Worth Beach with a historic theater and a museum, live music clubs, coffee houses, art galleries, antique malls, retail stores, and many restaurants.

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.

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, Debt Service Fund and Capital Project Funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department (by fund) level. The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances generally are reappropriated as part of the following year's budget adoption. 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.

Administrative budget transfers may occur upon approval of the City Manager as long as the department budget within a fund is not increased. Budget amendments are submitted quarterly to Council for their consideration and in accordance with state law are posted to the City's website within five days of adoption.

LOCAL ECONOMY

The City obtains a significant portion of its General Fund annual financial resources from ad valorem property taxes. Lake Worth Beach 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 \$ 1,047,017,000. Although valuations have increased to bring the City up to \$ 1,999,455,000 in 2019, 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 approximately 25% and properties do not have a taxable value high enough to yield tax revenue necessary for basic services. The City has adopted a strategy of attracting investment by removing disincentives to investment while building stability through best practices and innovative approaches to rules and regulations.

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

As of the City's fiscal year end, September 30, 2019, the City's unemployment rate improved slightly to 3.2% but was lower than the State of Florida's rate of 3.4% and the national rate of 3.5%. The City of Lake Worth Beach'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 2019 provided resources of approximately \$ 9.7 million or 26% of the General Fund budgeted expenditures of approximately \$ 36.8 million.

City of Lake Worth Beach, Florida

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 Beach 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.

In prior years, the City did not have the tools to track and project revenues, expenditures and utility rates for electric, water, sewer and stormwater beyond a five-year period. To overcome this challenge, the City has processed all of the major funds through an integrated financial system using multiple real time scenarios to model the best mix of working capital, appropriate levels of capital projects, adequate fund reserves, more accurate utility rates for residents and cash flow levels over a ten year projection period. This integrated financial modelling provides both short-term and long-term information to aid in a better decision-making process.

The City's electric utility provides electricity to its customers using a variety of electric production resources. Among them are the City's entitlements in various Florida Municipal Power Agency (FMPA) projects, the City's own solar farm build atop a closed City landfill, the City's power plant, and a contract with Orlando Utilities Commission for supplemental energy and capacity effective 1/1/2019 with a term of up to seven years. The City has also entered into 20 year contracts for the purchase of solar energy from FMPA project(s) that are expected to begin operation in late 2023, which will allow the City's electric utility to achieve the status of having greater than 50% of its energy supply sourced from carbon-free resources and one of the lowest carbon footprints in the state of Florida.

The City's electric utility is currently undertaking upgrades of its' electric transmission and distribution systems under its System Hardening and Reliability Improvement Program (SHRIP). The program includes a continuation of its efforts to upgrade components of its transmission system, convert lower voltage electric distribution systems to higher operating voltages, replacing aged components with newer versions designed to withstand category 5 storm wind loads, adding new technology to more rapidly identify outages and restore service, adding field switching and sectionalizing capability to isolate areas of outages and minimize the number of customers impacted by outages, etc.

City of Lake Worth Beach, Florida

The City is also conducting a cost of service study of the electric utility, as well as cash flow modeling as a part of the annual budgeting process, that will help ensure that the financial stability of the City's electric utility operations is maintained.

The City's other enterprise utilities which include water, sewer and stormwater activities are also being analyzed for additional infrastructure improvements including groundwater infiltration and treatment in the wastewater system.

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 2019, the City of Lake Worth Beach 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 also investing.

Comprehensive Plan

The City of Lake Worth Beach 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, 2019 with an effective date of June 1, 2019. 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 for \$ 1.5 million for FY 19/20 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 were completed as of December 2018. Similarly, all roads in Program Year 2 were completed as of December 2019. Additionally, the City ran under budget for the combined Program Year 1 and 2. Program Year 3 design contracts were awarded in February 2018 and currently under construction. For a City of less than seven square miles, a \$ 40 million investment in roads represents a major commitment to itself.

COVID-19

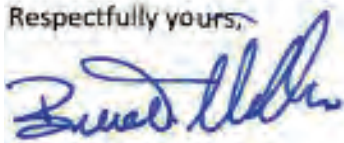
The coronavirus (COVID-19) has resulted in disruption of City operations and caused global, national and local economies to experience significant declines. However, the City has taken steps and will continue to make efforts to protect the safety and well-being of our residents. The City has also taken steps that will ensure continued financial stability. With the guidance of our City leadership we are hopeful that we will come out of this pandemic stronger than ever.

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 Beach for its comprehensive annual financial report for the fiscal year ended September 30, 2018. 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,



Bruce Miller
Finance Director



Michael Bornstein
City Manager

City of Lake Worth Beach, Florida





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, 2018

Christopher P. Morill

Executive Director/CEO

City of Lake Worth Beach, Florida

List of Principal Officers For the Fiscal Year Ended September 30, 2019

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 Beach 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 3	Andy Amoroso
Commissioner - District 1	Scott Maxwell
Commissioner - District 2	Omari Hardy
Commissioner - District 4	Herman Robinson

Management Team:

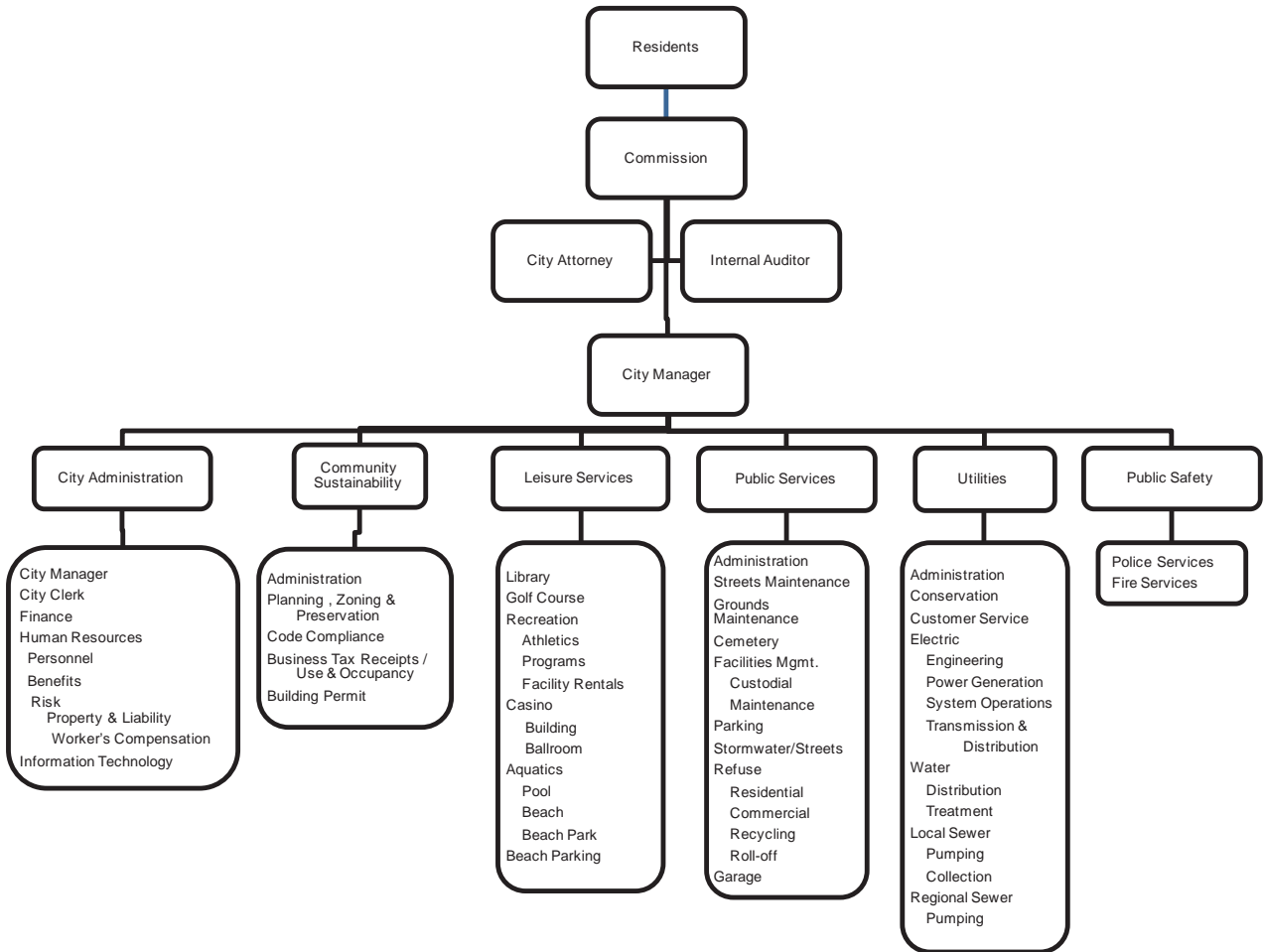
City Manager	Michael Bornstein
Assistant City Manager	Juan Ruiz
City Attorney	Glen J. Torcivia
City Clerk	Debbie Andrea
Community Sustainability Director	William Waters
Finance Director	Bruce Miller
Acting Information Technology Director	Nelly Peralta
Human Resources Director	Loren Slaydon
Public Services Director	Jamie Brown
Water & Sewer Utility Director	Brian Shields
Electric Utility Director	Edward Liberty
Internal Auditor	William Brown
Leisure Services Director	Lauren Bennett

Community Redevelopment Agency:

Executive Director	Joan Oliva
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City of Lake Worth Beach, Florida

Organizational Chart For the Fiscal Year Ended September 30, 2019



FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Commission
City of Lake Worth Beach, 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 Beach, Florida (the "City"), as of and for the year ended September 30, 2019, 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 Beach, Florida, as of September 30, 2019, 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 77 through 84, 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 combining and individual nonmajor fund financial statements and budgetary comparison schedules 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 and budgetary comparison schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

City of Lake Worth Beach, 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 July 30, 2020, 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
July 30, 2020

City of Lake Worth Beach, Florida



City of Lake Worth Beach, Florida

*Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2019*

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, 2019. 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 \$ 172,430,337. Of this amount, \$ 8,141,560 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, 2019 increased by \$ 6,557,943 as a result of this year's operations.
- At the end of the current fiscal year, the governmental funds reported combined fund balances of \$ 31,909,256, a decrease of \$ 3,605,144 in comparison to the prior year. The decrease is mainly attributed to capital outlay expenditures in the Neighborhood Road Program Fund. Of the total fund balances reported in governmental funds, \$ 4,852,376 was unassigned in the General Fund. This was an increase of \$ 969,235 from 2018.
- At September 30, 2019, the governmental activities had total loans outstanding balance of \$ 39,783,306, a decrease of \$ 736,132 in comparison to the prior year. The decrease is due to debt service payments.
- At September 30, 2019, the Utilities Department had total loans outstanding of \$ 66,505,991 including a revenue bond in the amount of \$ 36,035,000, note payable of \$ 19,828,311 and state revolving loans for \$ 10,642,680. 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 \$ 19,828,311 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. The state revolving loans were obtained to help fund the construction of the Reverse Osmosis Water Treatment Plant and to help fund the replacement of the 2" watermain lines 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 through 15 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 85 to 90 in this report.

The basic governmental fund financial statements can be found on pages 16 to 19 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 110 to 113.

City of Lake Worth Beach, Florida

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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 106 to 109. The basic proprietary fund financial statements can be found on pages 20 to 25 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 26 and 27 of this report. In addition, the combining schedules are presented on pages 114 to 115 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 28 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 73 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 85 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.

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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	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 34,456	\$ 40,286	\$ 98,833	\$ 107,412	\$ 133,289	\$ 147,698
Capital assets	78,278	70,658	157,014	146,067	235,292	216,725
Total assets	112,734	110,944	255,847	253,479	368,581	364,423
Total deferred outflows of resources	8,548	8,815	5,083	5,018	13,631	13,833
Total assets and deferred outflows	\$ 121,282	\$ 119,759	\$ 260,930	\$ 258,497	\$ 382,212	\$ 378,256
Liabilities:						
Current liabilities	\$ 5,128	\$ 5,676	\$ 14,307	\$ 14,224	\$ 19,435	\$ 19,900
Noncurrent liabilities	92,517	95,500	94,651	96,135	187,168	191,635
Total liabilities	97,645	101,176	108,958	110,359	206,603	211,535
Deferred inflows of resources:	2,026	574	1,153	1,174	3,179	1,748
Total liabilities and deferred inflows	99,671	101,750	110,111	111,533	209,782	213,283
Net Position:						
Net investment in capital assets	55,218	57,137	95,692	90,094	150,910	147,231
Restricted	4,501	3,621	8,877	8,798	13,378	12,419
Unrestricted (deficit)	(38,108)	(42,749)	46,250	48,072	8,142	5,323
Total net position	21,611	18,009	150,819	146,964	172,430	164,973
Total liabilities, deferred intflows and net position	\$ 121,282	\$ 119,759	\$ 260,930	\$ 258,497	\$ 382,212	\$ 378,256

As shown in Table A-1, net position amounted to approximately \$ 172 million in fiscal 2019. 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 \$ 147.2 million in fiscal 2018 to approximately \$ 150.9 million in fiscal 2019, primarily due to the current year's additions to capital assets. The decrease in current and other assets from approximately \$ 147.7 million in 2018 to approximately \$ 133.3 million in 2019 is primarily due to financing capital on a pay as you go basis, which decreased the cash position.

An additional portion of the City's net position, \$ 13.4 million represents resources that are subject to restrictions on how they may be used. The remaining balance of approximately \$ 8.1 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	
	2019	2018	2019	2018	2019	2018
General Revenues:						
Taxes	\$ 24,662	\$ 22,534	\$ -	\$ -	\$ 24,662	\$ 22,534
Intergovernmental - unrestricted	1,689	1,647	-	-	1,689	1,647
Investment earnings - unrestricted	1,076	400	1,380	580	2,456	980
Miscellaneous	209	295	1,058	1,344	1,267	1,639
Charges for services	9,834	8,376	95,412	91,300	105,246	99,676
Operating grants and contributions	45	543	-	-	45	543
Capital grants and contributions	1,030	657	907	620	1,937	1,277
Total revenues	38,545	34,452	98,757	93,844	137,302	128,296
Expenses:						
General government	6,231	3,962	-	-	6,231	3,962
Public safety	21,711	20,375	-	-	21,711	20,375
Physical environment	3,619	2,433	-	-	3,619	2,433
Transportation	5,652	4,344	-	-	5,652	4,344
Culture and recreation	6,653	6,892	-	-	6,653	6,892
Interest and fiscal charges	1,412	1,298	-	-	1,412	1,298
Electric utility	-	-	52,460	56,924	52,460	56,924
Water utility	-	-	12,713	11,663	12,713	11,663
Local sewer	-	-	8,886	8,892	8,886	8,892
Regional sewer	-	-	4,805	6,535	4,805	6,535
Stormwater utility	-	-	1,453	1,383	1,453	1,383
Refuse collection and disposal	-	-	5,150	4,615	5,150	4,615
Total expenses	45,278	39,304	85,467	90,012	130,745	129,316
Increase (decrease) in net position before transfers	(6,733)	(4,852)	13,290	3,832	6,557	(1,020)
Transfers	10,335	7,876	(10,335)	(9,246)	-	(1,370)
Change in net position	3,602	3,024	2,955	(5,414)	6,557	(2,390)
Net position, beginning	18,009	14,985	146,964	152,378	164,973	167,363
Restatement, Note 15	-	-	900	-	900	-
Net position, ending	\$ 21,611	\$ 18,009	\$ 150,819	\$ 146,964	\$ 172,430	\$ 164,973

Governmental Activities:

Total revenues increased by approximately \$ 4.1 million primarily due to an increase in taxes and charges for services. Total expenses increased by approximately \$ 6.0 million during the same period.

Business-Type Activities:

For the City's business-type activities, the results for the current fiscal year increased overall net position by approximately \$ 3.0 million to reach approximately \$ 150.8 million. Revenues increased by approximately \$ 4.9 million primarily due to increased usage and expenses decreased by \$ 4.5 million during the same period due to decreased costs in various enterprise funds.

Financial Analysis of the City's Funds

Governmental Funds

At September 30, 2019, the City's governmental funds reported combined fund balances of approximately \$ 31.9 million, a decrease of approximately \$ 3.6 million in comparison to the prior year. Approximately 59% or \$ 18.7 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 \$ 4.9 million compared to approximately \$ 3.9 million in 2018. The unassigned fund balance represents approximately 99% of the overall fund balance at September 30, 2019. The General Fund recognized approximately \$ 28.5 million of revenue during the year, offset by approximately \$ 36.0 million of expenditures. Property taxes increased to approximately \$ 9.7 million from approximately \$ 8.7 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 \$.4 million to approximately \$ 20.7 million, still representing the largest portion (57.4%) 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 consistent with prior year and resulted in a decrease in the deficit fund balance of approximately \$.2 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 2018, the City issued General Obligation Bond Series 2018 in the amount of \$ 17,295,000. This was the second and final tranche of the \$ 40 million dollar bond authorization. The program spent \$ 9.3 million in 2019. All funds will be expended by the end of 2020.

Proprietary Funds

Operating revenues in the enterprise funds increased by approximately \$ 4.1 million. Operating revenue from electric operations increased approximately \$.8 million due to increased usage. The local sewer increased by approximately \$.7 million. Water operations increased by approximately \$ 1.1 million due to increased usage. Operating expenses in the enterprise funds decreased by approximately \$ 4.5 million due to decreased costs in various enterprise funds.

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General Fund Budgetary Highlights

The General Fund's budgeted revenues remained the same while expenditures increased by approximately \$ 381,000 from the original budget. The actual revenues were approximately \$.3 million higher than the budget. The City's final actual expenditures through cost saving measures were approximately \$.8 million less than budget.

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

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2019, the City's investment in capital assets for its governmental and business-type activities amounts to approximately \$ 235.2 million invested in a variety of capital assets, which represents a net increase (additions, deductions and depreciation) of approximately \$ 18.4 million or 8.5%. Construction-in-progress decreased approximately \$ 2.8 million to a total of approximately \$ 30.7 million. The increase in capital assets is mainly attributable to various infrastructure projects throughout the City. Additional information on the City's capital assets can be found in Note 7 beginning on page 46.

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 8.4	\$ 8.4	\$ 2.6	\$ 2.6	\$ 11.0	\$ 11.0
Construction in progress	10.7	17.2	20.0	16.3	30.7	33.5
Land improvements	7.0	7.0	0.5	0.5	7.5	7.5
Buildings and structures	32.7	32.1	99.2	98.4	131.9	130.5
Infrastructure	89.7	72.7	162.1	150.2	251.8	222.9
Machinery and equipment	4.4	4.1	33.5	33.2	37.9	37.3
Vehicles	1.4	1.3	12.8	12.2	14.2	13.5
Total capital assets	154.3	142.8	330.7	313.4	485.0	456.2
Accumulated depreciation	(76.1)	(72.1)	(173.7)	(166.4)	(249.8)	(238.5)
Net capital assets	\$ 78.2	\$ 70.7	\$ 157.0	\$ 147.0	\$ 235.2	\$ 217.7

Debt Administration

As of September 30, 2019, the City had debt outstanding of approximately \$ 106.3 million. Of this amount, approximately \$ 66.5 million and \$ 38.8 million are secured by specific enterprise fund and governmental fund revenue sources, respectively.

City of Lake Worth Beach, Florida

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue bonds	\$ 38.9	\$ 39.6	\$ 36.0	\$ 39.6	\$ 74.9	\$ 79.2
Notes payable	0.9	0.9	30.5	29.3	31.4	30.2
Total	\$ 39.8	\$ 40.5	\$ 66.5	\$ 68.9	\$ 106.3	\$ 109.4

The City's long-term debt decreased by approximately \$ 3.1 million or 3.0% 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 50 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 2019-2020 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 2020, they are estimated to continue this trend.
- The City's total assessed value for the tax year 2019 or fiscal year 2020 increased by approximately 8.5% or approximately \$ 200,000,000.
- The General Fund budget for 2020 of approximately \$ 36.7 million is approximately \$ 50 thousand less than the fiscal year 2019 amended budget. The budget was kept stable in order to help preserve fund balance.
- 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 2020, the rates for the business-type activities were recommended by rate studies conducted by consultants and reflect increases of 3.0% for water rates and 7.5% 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 2020 budget maintains and improves service levels wherever possible, with the restraint of gradual increases in revenues. The City of Lake Worth Beach, 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 2020, the City of Lake Worth Beach 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.

On March 1, 2020, the Governor of the State of Florida declared a Public Health Emergency as a result of the Novel Coronavirus Disease 2019 (COVID-19), and signed an Executive Order declaring State of Emergency on March 9, 2020. Throughout the pandemic, the City and Palm Beach County issued orders designed to protect the health and well-being of the community, to create social distancing, and to minimize contact in an effort to limit community spread of COVID-19.

The COVID-19 coronavirus outbreak has resulted in disruption of the City operations. Global and local economies are experiencing significant declines. The impact of COVID-19 to the City's operational and financial performance is unknown at this time.

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 Beach, Finance Department, 7 North Dixie Highway, Lake Worth, FL 33460.

City of Lake Worth Beach, Florida



City of Lake Worth Beach, Florida

**Statement of Net Position
September 30, 2019**

	<i>Primary Government</i>			<i>Component Unit</i>
	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>	
Assets:				
Cash and cash equivalents	\$ 2,903,332	\$ 4,975,056	\$ 7,878,388	\$ 2,738,143
Investments	35,227,477	33,763,155	68,990,632	1,162,364
Accounts receivable, net	1,868,957	12,699,034	14,567,991	13,962
Accrued interest receivable	22,523	122,335	144,858	-
Internal balances	(5,837,160)	5,839,687	2,527	-
Inventories	8,383	4,439,793	4,448,176	-
Land held for resale	237,861	-	237,861	11,277,291
Prepaid items	24,820	59,935	84,755	14,991
Restricted assets:				
Cash and cash equivalents	-	879,873	879,873	-
Investments	-	8,131,868	8,131,868	-
Deposits	-	1,316,174	1,316,174	-
Investment in joint venture	-	26,606,196	26,606,196	-
Capital assets:				
Nondepreciable	19,150,026	22,642,178	41,792,204	2,622,727
Depreciable, net	59,127,994	134,371,469	193,499,463	6,161,207
Total assets	112,734,213	255,846,753	368,580,966	23,990,685
Deferred outflows of resources:				
Deferred outflows relating to pensions	8,366,773	4,097,798	12,464,571	-
Deferred outflows relating to OPEB	181,354	172,370	353,724	-
Deferred charge on refunding	-	813,054	813,054	-
Total deferred outflows of resources	8,548,127	5,083,222	13,631,349	-
Total assets and deferred outflows of resources	\$ 121,282,340	\$ 260,929,975	\$ 382,212,315	\$ 23,990,685
Liabilities:				
Accounts and contracts payable	\$ 2,512,662	\$ 4,642,831	\$ 7,155,493	\$ 42,209
Accrued liabilities	534,546	2,981,146	3,515,692	12,024
Accrued interest payable	357,139	544,254	901,393	-
Due to primary government	-	-	-	2,527
Unearned revenue	877,416	-	877,416	-
Liabilities payable from restricted assets	-	738,059	738,059	-
Due within one year:				
Notes payable	50,664	1,716,405	1,767,069	521,875
Bonds payable	730,000	3,625,000	4,355,000	-
Compensated absences	65,475	59,417	124,892	-
Due in more than a year:				
Notes payable	831,581	28,754,586	29,586,167	3,131,250
Bonds payable	38,171,061	32,410,000	70,581,061	-
Compensated absences	589,273	535,690	1,124,963	-
Insurance claims payable	-	2,312,785	2,312,785	-
OPEB liability	1,078,932	1,025,483	2,104,415	-
Deposits payable	-	6,615,599	6,615,599	-
Net pension liability	51,846,284	22,996,798	74,843,082	-
Total liabilities	97,645,033	108,958,053	206,603,086	3,709,885

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

City of Lake Worth Beach, Florida

Statement of Net Position (continued)
September 30, 2019

	<i>Primary Government</i>			<i>Component Unit</i>
	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>	
Deferred inflows of resources:				
Deferred inflows relating to pensions	2,015,258	1,142,527	3,157,785	-
Deferred inflows relating to OPEB	10,824	10,283	21,107	-
Total deferred inflows of resources	2,026,082	1,152,810	3,178,892	-
Net position:				
Net investment in capital assets	55,217,776	95,692,038	150,909,814	5,130,809
Restricted for:				
Debt service	1,914	5,341,405	5,343,319	-
Working capital	-	1,468,198	1,468,198	-
Renewal and replacement	-	2,067,606	2,067,606	-
Grants	286,031	-	286,031	-
Public safety	4,213,809	-	4,213,809	-
Community redevelopment	-	-	-	6,393,314
Unrestricted (deficit)	(38,108,305)	46,249,865	8,141,560	8,756,677
Total net position	21,611,225	150,819,112	172,430,337	20,280,800
Total liabilities, deferred inflows of resources and net position	\$ 121,282,340	\$ 260,929,975	\$ 382,212,315	\$ 23,990,685

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

City of Lake Worth Beach, Florida

**Statement of Activities
For the Fiscal Year Ended September 30, 2019**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 6,230,789	\$ 3,286,187	\$ -	\$ 700,106	\$ (2,244,496)	\$ -	\$ (2,244,496)
Public safety	21,711,159	1,564,369	31,425	90,000	(20,025,365)	-	(20,025,365)
Physical environment	3,618,684	20,175	-	-	(3,598,509)	-	(3,598,509)
Transportation	5,652,177	2,347,327	-	-	(3,304,850)	-	(3,304,850)
Culture and recreation	6,652,731	2,616,295	13,710	239,799	(3,782,927)	-	(3,782,927)
Interest and fiscal charges	1,412,098	-	-	-	(1,412,098)	-	(1,412,098)
Total governmental activities	45,277,638	9,834,353	45,135	1,029,905	(34,368,245)	-	(34,368,245)
Business-type activities:							
Electric	52,460,343	55,128,532	-	-	-	2,668,189	2,668,189
Water	12,713,290	15,121,045	-	705,944	-	3,113,699	3,113,699
Local sewer	8,885,400	7,770,255	-	201,549	-	(913,596)	(913,596)
Regional sewer	4,804,777	9,056,597	-	-	-	4,251,820	4,251,820
Stormwater utility	1,452,752	1,892,168	-	-	-	439,416	439,416
Refuse collection and disposal	5,150,043	6,443,982	-	-	-	1,293,939	1,293,939
Total business-type activities	85,466,605	95,412,579	-	907,493	-	10,853,467	10,853,467
Total primary government	\$ 130,744,243	\$ 105,246,932	\$ 45,135	\$ 1,937,398	(34,368,245)	10,853,467	(23,514,778)
Component unit:							
Lake Worth CRA	\$ 740,903	\$ -	\$ -	\$ 1,174,623			433,720
General revenues:							
Taxes:							
Property and other taxes					12,236,801	-	12,236,801
Franchise fees based on gross receipts					130,486	-	130,486
Utility services taxes					5,378,990	-	5,378,990
Gas taxes					964,304	-	964,304
State and other shared revenues					5,949,913	-	5,949,913
Intergovernmental - unrestricted					1,689,341	-	1,689,341
Investment income - unrestricted					1,076,109	1,379,774	2,455,883
Miscellaneous					209,266	1,057,737	1,267,003
Transfers					10,335,423	(10,335,423)	-
Total general revenues and transfers					37,970,633	(7,897,912)	30,072,721
Change in net position					3,602,388	2,955,555	6,557,943
Net position, beginning of year, as restated, Note 15					18,008,837	147,863,557	165,872,394
Net position, end of year					\$ 21,611,225	\$ 150,819,112	\$ 172,430,337

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

City of Lake Worth Beach, Florida

Balance Sheet
Governmental Funds
September 30, 2019

	<u>General</u>	<u>Beach Fund</u>	<u>Neighborhood Road Program Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 664,181	\$ 135,645	\$ 44,370	\$ 2,059,136	\$ 2,903,332
Investments	3,214,193	1,690,909	16,973,094	13,349,281	35,227,477
Accounts receivable, net	1,224,434	6,689	-	637,834	1,868,957
Accrued interest receivable	8,155	1,524	-	12,844	22,523
Inventories	-	-	-	8,383	8,383
Land held for resale	-	-	-	237,861	237,861
Prepaid items	20,856	-	-	3,964	24,820
Due from other funds	1,332,527	-	-	50,000	1,382,527
Advances to other funds	-	-	-	385,000	385,000
Total assets	\$ 6,464,346	\$ 1,834,767	\$ 17,017,464	\$ 16,744,303	\$ 42,060,880
Liabilities:					
Accounts and contracts payable	\$ 372,390	\$ 39,176	\$ 1,601,897	\$ 499,199	\$ 2,512,662
Accrued liabilities	394,494	95,633	-	44,419	534,546
Due to other funds	-	550,000	1,200,000	130,000	1,880,000
Advances from other funds	-	4,347,000	-	-	4,347,000
Unearned revenue	814,963	-	-	62,453	877,416
Total liabilities	1,581,847	5,031,809	2,801,897	736,071	10,151,624
Fund balances:					
Nonspendable:					
Prepaid items	20,856	-	-	3,964	24,820
Inventories	-	-	-	8,383	8,383
Restricted for:					
Public safety	-	-	-	4,213,809	4,213,809
Grants	-	-	-	286,031	286,031
Capital projects	-	-	14,215,567	-	14,215,567
Debt service	-	-	-	1,914	1,914
Committed to:					
Parking improvements	-	-	-	68,844	68,844
Public safety	-	-	-	860,156	860,156
Tree preservation	-	-	-	14,607	14,607
Energy conservation	-	-	-	279,397	279,397
Culture and recreation	-	-	-	194,845	194,845
Assigned to:					
Capital projects	-	-	-	10,232,006	10,232,006
Housing initiative	9,267	-	-	-	9,267
Unassigned (deficit)	4,852,376	(3,197,042)	-	(155,724)	1,499,610
Total fund balances (deficit)	4,882,499	(3,197,042)	14,215,567	16,008,232	31,909,256
Total liabilities and fund balances	\$ 6,464,346	\$ 1,834,767	\$ 17,017,464	\$ 16,744,303	\$ 42,060,880

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

City of Lake Worth Beach, Florida

**Reconciliation of Total Governmental Fund Balances
To Net Position of Governmental Activities
September 30, 2019**

Total governmental fund balances		\$ 31,909,256
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities, net of depreciation, are not financial resources and, therefore, are not reported in the fund.		78,278,020
Accrued interest payable not reported in the governmental funds.		(357,139)
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	\$ (38,901,061)	
Notes payable	(882,245)	
Net pension liability	(51,846,284)	
OPEB liability	(1,078,932)	
Compensated absences	(654,748)	(93,363,270)
Certain funds related to pension assets and liabilities are not reported in the governmental funds:		
Deferred outflows relating to pensions	\$ 8,366,773	
Deferred inflows relating to pensions	(2,015,258)	
Deferred outflows relating to OPEB	181,354	
Deferred inflows relating to OPEB	(10,824)	6,522,045
Internal service fund net position	\$ 8,637,926	
Less due to business-type activities for "Look Back" allocation	(10,015,613)	(1,377,687)
Net position of governmental activities		\$ <u>21,611,225</u>

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

City of Lake Worth Beach, Florida

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2019**

	<u>General</u>	<u>Beach Fund</u>	<u>Neighborhood Road Program Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 9,701,123	\$ -	\$ -	\$ 1,997,489	\$ 11,698,612
Utility and other taxes	5,233,131	-	-	415,019	5,648,150
Licenses and permits	1,291,043	-	-	1,475,326	2,766,369
Fines and forfeitures	927,405	272,736	-	-	1,200,141
Charges for services	5,708,539	3,293,077	-	1,353,397	10,355,013
Intergovernmental	5,386,153	-	-	4,070,038	9,456,191
Investment income	155,904	50,735	548,681	320,888	1,076,208
Rents and royalties	19,841	-	-	-	19,841
Miscellaneous	41,582	137,441	-	302,408	481,431
Total revenues	<u>28,464,721</u>	<u>3,753,989</u>	<u>548,681</u>	<u>9,934,565</u>	<u>42,701,956</u>
Expenditures:					
Current:					
General government	8,198,890	-	-	1,336,166	9,535,056
Public safety	20,677,889	-	-	1,350,953	22,028,842
Physical environment	2,519,514	-	-	299	2,519,813
Transportation	1,919,595	588,742	-	330,937	2,839,274
Culture and recreation	2,461,140	2,348,486	-	1,177,255	5,986,881
Capital outlay	176,638	582,317	9,286,848	1,596,608	11,642,411
Debt service:					
Principal	47,238	-	-	655,000	702,238
Interest	28,030	-	-	1,359,978	1,388,008
Total expenditures	<u>36,028,934</u>	<u>3,519,545</u>	<u>9,286,848</u>	<u>7,807,196</u>	<u>56,642,523</u>
Excess (deficiency) of revenues over expenditures	<u>(7,564,213)</u>	<u>234,444</u>	<u>(8,738,167)</u>	<u>2,127,369</u>	<u>(13,940,567)</u>
Other financing sources (uses):					
Transfers in	7,821,663	-	-	2,841,970	10,663,633
Transfers out	(25,000)	-	-	(303,210)	(328,210)
Total other financing sources	<u>7,796,663</u>	<u>-</u>	<u>-</u>	<u>2,538,760</u>	<u>10,335,423</u>
Net change in fund balances	232,450	234,444	(8,738,167)	4,666,129	(3,605,144)
Fund balances (deficit), beginning of year	<u>4,650,049</u>	<u>(3,431,486)</u>	<u>22,953,734</u>	<u>11,342,103</u>	<u>35,514,400</u>
Fund balances (deficit), end of year	<u>\$ 4,882,499</u>	<u>\$ (3,197,042)</u>	<u>\$ 14,215,567</u>	<u>\$ 16,008,232</u>	<u>\$ 31,909,256</u>

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

City of Lake Worth Beach, 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, 2019**

Net change in fund balances, total governmental funds \$ (3,605,144)

Amounts reported for governmental activities in the statement of activities are different because:

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:

Capital outlay	\$	11,642,411	
Depreciation expense		(4,022,132)	7,620,279

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. (205,098)

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:

Change in accrued interest payable	\$	(24,090)	
Change in notes payable		47,238	
Change in revenue bonds		655,000	
Amortization of bond premium		33,894	
Change in compensated absences		1,098	
Change in net OPEB liability		(96,345)	
Change in net pension liability		2,232,413	2,849,208

Certain changes related to pension assets and liabilities are not reported in the net change in the governmental funds:

Change in deferred outflows relating to pensions	\$	(329,903)	
Change in deferred inflows relating to pensions		(1,462,745)	
Change in deferred outflows relating to OPEB		63,294	
Change in deferred inflows relating to OPEB		10,821	(1,718,533)

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:

Internal service fund change in net position	\$	(2,683,485)	
Current year "Look Back" allocation to Enterprise Funds		1,345,161	(1,338,324)

Change in net position of governmental activities \$ 3,602,388

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

City of Lake Worth Beach, Florida

**Statement of Net Position - Proprietary Funds
September 30, 2019**

	<i>Business-type activities - Enterprise Funds</i>						
	Major		Regional		Nonmajor		Total
	Electric	Water	Local Sewer	Sewer	Enterprise Funds	Enterprise Funds	Internal Service Funds
Assets:							
Current assets:							
Cash and cash equivalents	\$ 3,416,986	\$ 225,524	\$ 141,070	\$ 128,661	\$ 296,386	\$ 4,208,627	\$ 766,429
Investments	4,352,828	7,261,176	1,589,160	803,916	10,577,845	24,584,925	9,178,230
Restricted assets:							
Cash and cash equivalents	282,743	288,649	-	-	-	571,392	-
Accounts receivable, net	8,838,063	1,770,984	929,347	751,878	399,164	12,689,436	9,598
Accrued interest receivable	18,408	38,830	25,501	3,481	21,005	107,225	15,110
Due from other funds	-	333,333	-	-	-	333,333	166,667
Inventories	4,099,060	218,454	-	-	-	4,317,514	122,279
Prepaid items	59,666	-	-	-	-	59,666	269
Total current assets	21,067,754	10,136,950	2,685,078	1,687,936	11,294,400	46,872,118	10,258,582
Non-current assets:							
Restricted assets:							
Cash and cash equivalents	-	-	-	308,481	-	308,481	-
Investments	5,325,864	1,525,059	-	1,280,945	-	8,131,868	-
Deposits	1,316,174	-	-	-	-	1,316,174	-
Advances to other funds	-	2,639,667	-	-	-	2,639,667	1,322,333
Investment in joint venture	-	-	-	26,606,196	-	26,606,196	-
Capital assets:							
Land	1,527,194	307,148	5,750	-	732,046	2,572,138	-
Construction in progress	8,423,533	8,719,306	673,512	356,298	1,897,391	20,070,040	-
Land improvements	216,163	-	6,570	4,602	241,637	468,972	-
Buildings and structures	40,597,626	52,448,604	5,829,936	20,325	296,994	99,193,485	-
Infrastructure	49,873,148	51,935,630	29,693,197	25,769,272	4,827,975	162,099,222	-
Machinery and equipment	25,125,074	4,881,192	919,955	293,898	526,240	31,746,359	1,776,946
Vehicles	2,900,665	477,531	1,558,983	77,418	3,943,917	8,958,514	3,855,395
Accumulated depreciation	(83,741,812)	(36,998,093)	(24,195,654)	(19,314,486)	(5,593,709)	(169,843,754)	(3,883,670)
Total non-current assets	51,563,629	85,936,044	14,492,249	35,402,949	6,872,491	194,267,362	3,071,004
Total assets	72,631,383	96,072,994	17,177,327	37,090,885	18,166,891	241,139,480	13,329,586

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

City of Lake Worth Beach, Florida

Statement of Net Position - Proprietary Funds (continued)
September 30, 2019

	<i>Business-type activities - Enterprise Funds</i>						
	Major			Regional		Nonmajor	Total
	Electric	Water	Local Sewer	Sewer	Enterprise Funds	Enterprise Funds	Internal Service Funds
Deferred outflows of resources:							
Deferred outflows relating to pensions	2,286,696	721,831	346,840	72,091	670,340	4,097,798	-
Deferred outflows relating to OPEB	90,660	33,215	10,788	885	36,822	172,370	-
Deferred charge on refunding	408,177	404,877	-	-	-	813,054	-
Total deferred outflows of resources	2,785,533	1,159,923	357,628	72,976	707,162	5,083,222	-
Total assets and deferred outflows of resources	\$ 75,416,916	\$ 97,232,917	\$ 17,534,955	\$ 37,163,861	\$ 18,874,053	\$ 246,222,702	\$ 13,329,586
Liabilities:							
Current liabilities:							
Accounts and contracts payable	\$ 1,457,257	\$ 501,129	\$ 21,596	\$ 67,191	\$ 329,200	\$ 2,376,373	\$ 2,266,458
Accrued liabilities	2,762,532	59,749	33,654	4,763	50,868	2,911,566	69,580
Accrued interest payable	241,434	302,820	-	-	-	544,254	-
Compensated absences	24,696	10,698	4,204	-	17,708	57,306	2,111
Notes payable	743,711	972,694	-	-	-	1,716,405	-
Revenue bonds payable	1,812,500	1,812,500	-	-	-	3,625,000	-
Payable from restricted assets:							
Accounts and contracts payable	587,255	128,984	-	21,820	-	738,059	-
Total current liabilities	7,629,385	3,788,574	59,454	93,774	397,776	11,968,963	2,338,149
Non-current liabilities:							
Insurance claims payable	-	-	-	-	-	-	2,312,785
Compensated absences	308,132	95,121	33,769	-	57,942	494,964	40,726
OPEB liability	539,363	197,604	64,184	5,262	219,070	1,025,483	-
Notes payable	12,387,254	16,367,332	-	-	-	28,754,586	-
Revenue bonds payable	16,205,000	16,205,000	-	-	-	32,410,000	-
Net pension liability	13,491,214	3,480,319	1,645,643	457,283	3,922,339	22,996,798	-
Payable from restricted assets:							
Deposits payable	5,349,337	1,266,262	-	-	-	6,615,599	-
Total non-current liabilities	48,280,300	37,611,638	1,743,596	462,545	4,199,351	92,297,430	2,353,511
Total liabilities	55,909,685	41,400,212	1,803,050	556,319	4,597,127	104,266,393	4,691,660

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

City of Lake Worth Beach, Florida

Statement of Net Position - Proprietary Funds (continued)
September 30, 2019

	<i>Business-type activities - Enterprise Funds</i>					
	Major			Nonmajor		Total
	Electric	Water	Local Sewer	Regional Sewer	Enterprise Funds	Enterprise Funds
Deferred inflows of resources:						
Deferred inflows relating to pensions	684,336	166,360	73,991	23,766	194,074	1,142,527
Deferred inflows relating to OPEB	5,409	1,982	643	52	2,197	10,283
Total deferred inflows of resources	689,745	168,342	74,634	23,818	196,271	1,152,810
Net position:						
Net investment in capital assets	18,919,912	46,517,453	14,492,249	7,192,352	6,821,401	93,943,367
Restricted for:						
Debt service	2,556,211	2,785,194	-	-	-	5,341,405
Working capital	1,316,174	152,024	-	-	-	1,468,198
Renewal & replacement	250,000	250,000	-	1,567,606	-	2,067,606
Unrestricted (deficit)	(4,224,811)	5,959,692	1,165,022	27,823,766	7,259,254	37,982,923
Total net position	18,817,486	55,664,363	15,657,271	36,583,724	14,080,655	140,803,499
Total liabilities, deferred inflows of resources and net position	\$ 75,416,916	\$ 97,232,917	\$ 17,534,955	\$ 37,163,861	\$ 18,874,053	\$ 246,222,702
Explanation of difference between proprietary funds statement of net position and the government-wide statement of net position:						
Total net position						\$ 140,803,499
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time						10,015,613
Total net position - government-wide statement of net position						\$ 150,819,112

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

City of Lake Worth Beach, Florida

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended September 30, 2019**

	Business-type Activities - Enterprise Funds					Internal Service Funds
	Major		Regional Sewer	Nonmajor Enterprise Funds	Total Enterprise Funds	
	Electric	Water	Local Sewer			
Operating revenues:						
Charges for services	\$ 55,128,532	\$ 15,121,045	\$ 7,770,255	\$ 9,056,597	\$ 8,336,150	\$ 13,452,099
Intergovernmental	-	-	-	-	-	12,410
Total operating revenues	<u>55,128,532</u>	<u>15,121,045</u>	<u>7,770,255</u>	<u>9,056,597</u>	<u>8,336,150</u>	<u>13,464,509</u>
Operating expenses:						
Cost of services	45,179,726	7,110,873	7,029,771	3,985,898	5,441,738	15,874,168
General and administrative	3,438,205	1,241,160	899,780	308,185	324,120	-
Depreciation	1,923,968	2,989,142	846,904	470,889	624,275	765,119
Total operating expenses	<u>50,541,899</u>	<u>11,341,175</u>	<u>8,776,455</u>	<u>4,764,972</u>	<u>6,390,133</u>	<u>16,639,287</u>
Operating income (loss)	<u>4,586,633</u>	<u>3,779,870</u>	<u>(1,006,200)</u>	<u>4,291,625</u>	<u>1,946,017</u>	<u>(3,174,778)</u>
Non-operating revenues (expenses):						
Investment income	413,374	252,449	72,441	47,358	322,342	271,810
Interest and fiscal charges	(925,612)	(889,905)	-	-	-	-
Other	540,035	46,428	198,434	-	59,447	36,693
Total non-operating revenues (expenses)	<u>27,797</u>	<u>(591,028)</u>	<u>270,875</u>	<u>47,358</u>	<u>381,789</u>	<u>308,503</u>
Income (loss) before transfers and contributions	<u>4,614,430</u>	<u>3,188,842</u>	<u>(735,325)</u>	<u>4,338,983</u>	<u>2,327,806</u>	<u>(2,866,275)</u>
Capital contributions	-	705,944	201,549	-	-	176,700
Transfers in	-	-	-	-	-	6,090
Transfers out	(5,699,741)	(2,309,728)	(704,870)	-	(1,627,174)	-
Change in net position	<u>(1,085,311)</u>	<u>1,585,058</u>	<u>(1,238,646)</u>	<u>4,338,983</u>	<u>700,632</u>	<u>(2,683,485)</u>
Net position, beginning of year, as restated, Note 15	<u>19,902,797</u>	<u>54,079,305</u>	<u>16,895,917</u>	<u>32,244,741</u>	<u>13,380,023</u>	<u>11,321,411</u>
Net position, end of year	<u>\$ 18,817,486</u>	<u>\$ 55,664,363</u>	<u>\$ 15,657,271</u>	<u>\$ 36,583,724</u>	<u>\$ 14,080,655</u>	<u>\$ 8,637,926</u>
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					\$ 4,300,716	
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds						(1,345,161)
Change in net position - government-wide statement of activities						<u>\$ 2,955,555</u>

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

City of Lake Worth Beach, Florida

**Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended September 30, 2019**

	Business-type Activities - Enterprise Funds						Internal Service Funds
	Major			Nonmajor		Total	
	Electric	Water	Local Sewer	Regional Sewer	Enterprise Funds	Enterprise Funds	Funds
Cash flows from operating activities:							
Receipts from customers	\$ 55,304,233	\$ 15,223,410	\$ 7,773,612	\$ 8,849,548	\$ 8,358,973	\$ 95,509,776	\$ -
Receipts for interfund services provided	-	-	-	-	-	-	13,454,911
Payments to suppliers	(36,370,689)	(4,156,451)	(5,453,254)	(3,702,128)	(2,599,157)	(52,281,679)	(12,765,543)
Payments to employees	(6,514,821)	(2,411,661)	(1,142,691)	(177,522)	(1,934,274)	(12,180,969)	(1,134,115)
Payments for interfund services received	(5,715,241)	(2,574,147)	(1,394,207)	(428,415)	(1,391,707)	(11,503,717)	-
Other receipts (disbursements)	540,035	46,428	198,434	-	59,447	844,344	36,693
Net cash provided by (used in) operating activities	7,243,517	6,127,579	(18,106)	4,541,483	2,493,282	20,387,755	(408,054)
Cash flows from non-capital financing activities:							
Payment made to other funds	-	-	(471,356)	-	-	(471,356)	-
Payments received from other funds	1,059,552	76,827	-	90,054	-	1,226,433	593,575
Transfers in	-	-	-	-	-	-	6,090
Transfers out	(5,699,741)	(2,309,728)	(704,870)	-	(1,627,174)	(10,341,513)	-
Net cash provided by (used in) non-capital financing activities	(4,640,189)	(2,232,901)	(1,176,226)	90,054	(1,627,174)	(9,586,436)	599,665
Cash flows from capital and related financing activities:							
Acquisitions and construction of capital assets, net	(6,994,055)	(7,536,167)	(427,821)	(245,720)	(1,764,116)	(16,967,879)	(699,236)
Proceeds from issuance of debt	-	2,695,743	-	-	-	2,695,743	-
Proceeds of capital grants, cash transactions	-	705,944	201,549	-	-	907,493	176,700
Principal paid on revenue bonds and notes	(2,457,410)	(2,575,749)	-	-	-	(5,033,159)	-
Interest and other fiscal charges	(878,056)	(842,734)	-	-	-	(1,720,790)	-
Net cash provided by (used in) capital and related financing activities	(10,329,521)	(7,552,963)	(226,272)	(245,720)	(1,764,116)	(20,118,592)	(522,536)
Cash flows from investing activities:							
Purchase of investments	4,250,444	(791,581)	260,142	(61,832)	(3,353,161)	304,012	(3,738,723)
Sale of investments	6,272,770	4,015,687	928,297	1,015,266	3,875,781	16,107,801	2,733,844
Investment in joint venture	-	-	-	(5,518,272)	-	(5,518,272)	-
Interest and gains or losses on investments	457,456	256,415	73,831	47,894	327,902	1,163,498	274,727
Net cash provided by (used in) investing activities	10,980,670	3,480,521	1,262,270	(4,516,944)	850,522	12,057,039	(730,152)
Net change in cash and cash equivalents	3,254,477	(177,764)	(158,334)	(131,127)	(47,486)	2,739,766	(1,061,077)
Cash and cash equivalents, beginning	445,252	691,937	299,404	568,269	343,872	2,348,734	1,827,506
Cash and cash equivalents, ending	\$ 3,699,729	\$ 514,173	\$ 141,070	\$ 437,142	\$ 296,386	\$ 5,088,500	\$ 766,429

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

City of Lake Worth Beach, Florida

**Statement of Cash Flows - Proprietary Funds (continued)
For the Fiscal Year Ended September 30, 2019**

	Business-type Activities - Enterprise Funds						Internal Service Funds
	Major		Nonmajor		Total		
	Electric	Water	Local Sewer	Regional Sewer	Enterprise Funds	Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 4,586,633	\$ 3,779,870	\$ (1,006,200)	\$ 4,291,625	\$ 1,946,017	\$ 13,597,945	\$ (3,174,778)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	1,923,968	2,989,142	846,904	470,889	624,275	6,855,178	765,119
Provision for uncollectible accounts	181,779	22,850	5,810	-	-	210,439	-
Other nonoperating income (disbursements)	540,035	46,428	198,434	-	59,447	844,344	36,693
Decrease (increase) in assets:							
Accounts receivable	115,277	67,784	(2,453)	(207,049)	22,823	(3,618)	(9,598)
Prepaid items	61,880	-	-	-	-	61,880	1,166
Inventories	29,859	14,910	-	-	-	44,769	(4,972)
Deferred outflows relating to pensions	(56,238)	(17,844)	(8,256)	(1,641)	(15,488)	(99,467)	-
Deferred outflows relating to OPEB	(31,641)	(11,592)	(3,765)	(309)	(12,851)	(60,158)	-
Increase (decrease) in liabilities:							
Accounts and contracts payable	291,238	(897,754)	(113,224)	(23,988)	(268,040)	(1,011,768)	1,976,095
Accrued liabilities	(737,194)	(33,249)	3,395	(816)	10,474	(757,390)	(423,441)
Compensated absences	(6,852)	5,304	(5,989)	-	(7,329)	(14,866)	922
Insurance claims payable	-	-	-	-	-	-	424,740
Customer deposits payable	(121,355)	11,731	-	-	-	(109,624)	-
OPEB liability	48,164	17,645	5,731	470	19,562	91,572	-
Net pension liability	429,533	136,290	63,055	12,535	118,285	759,698	-
Deferred inflows relating to pensions	(6,159)	(1,954)	(904)	(180)	(1,696)	(10,893)	-
Deferred inflows relating to OPEB	(5,410)	(1,982)	(644)	(53)	(2,197)	(10,286)	-
Total adjustments	<u>2,656,884</u>	<u>2,347,709</u>	<u>988,094</u>	<u>249,858</u>	<u>547,265</u>	<u>6,789,810</u>	<u>2,766,724</u>
Net cash provided by (used in) operating activities	<u>\$ 7,243,517</u>	<u>\$ 6,127,579</u>	<u>\$ (18,106)</u>	<u>\$ 4,541,483</u>	<u>\$ 2,493,282</u>	<u>\$ 20,387,755</u>	<u>\$ (408,054)</u>
Supplemental disclosure of noncash investing activities:							
Unrealized gains (losses) on investments	\$ 45,011	\$ 96,756	\$ 29,196	\$ 18,023	\$ 111,705	\$ 300,691	\$ 106,981

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

City of Lake Worth Beach, Florida

**Statement of Net Position
Fiduciary Funds
September 30, 2019**

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
Assets:		
Cash and cash equivalents	\$ 5,163,392	\$ 3,379
Investments at fair value:		
U.S. government and agency funds	14,313,173	-
Corporate bonds	16,523,247	-
Common stocks	44,960,387	-
Real estate	18,771,082	-
Mutual funds	50,251,061	-
Accrued interest, dividends and contributions receivable	1,927,998	-
Prepaid items	14,285	-
Total assets	<u>151,924,625</u>	<u>3,379</u>
Liabilities:		
Accounts payable	133,380	-
Deposits payable	-	3,379
Total liabilities	<u>133,380</u>	<u>3,379</u>
Net position restricted for pension benefits	<u>\$ 151,791,245</u>	<u>\$ -</u>

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

City of Lake Worth Beach, Florida

**Statement of Changes in Net Position
Fiduciary Funds
For the Fiscal Year Ended September 30, 2019**

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 9,679,703
Chapter 175	78,163
Plan members	1,270,246
Rollover	97,844
State	554,337
	<hr/>
Total contributions	11,680,293
	<hr/>
Investment income:	
Interest and dividends	3,200,685
Net change in fair value of investments	3,711,256
Other income	21,373
	<hr/>
Total investment income	6,933,314
	<hr/>
Less investment expenses	(642,494)
	<hr/>
Net investment income	6,290,820
	<hr/>
Total additions	17,971,113
	<hr/>
Deductions:	
Pension benefits	17,394,441
Administrative expenses	327,450
	<hr/>
Total deductions	17,721,891
	<hr/>
Change in net position	249,222
	<hr/>
Net position, beginning of year	151,542,023
	<hr/>
Net position, end of year	\$ 151,791,245
	<hr/> <hr/>

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

City of Lake Worth Beach, Florida



**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

Note 1. Summary of Significant Accounting Policies

The City of Lake Worth Beach, 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.

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.

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. This fund has been determined by management to be a major fund.

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.

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 Debt Service Fund:

This fund is used to account for the financial resources accumulated and payments made for principal and interest on long term general obligation debt of governmental funds.

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.

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

Note 1. Summary of Significant Accounting Policies (continued)

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.

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.

Note 1. Summary of Significant Accounting Policies (continued)

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.

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 three 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 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. The third item is the deferred outflows relating to other postemployment benefits other than pensions and is discussed in further detail in Note 12.

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

Note 1. Summary of Significant Accounting Policies (continued)

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 two items that qualify for reporting in this category. The first item is deferred inflows relating to the pension plans and is discussed further in Note 10. The second item is deferred outflows relating to postemployment benefits other than pensions and is discussed further in Note 12.

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.

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.

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

Note 1. Summary of Significant Accounting Policies (continued)

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 in the General Fund to provide for necessary cash flow to minimize any short-term borrowings. As of September 30, 2019, this balance was approximately \$ 4.85 million.

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 July 30, 2020, which is the date the financial statements were available to be issued.

City of Lake Worth Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

Note 2. Stewardship, Compliance and Accountability

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

General Fund:		
Physical environment	\$	318,011
Transportation		<u>233,323</u>
	\$	<u><u>551,334</u></u>
Beach Fund:		
Capital outlay	\$	<u><u>1,308</u></u>

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

Fund Deficits - The Beach Fund has a deficit fund balance as of September 30, 2019 of \$ 3,197,042. 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 fund balance as of September 30, 2019 of \$ 138,377. 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.

The General Obligation Bond 2018 Fund has a deficit fund balance as of September 30, 2019 of \$ 3,086. 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 funds (Florida Prime), the Florida Public Assets for Liquidity Management (FL PALM), 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.

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.

City of Lake Worth Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

Note 3. Deposits and Investments (continued)

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

City Investments:

As of September 30, 2019, 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	\$ 44,005	\$ 44,005	\$ -	\$ -	AAAm
Money market fund	36,097,349	36,097,349	-	-	Not rated
FL PALM	18,511,993	18,511,993	-	-	AAAm
U.S. agencies	1,772,356	1,772,356	-	-	AA+
U.S. treasuries	20,696,797	20,696,797	-	-	AA+
Total investments	\$ 77,122,500	\$ 77,122,500	\$ -	\$ -	

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	\$ 171,375	\$ 171,375	\$ -	\$ -	Not rated
U.S. agencies	990,989	990,989	-	-	AA+
Total investments	\$ 1,162,364	\$ 1,162,364	\$ -	\$ -	

The City's pension plan investments 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	\$ 7,662,617	\$ 862,164	\$ 3,439,950	\$ 2,307,003	\$ 1,053,500
U.S. agencies	3,803,619	-	104,138	98,775	3,600,706
U.S. treasuries	3,310,395	880,344	653,601	859,506	916,944
Total fixed income investments	\$ 14,776,631	\$ 1,742,508	\$ 4,197,689	\$ 3,265,284	\$ 5,571,150

Police Officers' Relief and Retirement System:

	Fair Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
Corporate bonds	\$ 3,594,997	\$ 286,693	\$ 1,810,608	\$ 1,037,327	\$ 460,369
U.S. treasuries	2,086,110	310,122	590,381	749,775	435,832
U.S. agencies	1,796,528	-	72,896	47,586	1,676,046
Total fixed income investments	\$ 7,477,635	\$ 596,815	\$ 2,473,885	\$ 1,834,688	\$ 2,572,247

City of Lake Worth Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

Note 3. Deposits and Investments (continued)

Firefighters' Pension Trust:

	Fair Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
Corporate bonds	\$ 5,265,633	\$ 251,770	\$ 4,743,185	\$ 270,678	\$ -
Fixed income mutual fund	985,363	-	391,623	174,157	419,583
U.S. agencies	1,356,858	-	1,213,696	-	143,162
U.S. treasuries	1,959,663	-	-	240,548	1,719,115
Total fixed income investments	\$ 9,567,517	\$ 251,770	\$ 6,348,504	\$ 685,383	\$ 2,281,860

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 City's investment policy is designed to ensure the prudent management of public funds.

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 Employees' Fair Value	Police Officers' Fair Value	Firefighters' Fair Value
Aaa	\$ 7,343,504	\$ 3,968,992	\$ 3,346,080
Aa1	171,405	58,599	640,486
Aa2	502,414	104,556	-
Aa3	449,028	203,891	-
A1	1,012,020	409,887	1,449,794
A2	2,106,565	1,183,246	1,997,651
A3	2,513,847	1,269,821	1,956,140
Baa1	610,001	252,548	88,683
Baa2	67,847	26,095	-
Ba1	-	-	88,683
Total	\$ 14,776,631	\$ 7,477,635	\$ 9,567,517

Concentration of Credit Risk - The City's investment policy limits its investments in the Florida PRIME and FL PALM 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' and Police Officers' Plans.

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.

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.

The following are descriptions of the valuation methodologies used for assets measured at fair value:

Common stock: Valued at the closing price reported on the New York Stock Exchange.

Government securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

Mutual funds: Valued at the daily closing price as reported by the plans. Mutual funds are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds are deemed to be actively traded.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yield of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote, if available.

City of Lake Worth Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

Note 3. Deposits and Investments (continued)

Fair values of investments held by the City, Discretely Presented Component Unit, and Pension Trust Funds are classified at September 30, 2019 as follows:

City and Discretely Presented Component Unit:

Investments Measured at Fair Value	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued at NAV
U.S. treasuries	\$ 20,696,797	\$ -	\$ 20,696,797	\$ -	\$ -
FL PALM	18,511,993	-	-	-	18,511,993
U.S. government agencies (a)	<u>2,763,345</u>	<u>-</u>	<u>2,763,345</u>	<u>-</u>	<u>-</u>
Total investments measured at fair value	41,972,135	<u>\$ -</u>	<u>\$ 23,460,142</u>	<u>\$ -</u>	<u>\$ 18,511,993</u>
Investments measured at amortized cost:					
Money market funds (b)	36,268,724	(a)	Includes \$ 990,989 from Discretely Presented Component Unit		
Florida PRIME	<u>44,005</u>				
Total unrestricted and restricted investments	<u>\$ 78,284,864</u>	(b)	Includes \$ 171,375 from Discretely Presented Component Unit		

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, 2019 for the City and Discretely Presented Component Unit.

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
FL PALM (1)	<u>\$ 18,511,993</u>	<u>\$ -</u>	Daily	1 day

(1) The Trust's investment objective is to provide investors with the highest possible investment yield, while maintaining liquidity and preserving capital.

General Employees' Retirement System:

Investments Measured at Fair Value	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued at NAV
Common stocks	\$ 32,139,054	\$ 32,139,054	\$ -	\$ -	\$ -
Mutual funds	12,063,545	12,063,545	-	-	-
U.S. treasuries	3,310,395	1,991,505	1,318,890	-	-
U.S. agencies	3,803,619	-	3,803,619	-	-
Corporate bonds	7,662,617	-	7,662,617	-	-
Real estate funds	<u>9,792,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,792,668</u>
Total investments measured at fair value	<u>\$ 68,771,898</u>	<u>\$ 46,194,104</u>	<u>\$ 12,785,126</u>	<u>\$ -</u>	<u>\$ 9,792,668</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, 2019 for the General Employees' Retirement System.

City of Lake Worth Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

Note 3. Deposits and Investments (continued)

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real estate funds (1)	\$ 5,540,126	\$ -	Quarterly	10 Days
Real estate funds (2)	4,252,542	-	Quarterly	10 Days
Real estate investments measured at the NAV	<u>\$ 9,792,668</u>	<u>\$ -</u>		

(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 at Fair Value	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued at NAV
Common stocks	\$ 9,423,112	\$ 9,423,112	\$ -	\$ -	\$ -
Mutual funds	8,859,859	8,859,859	-	-	-
U.S. treasuries	2,086,110	879,224	1,206,886	-	-
U.S. agencies	1,796,528	-	1,796,528	-	-
Corporate bonds	3,594,997	-	3,594,997	-	-
Real estate funds	4,718,925	-	-	-	4,718,925
Total investments measured at fair value	<u>\$ 30,479,531</u>	<u>\$ 19,162,195</u>	<u>\$ 6,598,411</u>	<u>\$ -</u>	<u>\$ 4,718,925</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, 2019 for the Police Officers' Relief and Retirement System.

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate funds (1)	\$ 4,718,925	\$ -	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.

City of Lake Worth Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

Note 3. Deposits and Investments (continued)

Firefighters' Pension Trust Fund:

Investments Measured at Fair Value	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued at NAV
Common stocks	\$ 3,398,221	\$ 3,398,221	\$ -	\$ -	\$ -
Mutual funds	28,342,294	28,342,294	-	-	-
U.S. treasuries	1,959,663	1,959,663	-	-	-
U.S. agencies	1,356,858	-	1,356,858	-	-
Fixed income mutual fund	985,363	985,363	-	-	-
Corporate bonds	5,265,633	-	5,265,633	-	-
Real estate funds	4,259,489	-	-	-	4,259,489
Total investments measured at fair value	\$ 45,567,521	\$ 34,685,541	\$ 6,622,491	\$ -	\$ 4,259,489

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, 2019 for the Firefighters' Pension Trust.

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate funds (1)	\$ 4,259,489	\$ -	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.

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 5.49 mills plus County-levied Fire Municipal Services Taxing Unit rate of 3.46 and debt service of 1.11, for a total of 10.06 on all City parcels.

City of Lake Worth Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

Note 5. Receivables

Accounts, special assessments and other receivables, including restricted accounts receivable and the related allowance for doubtful accounts as of September 30, 2019, are as follows:

Primary Government:

	General	Beach Fund	Nonmajor Governmental Funds	Electric	Water
Customer Accounts	\$ 155,506	\$ 12,150	\$ 175,684	\$ 10,131,841	\$ 2,131,933
Utility and Other Taxes	646,055	-	82,920	345,007	-
Intergovernmental	700,832	-	561,539	-	-
Other Receivables	-	5	13,559	318,380	12,739
Gross Receivables	<u>1,502,393</u>	<u>12,155</u>	<u>833,702</u>	<u>10,795,228</u>	<u>2,144,672</u>
Less: Allowance for Doubtful Accounts	<u>(277,959)</u>	<u>(5,466)</u>	<u>(195,868)</u>	<u>(1,957,165)</u>	<u>(373,688)</u>
Total	<u>\$ 1,224,434</u>	<u>\$ 6,689</u>	<u>\$ 637,834</u>	<u>\$ 8,838,063</u>	<u>\$ 1,770,984</u>

	Local Sewer	Regional Sewer	Nonmajor Enterprise Funds	Internal Service Funds	Total
Customer Accounts	\$ 1,081,253	\$ 713,658	\$ 543,389	\$ -	\$ 14,945,414
Utility and Other Taxes	-	-	-	-	1,073,982
Intergovernmental	-	-	-	-	1,262,371
Other Receivables	404	508,226	-	9,598	862,911
Gross Receivables	<u>1,081,657</u>	<u>1,221,884</u>	<u>543,389</u>	<u>9,598</u>	<u>18,144,678</u>
Less: Allowance for Doubtful Accounts	<u>(152,310)</u>	<u>(470,006)</u>	<u>(144,225)</u>	<u>-</u>	<u>(3,576,687)</u>
Total	<u>\$ 929,347</u>	<u>\$ 751,878</u>	<u>\$ 399,164</u>	<u>\$ 9,598</u>	<u>\$ 14,567,991</u>

Component Unit:

	Community Redevelopment Agency Trust	NSP2	CRA Capital Projects	Total
Customer Accounts	\$ <u>13,428</u>	\$ <u>383</u>	\$ <u>151</u>	\$ <u>13,962</u>

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, 2019:

Advances to/from Other Funds:

	<u>Advance From</u>	<u>Advance To</u>
Beach Fund	\$ -	\$ 4,347,000
Water Fund	2,639,667	-
Insurance Fund**	1,322,333	-
Capital Project Fund*	<u>385,000</u>	<u>-</u>
Total long term balances	<u>\$ 4,347,000</u>	<u>\$ 4,347,000</u>

* Nonmajor Capital Project Fund

** Internal Service Fund

City of Lake Worth Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

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

The \$ 385,000 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 \$ 2,639,667 in the Water Fund and the \$ 1,322,333 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:

Receivable Fund	Payable Fund	Amount
General Fund	Neighborhood Road Program	\$ 1,200,000
General Fund	Golf Fund*	125,000
General Fund	General Obligation Bond 2018 Fund**	5,000
General Fund	Community Redevelopment Agency Trust	2,527
Capital Project Fund***	Beach Fund	50,000
Water Fund	Beach Fund	333,333
Insurance Fund****	Beach Fund	166,667
		<u>\$ 1,882,527</u>

- * Nonmajor Special Revenue Fund
- ** Nonmajor Debt Service Fund
- *** Nonmajor Capital Project Fund
- **** Internal Service Fund

Balances due to the Water Fund and Insurance Fund from the Beach Fund in the amount of \$ 333,333 and \$ 166,667, 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 Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

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

Beach Fund Internal Loan - Casino Building:

Long term balances reported as advances to/from other funds	Advance From	Advance To
Beach Fund	\$ -	\$ 3,962,000
Water Fund	2,639,667	-
Insurance Fund **	1,322,333	-
Total long term balances	\$ 3,962,000	\$ 3,962,000
Short term balances reported as due to/from other funds		
Beach Fund	\$ -	\$ 500,000
Water Fund	333,333	-
Insurance Fund **	166,667	-
Total short term balances	\$ 500,000	\$ 500,000
Total advances	\$ 4,462,000	\$ 4,462,000

** 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 \$ 4,462,000 as of September 30, 2019 with a balance of \$ 500,000 due in one year.

Interfund Transfers:

	Transfers In	Transfers Out
Governmental Funds:		
General	\$ 7,821,663	\$ 25,000
Nonmajor	2,841,970	303,210
Proprietary Funds:		
Electric	-	5,699,741
Water	-	2,309,728
Local Sewer	-	704,870
Nonmajor	-	1,627,174
Internal Service	6,090	-
Component Unit:		
CRA Trust	-	865,871
CRA Capital Projects	865,871	-
Total	\$ 11,535,594	\$ 11,535,594

City of Lake Worth Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

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, 2019:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 8,406,967	\$ -	\$ -	\$ -	\$ 8,406,967
Construction-in-progress	<u>17,157,662</u>	<u>11,263,828</u>	<u>-</u>	<u>(17,678,431)</u>	<u>10,743,059</u>
Total capital assets, not being depreciated	<u>25,564,629</u>	<u>11,263,828</u>	<u>-</u>	<u>(17,678,431)</u>	<u>19,150,026</u>
Capital assets, being depreciated:					
Land improvements	7,024,436	-	-	-	7,024,436
Buildings and structure	32,154,757	-	-	587,669	32,742,426
Infrastructure	72,653,964	-	-	17,090,762	89,744,726
Machinery and equipment	4,103,913	267,048	-	-	4,370,961
Vehicles	<u>1,333,168</u>	<u>111,535</u>	<u>(55,157)</u>	<u>-</u>	<u>1,389,546</u>
Total capital assets, being depreciated	<u>117,270,238</u>	<u>378,583</u>	<u>(55,157)</u>	<u>17,678,431</u>	<u>135,272,095</u>
Less accumulated depreciation for:					
Land improvements	2,193,424	91,195	-	-	2,284,619
Buildings and structure	13,221,427	1,013,821	-	-	14,235,248
Infrastructure	52,296,160	2,719,488	-	-	55,015,648
Machinery and equipment	3,153,490	175,099	-	-	3,328,589
Vehicles	<u>1,312,625</u>	<u>22,529</u>	<u>(55,157)</u>	<u>-</u>	<u>1,279,997</u>
Total accumulated depreciation	<u>72,177,126</u>	<u>4,022,132</u>	<u>(55,157)</u>	<u>-</u>	<u>76,144,101</u>
Total capital assets, being depreciated, net	<u>45,093,112</u>	<u>(3,643,549)</u>	<u>-</u>	<u>17,678,431</u>	<u>59,127,994</u>
Governmental activities capital assets, net	<u>\$ 70,657,741</u>	<u>\$ 7,620,279</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,278,020</u>

City of Lake Worth Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

Note 7. Capital Assets (continued)

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

General government	\$	56,767
Culture and recreation		143,410
Transportation		2,639,848
Public safety		204,493
Physical environment		<u>977,614</u>
Total depreciation expense	\$	<u><u>4,022,132</u></u>

Business-Type Activities Capital Assets:

Summary by category of changes in business-type activities capital assets for the year ended September 30, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 2,572,138	\$ -	\$ -	\$ -	\$ 2,572,138
Construction-in-progress	<u>16,268,160</u>	<u>16,460,908</u>	<u>-</u>	<u>(12,659,028)</u>	<u>20,070,040</u>
Total capital assets, not being depreciated	<u>18,840,298</u>	<u>16,460,908</u>	<u>-</u>	<u>(12,659,028)</u>	<u>22,642,178</u>
Capital assets, being depreciated:					
Land improvements	468,972	-	-	-	468,972
Buildings and structure	98,431,980	-	-	761,505	99,193,485
Infrastructure	150,201,699	-	-	11,897,523	162,099,222
Machinery and equipment	33,251,764	296,475	(24,934)	-	33,523,305
Vehicles	<u>12,238,694</u>	<u>910,824</u>	<u>(335,609)</u>	<u>-</u>	<u>12,813,909</u>
Total capital assets, being depreciated	<u>294,593,109</u>	<u>1,207,299</u>	<u>(360,543)</u>	<u>12,659,028</u>	<u>308,098,893</u>
Less accumulated depreciation for:					
Land improvements	434,213	12,661	-	-	446,874
Buildings and structure	54,603,261	2,232,880	-	-	56,836,141
Infrastructure	75,010,612	3,288,884	-	-	78,299,496
Machinery and equipment	28,064,663	734,522	(23,842)	-	28,775,343
Vehicles	<u>8,353,829</u>	<u>1,351,350</u>	<u>(335,609)</u>	<u>-</u>	<u>9,369,570</u>
Total accumulated depreciation	<u>166,466,578</u>	<u>7,620,297</u>	<u>(359,451)</u>	<u>-</u>	<u>173,727,424</u>
Total capital assets, being depreciated, net	<u>128,126,531</u>	<u>(6,412,998)</u>	<u>(1,092)</u>	<u>12,659,028</u>	<u>134,371,469</u>
Business-type activities capital assets, net	<u>\$ 146,966,829</u>	<u>\$ 10,047,910</u>	<u>\$ (1,092)</u>	<u>\$ -</u>	<u>\$ 157,013,647</u>

City of Lake Worth Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

Note 7. Capital Assets (continued)

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

Electric	\$	1,923,968
Water		2,989,142
Local sewer		846,904
Regional sewer		470,889
Stormwater utility		235,536
Refuse collection and disposal		388,739
Information technology		237,248
Self insurance		5,899
City garage		<u>521,972</u>
Total depreciation expense	\$	<u><u>7,620,297</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, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Component Unit Activities:					
Capital assets, not being depreciated:					
Land	\$ 773,206	\$ -	\$ -	\$ -	\$ 773,206
Construction-in-progress	<u>-</u>	<u>1,849,521</u>	<u>-</u>	<u>-</u>	<u>1,849,521</u>
Total capital assets, not being depreciated	<u>773,206</u>	<u>1,849,521</u>	<u>-</u>	<u>-</u>	<u>2,622,727</u>
Capital assets, being depreciated:					
Land improvements	223,831	-	-	-	223,831
Infrastructure	9,283,579	-	-	-	9,283,579
Buildings and structure	161,729	-	-	-	161,729
Machinery and equipment	<u>124,565</u>	<u>54,239</u>	<u>-</u>	<u>-</u>	<u>178,804</u>
Total capital assets, being depreciated	<u>9,793,704</u>	<u>54,239</u>	<u>-</u>	<u>-</u>	<u>9,847,943</u>
Less accumulated depreciation for:					
Land improvements	83,473	11,192	-	-	94,665
Infrastructure	3,075,853	367,343	-	-	3,443,196
Buildings and structure	30,680	5,391	-	-	36,071
Machinery and equipment	<u>106,339</u>	<u>6,465</u>	<u>-</u>	<u>-</u>	<u>112,804</u>
Total accumulated depreciation	<u>3,296,345</u>	<u>390,391</u>	<u>-</u>	<u>-</u>	<u>3,686,736</u>
Total capital assets, being depreciated, net	<u>6,497,359</u>	<u>(336,152)</u>	<u>-</u>	<u>-</u>	<u>6,161,207</u>
Component unit activities capital assets, net	<u>\$ 7,270,565</u>	<u>\$ 1,513,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,783,934</u>

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

Note 7. Capital Assets (continued)

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

Community redevelopment	\$ <u>390,391</u>
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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, 2019, the balance due on the loans totaled approximately \$ 163,970,000 and the City's estimated share was approximately \$ 26,606,000 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 Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

Note 8. Investment in Joint Venture (continued)

Reserve Capacity Percentages are estimated to be as follows:

Entity	Flow Allocation MGD	Reserve Capacity Percentage
City of Lake Worth Beach	11.5	16.4%
City of Riviera Beach	8.0	11.4%
City of West Palm Beach	20.5	29.3%
Town of Palm Beach	6.0	8.6%
Palm Beach County	24.0	34.3%
Total	<u>70.0</u>	<u>100.0%</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 fiscal year ended September 30, 2019 for both governmental and business-type activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Notes payable	\$ 929,483	\$ -	\$ (47,238)	\$ 882,245	\$ 50,664
Revenue bonds	38,600,000	-	(655,000)	37,945,000	730,000
Bond premium	989,955	-	(33,894)	956,061	-
Compensated absences	655,846	647,835	(648,933)	654,748	65,475
OPEB liability	982,587	96,345	-	1,078,932	-
Net pension liability	54,078,697	-	(2,232,413)	51,846,284	-
Total	<u>\$ 96,236,568</u>	<u>\$ 744,180</u>	<u>\$ (3,617,478)</u>	<u>\$ 93,363,270</u>	<u>\$ 846,139</u>
Business-Type Activities:					
Revenue bonds	\$ 39,565,000	\$ -	\$ (3,530,000)	\$ 36,035,000	\$ 3,625,000
Notes payable	29,278,407	2,695,743	(1,503,159)	30,470,991	1,716,405
Compensated absences	609,051	1,379,489	(1,393,433)	595,107	59,417
OPEB liability	933,911	91,572	-	1,025,483	-
Net pension liability	22,237,100	759,698	-	22,996,798	-
Insurance claims payable	1,888,045	424,740	-	2,312,785	-
Total	<u>\$ 94,511,514</u>	<u>\$ 5,351,242</u>	<u>\$ (6,426,592)</u>	<u>\$ 93,436,164</u>	<u>\$ 5,400,822</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, 2019**

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, 2019, the principal outstanding on the note for governmental and business-type activities was \$ 882,245 and \$ 19,828,311, respectively.

At September 30, 2019, debt service requirements to maturity on the note payable are as follows:

Fiscal Year Ending September 30,	Principal	Interest
2020	\$ 1,173,710	\$ 616,825
2021	1,264,851	580,131
2022	1,355,018	540,637
2023	1,453,711	498,356
2024	1,540,965	453,110
2025-2029	9,091,425	1,491,790
2030-2032	4,830,876	186,320
	\$ 20,710,556	\$ 4,367,169

Governmental Activities Obligation:

General Obligation Bonds, Series 2017 and 2018

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%. In August 2018, the City issued an additional General Obligation Bonds, Series 2018, in the principal amount of \$ 17,295,000 for the exclusive purpose of improving local roadways with an interest rate ranging from 3.00% to 5.00%. The City may issue up to the remaining \$ 1,020,000 authorized amount of general obligation bonds pursuant to the referendum described above. The current 2017 and 2018 Series Bonds are due in annual principal and interest installments secured in by the City's Ad Valorem Taxes through July 1, 2048 and subject to redemption prior to maturity as provided in the Series 2017 and 2018 bond agreements. As of September 30, 2019, the principal amounts outstanding on the Series 2017 and 2018 bonds are \$ 20,905,000 and \$ 17,040,000, respectively.

City of Lake Worth Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

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

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

GO Bond Series 2017

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 420,000	\$ 753,125
2021	440,000	732,125
2022	465,000	710,125
2023	490,000	686,875
2024	510,000	662,375
2025-2029	2,965,000	2,917,281
2030-2034	3,480,000	2,386,656
2035-2039	4,055,000	1,813,106
2040-2044	4,790,000	1,086,644
2045-2047	3,290,000	232,925
	<u>\$ 20,905,000</u>	<u>\$ 11,981,237</u>

GO Bond Series 2018

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 310,000	\$ 670,963
2021	325,000	655,463
2022	340,000	639,213
2023	360,000	622,213
2024	375,000	604,212
2025-2029	2,185,000	2,719,562
2030-2034	2,660,000	2,243,768
2035-2039	3,145,000	1,760,650
2040-2044	3,770,000	1,135,087
2045-2048	3,570,000	352,625
	<u>\$ 17,040,000</u>	<u>\$ 11,403,756</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, 2019, the principal amount outstanding on the bonds is \$ 36,035,000.

City of Lake Worth Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

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

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

Fiscal Year Ending September 30,	Principal	Interest
2020	\$ 3,625,000	\$ 917,163
2021	3,730,000	818,606
2022	3,835,000	717,235
2023	3,935,000	613,117
2024	4,045,000	506,185
2025-2029	16,865,000	953,745
	\$ <u>36,035,000</u>	\$ <u>4,526,051</u>

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, 2019, the principal outstanding on the notes was \$ 4,950,549.

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 loan agreements 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, 2019, the City has drawn down \$ 5,692,131. An amortization schedule will not be finalized until the final draw on the loans are made.

At September 30, 2019, debt service requirements to maturity on the notes payable fully drawn down are as follows:

Fiscal Year Ending September 30,	Principal	Interest
2020	\$ 339,425	\$ 127,677
2021	348,389	118,713
2022	357,589	109,514
2023	367,033	100,070
2024	376,725	90,377
2025-2029	2,038,221	297,291
2030-2032	1,123,167	44,590
	\$ <u>4,950,549</u>	\$ <u>888,232</u>

City of Lake Worth Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

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

Discretely Presented Component Unit:

The following is a summary of the changes in long-term debt and liabilities for Community Redevelopment Agency for the fiscal year ended September 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Discretely Presented Component Unit: Notes payable	\$ 4,903,733	\$ 171,267	\$ (1,421,875)	\$ 3,653,125	\$ 521,875

Community Redevelopment Agency (CRA) Revenue Note, Series 2016 - In December 2016, the City authorized the CRA to issue a revenue note of up to \$ 4,000,000 with an interest rate of 4.70% for property acquisition and other improvements in the designated CRA area of the City. The revenue note is due in annual principal installments ranging from \$ 334,375 to \$ 900,000 from January 2018 through 2026. The revenue note is payable from a pledge of tax increment revenues. As of September 30, 2019, the principal outstanding on the note is \$ 2,340,625.

Community Redevelopment Agency (CRA) Revenue Note, Series 2018 - In January 2018, the City authorized the CRA to issue a revenue note of up to \$ 1,500,000 with an interest rate of 4.70% for property acquisition and other improvements in the designated CRA area of the City. The revenue note is due in annual principal installments ranging \$ 187,500 through January 2026. The revenue note is payable from a pledge of tax increment revenues. As of September 30, 2019, the principal outstanding on the note is \$ 1,312,500.

At September 30, 2019, debt service requirements on the Revenues Notes Series 2016 and 2018 to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest
2020	\$ 521,875	\$ 155,849
2021	521,875	131,341
2022	521,875	106,834
2023	521,875	82,327
2024	521,875	57,820
2025-2026	1,043,750	42,117
	\$ 3,653,125	\$ 576,288

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, 2019, the City's debt limit is \$ 499,863,750.

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

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, 2019 are as follows:

	Primary Government Business- Type Activities	Primary Government Governmental Activities	Discretely Presented Component Unit
Sources of Revenue Pledged:	Electric and Water Revenues	Ad Valorem Revenues	Tax Increment Revenues
Current Revenue Pledged	\$ 14,651,380	\$ 10,541,893	\$ 2,898,561
Current Debt Service	3,223,951	2,090,246	1,641,288
Total Future Revenues Pledged	66,505,991	38,827,245	3,653,125
Purpose of Debt	Utilities & Refunding	Local Roadways	Economic Development
Term of Commitment	2013-2036	2018-2048	2018-2026
Percentage of Debt Service to Current Year Pledged Revenues	22.00%	19.83%	56.62%

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 are 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 Beach, 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, 2019**

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, 2019 was \$ 3,224,248.

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 Beach, 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.

Note 10. Employee Retirement Systems (continued)

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, 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, 2019, was \$ 481,436.

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, 2019, the City received payments from the State for the PRS in the amount of \$ 554,337. 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.

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

Note 10. Employee Retirement Systems (continued)

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, 2019, was \$ 18,377,540.

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, 2019, the City received payments from the State for the FPT in the amount of \$ 78,163. 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, 2018, the following plan members were covered by the plans:

	General Employees' Retirement System	Police Officers' Relief and Retirement System	Firefighters' Pension Trust
Active employees	275	10	8
Inactive plan members or beneficiaries currently receiving benefits	320	99	69
Inactive plan members entitled but not yet receiving benefits	12	-	1
Total	607	109	78

Net Pension Liability of the City:

The City’s net pension liability was determined based on a measurement date of September 30, 2018.

City of Lake Worth Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

Note 10. Employee Retirement Systems (continued)

The components of the net pension liability of the City at September 30, 2019, were as follows:

	General Employees' Retirement System	Police Officers' Relief and Retirement System	Firefighters' Pension Trust	Total Pension Trust Funds
Total pension liability	\$ 108,063,294	\$ 52,206,957	\$ 66,114,854	\$ 226,385,105
Plan fiduciary net position	<u>(72,091,129)</u>	<u>(32,328,488)</u>	<u>(47,122,406)</u>	<u>(151,542,023)</u>
Net pension liability	<u>\$ 35,972,165</u>	<u>\$ 19,878,469</u>	<u>\$ 18,992,448</u>	<u>\$ 74,843,082</u>
Plan fiduciary net position as a percentage of the total pension liability	66.71%	61.92%	71.27%	66.94%

Actuarial Assumptions - The total pension liability based on the measurement date of September 30, 2018 was determined by using actuarial valuations as of October 1, 2017, with update procedures used to roll forward the total pension liability to September 30, 2018. The actuarial valuations used the following actuarial assumptions:

	General Employees' Retirement System	Police Officers' Relief and Retirement System	Firefighters' Pension Trust
Inflation	2.50%	2.50%	2.50%
Salary increases	5.0%-7.5%*	6.50%**	6.50%
Investment rate of return	7.40%	7.30%	7.30%

* 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 BB.

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 Employees' Retirement System	Police Officers' Relief and Retirement System	Firefighters' Pension 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 assets	-	-	0-10%
Real estate	0-15%	0-15%	0-10%
TIPS	0-10%	0-10%	-
Cash and cash equivalents	Minimal	Minimal	Minimal

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

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 Employees' Retirement System</u>	<u>Police Officers' Relief and Retirement System</u>	<u>Firefighters' Pension Trust</u>
Domestic equities	7.50%	7.50%	7.50%
International equities	8.50%	8.50%	8.50%
Fixed income	2.50-3.50%	2.50-3.50%	2.50-3.50%
Real estate	4.50%	4.50%	4.50%

Rate of Return - For the year ended September 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.96 percent for GERS, 4.98 percent for PRS, and 3.46 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 7.40% for GERS, 7.30% 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 Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

Note 10. Employee Retirement Systems (continued)

Changes in Net Pension Liability:

General Employees' Retirement System:	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances, as of September 30, 2017, Measurement Date	\$ 105,045,230	\$ 70,340,708	\$ 34,704,522
Changes for the year:			
Service cost	1,276,370	-	1,276,370
Interest	7,622,289	-	7,622,289
Changes of benefit terms	2,327,011	-	2,327,011
Differences between expected and actual experience	217,106	-	217,106
Contributions - Employer	-	3,987,293	(3,987,293)
Contributions - Employee	-	1,124,419	(1,124,419)
Net investment income	-	6,162,213	(6,162,213)
Changes of assumptions	957,440	-	957,440
Benefit payments	(9,382,152)	(9,382,152)	-
Administrative expenses	-	(141,352)	141,352
Net changes	3,018,064	1,750,421	1,267,643
Balances, as of September 30, 2018, Measurement Date	\$ 108,063,294	\$ 72,091,129	\$ 35,972,165
Police Officers' Relief and Retirement System:	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances, as of September 30, 2017, Measurement Date	\$ 50,643,890	\$ 30,722,155	\$ 19,921,735
Changes for the year:			
Service cost	193,882	-	193,882
Interest	3,661,397	-	3,661,397
Differences between expected and actual experience	434,141	-	434,141
Changes of assumptions	656,642	-	656,642
Contributions - Employer and State	-	3,119,402	(3,119,402)
Contributions - Employee	-	68,521	(68,521)
Net investment income	-	2,189,339	(2,189,339)
Benefit payments	(3,678,987)	(3,678,987)	-
Other (additions to share plan accounts)	295,992	-	295,992
Administrative expenses	-	(91,942)	91,942
Net changes	1,563,067	1,606,333	(43,266)
Balances, as of September 30, 2018, Measurement Date	\$ 52,206,957	\$ 32,328,488	\$ 19,878,469

City of Lake Worth Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

Note 10. Employee Retirement Systems (continued)

Firefighters' Pension Trust:	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances, as of September 30, 2017, Measurement Date	\$ 65,953,233	\$ 44,263,693	\$ 21,689,540
Changes for the year:			
Service cost	260,076	-	260,076
Interest	4,749,735	-	4,749,735
Differences between expected and actual experience	(544,886)	-	(544,886)
Contributions - Employer and State	-	2,794,091	(2,794,091)
Contributions - Employee	-	84,971	(84,971)
Net investment income	-	4,981,565	(4,981,565)
Changes of assumptions	613,640	-	613,640
Benefit payments	(5,341,813)	(5,341,813)	-
Rollover	424,869	424,869	-
Administrative expenses	-	(84,970)	84,970
Net changes	<u>161,621</u>	<u>2,858,713</u>	<u>(2,697,092)</u>
Balances, as of September 30, 2018, Measurement Date	<u>\$ 66,114,854</u>	<u>\$ 47,122,406</u>	<u>\$ 18,992,448</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 7.40% for GERS and 7.30% 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 (6.40% for GRS and 6.30% for PRS and FPTF) or 1 percentage point higher (8.40% for GRS and 8.30% for PRS and FPTF) than the current rate:

	1% Decrease 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
General Employees' Retirement System	\$ <u>46,842,651</u>	\$ <u>35,972,165</u>	\$ <u>26,843,885</u>
	1% Decrease 6.30%	Current Discount Rate 7.30%	1% Increase 8.30%
Police Officers' Relief and Retirement System	\$ <u>24,735,687</u>	\$ <u>19,878,469</u>	\$ <u>15,803,772</u>
Firefighters' Pension Trust	\$ <u>23,531,437</u>	\$ <u>18,992,448</u>	\$ <u>15,185,907</u>

City of Lake Worth Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

Note 10. Employee Retirement Systems (continued)

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

For the year ended September 30, 2019, the City recognized pension expense as follows:

	General Employees' Retirement System	Police Officers' Relief and Retirement System	Firefighters' Pension Trust	Total Pension Trust Funds
Total Pension Expense	\$ <u>5,289,489</u>	\$ <u>3,225,568</u>	\$ <u>2,006,719</u>	\$ <u>10,521,776</u>

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
General Employees' Retirement System:		
Pension contributions subsequent to the measurement date	\$ 4,205,995	\$ -
Differences between expected and actual experience	233,718	(143,750)
Assumption Changes	1,875,984	-
Net difference between projected and actual earnings on pension plan investments	-	(1,544,006)
Total	\$ 6,315,697	\$ (1,687,756)
 Police Officers' Relief and Retirement System:		
Pension contributions subsequent to the measurement date	\$ 3,233,586	\$ -
Net difference between projected and actual earnings on pension plan investments	42,666	-
Total	\$ 3,276,252	\$ -
 Firefighters' Pension Trust:		
Pension contributions subsequent to the measurement date	\$ 2,872,622	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(1,470,029)
Total	\$ 2,872,622	\$ (1,470,029)
Total Pension Trust Funds	\$ 12,464,571	\$ (3,157,785)

City of Lake Worth Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

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, 2020.

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 September 30,	General Employees' Retirement System	Police Officers' Relief and Retirement System	Firefighters' Pension Trust	Total Pension Trust Funds
2020	\$ 1,303,262	\$ 299,110	\$ 143,191	\$ 1,745,563
2021	(24,492)	(88,355)	(614,940)	(727,787)
2022	(632,775)	(174,509)	(632,720)	(1,440,004)
2023	(224,049)	6,420	(365,560)	(583,189)
Total	<u>\$ 421,946</u>	<u>\$ 42,666</u>	<u>\$ (1,470,029)</u>	<u>\$ (1,005,417)</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, 2019 and the changes in net position for the year then ended:

Condensed Statements of Net Position:

	General Employees' Retirement System	Police Officers' Relief and Retirement System	Firefighters' Pension Trust	Total Pension Trust Funds
Assets:				
Cash and cash equivalents	\$ 2,044,354	\$ 2,024,315	\$ 1,094,723	\$ 5,163,392
Investments at fair value	68,771,898	30,479,531	45,567,521	144,818,950
Other	749,040	829,668	363,575	1,942,283
Total assets	<u>71,565,292</u>	<u>33,333,514</u>	<u>47,025,819</u>	<u>151,924,625</u>
Liabilities:				
Accounts payable	82,208	27,724	23,448	133,380
Net position restricted for pension benefits	<u>\$ 71,483,084</u>	<u>\$ 33,305,790</u>	<u>\$ 47,002,371</u>	<u>\$ 151,791,245</u>

City of Lake Worth Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

Note 10. Employee Retirement Systems (continued)

Condensed Statements of Changes in Net Position:

	General Employees' Retirement System	Police Officers' Relief and Retirement System	Firefighters' Pension Trust	Total Pension Trust Funds
Additions:				
Contributions	\$ 5,330,751	\$ 3,307,157	\$ 3,042,385	\$ 11,680,293
Net investment income	3,351,987	1,451,429	1,487,404	6,290,820
Total additions	8,682,738	4,758,586	4,529,789	17,971,113
Deductions:				
Pension benefits	9,150,336	3,680,593	4,563,512	17,394,441
Administrative expenses	140,447	100,691	86,312	327,450
Total deductions	9,290,783	3,781,284	4,649,824	17,721,891
Change in net position	\$ (608,045)	\$ 977,302	\$ (120,035)	\$ 249,222

Note 11. Deferred Compensation Plans

The City offers its employees two deferred compensation plans in accordance with Internal Revenue Code Sections 401a and 457. The funds are administrated by ICMA Retirement Corporation. All assets of the Plans are held in trust, custodial accounts or annuity contracts, for the exclusive benefit of the participants and their beneficiaries. Consequently, those Plan assets and liabilities are not recorded by the City. During fiscal year 2019, the City contributed approximately \$ 196,000 into the 401a plan on behalf of employees. The City does not contribute to the 457 plan, as it is 100% employee contributions.

Note 12. Other Post-Employment Benefits (OPEB)

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* specifies that governments must recognize their total OPEB liability and related deferred outflows of resources, deferred inflows of resources, and OPEB expense in the financial statements based on the actuarial present value of projected benefit payments.

Plan Description and Funding Policy. 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 following table provides a summary of the number of participants in the plan as of the measurement date:

Inactive plan members or beneficiaries currently receiving benefits	436
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	326
Total plan members	762

Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019

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

Currently, the City's OPEB benefits are unfunded. This plan is not accounted for in a trust fund. To date, the City has followed a pay as you go funding policy, therefore, only those amounts necessary to provide for the City's reporting of current year benefit costs and expenses have been contributed from the General Fund. Contribution rates are determined by the City. The Plan does not issue a stand-alone financial report and it is not included in the report of a public employee retirement system or a report of another entity.

Actuarial Methods and Assumptions: The actuarial valuation of 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.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits in force at the valuation date and the historical 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.

The total OPEB liability at September 30, 2019 was based on an actuarial valuation dated September 30, 2018 with a measurement date of September 30, 2018, using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Discount Rate	3.83%
Salary Increases	For General Employees, 7.5%-5.0% depending on service, including inflation.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Mortality tables used in the July 1, 2018 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Healthcare Cost Trend Rates	Based on the Getzen Model, with a trend rate of 14.76% for 2019, decreasing to 7.00% for 2020, and gradually decreasing to an ultimate trend rate of 4.24% plus 0.43% increase for excise tax.
Aging Factors	Based on the 2013 Study "Health Care Costs - From Birth to Death".

Changes in assumptions and other inputs include the change in the discount rate from 3.50% as of the beginning of the measurement period to 3.83% as of September 30, 2018. This change is reflected in the Schedule of Changes in Total OPEB Liability. There were no benefit changes during the year.

City of Lake Worth Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

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

Discount Rate: The discount rate used to measure the total OPEB liability at September 30, 2018 was 3.83%. Because the City's OPEB costs are funded on a pay-as-you-go funding structure, a tax-exempt municipal bond rate based on an index of 20 year general obligation bonds with an average AA credit rating as of the measurement date was used to determine the total OPEB liability. The discount rate was 3.50% as of the beginning of the measurement year.

Total OPEB Liability of the City: The components of the City's net OPEB liability at September 30, 2019, are as follows:

Total OPEB liability	\$	2,104,415
OPEB Plan fiduciary net position		-
City's net OPEB liability	\$	2,104,415
OPEB Plan fiduciary net position as a percentage of total OPEB liability		0.00%

Changes in Total OPEB Liability

Measurement year ended September 30, 2018

Total OPEB liability:		
Service cost	\$	21,674
Interest on total OPEB liability		63,806
Changes of benefit terms		184,337
Difference between expected and actual experience of the total OPEB liability		141,142
Change of assumptions and other inputs		7,230
Benefit payments		(230,272)
Net change in total OPEB liability		187,917
Total OPEB liability, beginning		1,916,498
Total OPEB liability, ending	\$	2,104,415

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following table presents the total OPEB liability, calculated using the discount rate of 3.83%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than current discount rate:

	1% Decrease (2.83%)	Current Discount Rate (3.83%)	1% Increase (4.83%)
Total OPEB liability	\$ 2,286,321	\$ 2,104,415	\$ 1,950,498

City of Lake Worth Beach, Florida

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

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

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage-point lower or one percentage-point higher than the current trend rate:

	1% Trend Decrease	Trend Rate Assumption	1% Trend Increase
Total OPEB liability	\$ <u>2,016,609</u>	\$ <u>2,104,415</u>	\$ <u>2,203,343</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended September 30, 2019 the City recognized OPEB expense of \$ 291,102. At September 30, 2019, the City has deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions and other inputs	\$	5,164	\$ 21,107
Difference between expected and actual experience		100,816	-
Benefits paid subsequent to measurement date		247,744	-
Total	\$	353,724	\$ 21,107

\$ 247,744 reported as deferred outflows of resources related to OPEB resulting from City benefits paid subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30,	Amortization Amount
2020	\$ 21,285
2021	42,392
2022	21,196
Thereafter	-
	\$ 84,873

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

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.

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. The City renewed the agreement with OUC beginning January 1, 2019 until December 31, 2022. The City has two (2) unilateral one (1) year extensions until December 31, 2024. The parties will also have a mutual option to extend until December 31, 2025 ("Extended Term"), which shall be mutually agreed to by no later than June 1, 2024.

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.

Note 13. Commitments and Contingencies (continued)

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 appeal process. That appeal process will not likely be resolved until fiscal year 2021.

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 appeal process. That appeal process will not likely be resolved until FY 2021.

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 \$ 46 million of coverage is purchased with a shared limit of \$ 340,000,000 and a \$ 25,000,000 named windstorm sublimit. There is a \$ 5,000 all other peril deductible and a 5% windstorm deductible with a minimum of \$ 20,000. Utility property is insured with ACE American Insurance Company with a dedicated limit of approximately \$ 128 million. This is subject to a \$ 300,000 all other peril deductible and a 5% named windstorm deductible with a minimum of \$ 250,000. The City purchased a \$ 1,000,000 excess 3rd 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.

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

Note 14. Self-Insurance Program (continued)

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.

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 \$ 2,313,000 is reported in the fund at September 30, 2019. 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 Year	Beginning Liability	Claims Incurred	Estimated Prior Claims	Claims Paid and Adjustments	Ending Liability
2018	\$ 1,987,604	\$ 900,000	\$ (62,602)	\$ (936,957)	\$ 1,888,045
2019	\$ 1,888,045	\$ 979,839	\$ 102,674	\$ (657,773)	\$ 2,312,785

Note 15. Prior Period Adjustment

The net positions of the Electric Fund and the Business-Type Activities have been adjusted due to the restatement of capital assets.

	Electric Fund	Business-Type Activities
Net position, September 30, 2018, as previously reported	\$ 19,003,224	\$ 146,963,984
Restatement of capital assets	899,573	899,573
Net position, September 30, 2018, as restated	\$ 19,902,797	\$ 147,863,557

Note 16. Subsequent Events

In December 2019, the CRA Board of Directors approved the refinancing of their Series 2016 and Series 2018 Revenue Notes to lower the interest rates. In addition, the CRA Board of Directors approved a Convertible Line of Credit Note in the amount of \$ 1,500,000 to acquire properties within the boundaries of the Lake Worth Beach Community Redevelopment Agency.

**Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2019**

Note 16. Subsequent Events (continued)

In March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, the local and global financial markets are experiencing significant declines and creating economic uncertainties. At this time, it is unknown how this negative outlook will impact the City's financial statements. No adjustments have been made to the accompanying financial statements as a result of the current events.

In July 2020, the City Commission passed a resolution authorizing the issuance of non-ad valorem revenue bonds, series 2020A and taxable series 2020B, in the amount of approximately \$ 27,000,000 to provide funds for the purpose of financing the acquisition of certain capital improvements and financing certain costs of the City.



REQUIRED SUPPLEMENTARY INFORMATION

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City of Lake Worth Beach, Florida

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 9,741,163	\$ 9,741,163	\$ 9,701,123	\$ (40,040)
Utility service taxes	4,191,081	4,191,081	4,138,341	(52,740)
Gas tax	978,302	978,302	964,304	(13,998)
Franchise fees	62,000	62,000	130,486	68,486
Total taxes	<u>14,972,546</u>	<u>14,972,546</u>	<u>14,934,254</u>	<u>(38,292)</u>
Licenses and permits:				
Business	1,125,500	1,125,500	922,544	(202,956)
Non-business	127,600	127,600	368,499	240,899
Total licenses and permits	<u>1,253,100</u>	<u>1,253,100</u>	<u>1,291,043</u>	<u>37,943</u>
Fines and forfeitures:				
Public safety	40,000	40,000	36,297	(3,703)
Library fines	7,000	7,000	5,307	(1,693)
Violations of local ordinances	634,310	634,310	885,801	251,491
Total fines and forfeitures	<u>681,310</u>	<u>681,310</u>	<u>927,405</u>	<u>246,095</u>
Charges for services:				
General government	4,368,300	4,368,300	4,354,038	(14,262)
Public safety	373,000	373,000	333,766	(39,234)
Physical environment	782,500	782,500	845,805	63,305
Transportation	42,380	42,380	51,745	9,365
Culture and recreation	128,840	128,840	123,185	(5,655)
Total charges for services	<u>5,695,020</u>	<u>5,695,020</u>	<u>5,708,539</u>	<u>13,519</u>
Intergovernmental:				
State and other shared revenues	5,490,402	5,490,402	5,386,153	(104,249)
Total intergovernmental	<u>5,490,402</u>	<u>5,490,402</u>	<u>5,386,153</u>	<u>(104,249)</u>
Other revenues:				
Investment income	50,000	50,000	155,904	105,904
Rents and royalties	20,527	20,527	19,841	(686)
Miscellaneous	36,740	36,740	41,582	4,842
Total other revenues	<u>107,267</u>	<u>107,267</u>	<u>217,327</u>	<u>110,060</u>
Total revenues	<u>28,199,645</u>	<u>28,199,645</u>	<u>28,464,721</u>	<u>265,076</u>
Expenditures:				
General Government:				
City commission	390,265	390,265	400,068	(9,803)
City manager	766,501	855,845	736,568	119,277
City clerk	561,004	548,953	564,342	(15,389)
Finance	1,546,560	1,584,673	1,626,060	(41,387)
Internal auditing	174,911	174,911	154,815	20,096
Personnel	257,037	244,435	268,546	(24,111)
City attorney	714,390	813,802	768,267	45,535
Community development	2,346,877	2,343,877	2,211,681	132,196
Business license	91,527	91,527	84,983	6,544
Building maintenance	1,110,940	1,200,912	1,218,324	(17,412)
Cost of services	54,400	152,938	165,236	(12,298)
Total general government	<u>8,014,412</u>	<u>8,402,138</u>	<u>8,198,890</u>	<u>203,248</u>

City of Lake Worth Beach, Florida

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund (continued)
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public safety:				
Police	16,345,529	16,338,029	15,810,771	527,258
Fire	2,979,719	2,935,219	2,667,405	267,814
Building and zoning	699,883	752,883	740,033	12,850
Code and administration	1,552,947	1,553,927	1,459,680	94,247
Total public safety	21,578,078	21,580,058	20,677,889	902,169
Physical environment:				
Cemetery	280,473	280,473	383,764	(103,291)
Grounds maintenance	1,953,427	1,921,030	2,135,750	(214,720)
Total physical environment	2,233,900	2,201,503	2,519,514	(318,011)
Transportation:				
Administration	282,039	323,336	275,321	48,015
Streets, drains and sidewalks	1,389,553	1,362,936	1,644,274	(281,338)
Total transportation	1,671,592	1,686,272	1,919,595	(233,323)
Culture and recreation:				
Library	705,115	705,115	667,547	37,568
Recreation	2,140,349	1,960,983	1,793,593	167,390
Total culture and recreation	2,845,464	2,666,098	2,461,140	204,958
Capital outlay	9,000	197,405	176,638	20,767
Debt service:				
Principal	47,170	47,170	47,238	(68)
Interest	28,099	28,099	28,030	69
Total debt service	75,269	75,269	75,268	1
Total expenditures	36,427,715	36,808,743	36,028,934	779,809
Excess (deficiency) of revenues over expenditures	(8,228,070)	(8,609,098)	(7,564,213)	1,044,885
Other financing sources (uses):				
Transfers in	7,806,663	7,821,663	7,821,663	-
Transfers out	(25,000)	(25,000)	(25,000)	-
Appropriated fund balance	446,407	812,435	-	(812,435)
Total other financing sources (uses)	8,228,070	8,609,098	7,796,663	(812,435)
Net change in fund balance	\$ -	\$ -	232,450	\$ 232,450
Fund balance, beginning of year			4,650,049	
Fund balance, end of year			\$ 4,882,499	

City of Lake Worth Beach, Florida

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Beach Fund
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 3,754,323	\$ 3,754,323	\$ 3,293,077	\$ (461,246)
Fines and forfeitures	238,875	238,875	272,736	33,861
Investment income	7,500	7,500	50,735	43,235
Miscellaneous	6,000	6,000	137,441	131,441
Total revenues	4,006,698	4,006,698	3,753,989	(252,709)
Expenditures:				
Current:				
Transportation	564,442	628,727	588,742	39,985
Culture and recreation	2,510,415	2,434,203	2,348,486	85,717
Capital outlay	326,159	581,009	582,317	(1,308)
Debt service:				
Principal	550,000	414,966	-	414,966
Interest	55,682	55,682	-	55,682
Total expenditures	4,006,698	4,114,587	3,519,545	595,042
Excess (deficiency) of revenues over expenditures	-	(107,889)	234,444	342,333
Other financing sources (uses):				
Appropriated fund balance	-	107,889	-	(107,889)
Total other financing sources	-	107,889	-	(107,889)
Net change in fund balance	\$ -	\$ -	234,444	\$ 234,444
Fund balance (deficit), beginning of year			(3,431,486)	
Fund balance (deficit), end of year			\$ (3,197,042)	

**Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2019**

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 for 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 Law Enforcement and Firefighters Education Fund or Law Enforcement Confiscated Property 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)	\$ 79,210
Net change in fund balance - Capital Projects Fund (2)	<u>(128,189)</u>
Capital Projects Fund net change in fund balance per the Statement of Revenues, Expenditures, and Changes in Fund Balances - Capital Projects Fund - Page 90.	\$ <u><u>(48,979)</u></u>

(1) See budget to actual comparison schedule on page 104.

(2) See budget to actual comparison schedule on page 103.

City of Lake Worth Beach, Florida

**Required Supplementary Information
(unaudited)**

**General Employees' Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios**

Fiscal Year: Measurement Date:	2020	2019	2018	2017	2016	2015	2014
	2019	2018	2017	2016	2015	2014	2014
Total pension liability							
Service cost	\$ 1,344,924	\$ 1,276,370	\$ 1,264,754	\$ 1,026,628	\$ 1,289,330	\$ 1,269,805	
Interest	7,757,646	7,622,289	7,623,881	7,765,990	7,865,429	7,897,624	
Benefit changes	512,928	2,327,011	-	-	-	-	
Differences between expected and actual experience	(807,331)	217,106	186,801	(2,300,009)	(967,020)	(289,809)	
Changes of assumptions	993,106	957,440	2,876,644	-	-	-	
Benefit payments, including refunds of member contributions	(9,150,336)	(9,382,152)	(8,029,499)	(9,099,308)	(9,316,942)	(9,308,177)	
Net change in total pension liability	650,937	3,018,064	3,922,581	(2,606,699)	(1,129,203)	(430,557)	
Total pension liability - beginning	108,063,294	105,045,230	101,122,649	103,729,348	104,858,551	105,289,108	
Total pension liability - ending (a)	\$ 108,714,231	\$ 108,063,294	\$ 105,045,230	\$ 101,122,649	\$ 103,729,348	\$ 104,858,551	
Plan fiduciary net position							
Contributions - employer	\$ 4,205,995	\$ 3,987,293	\$ 4,086,164	\$ 4,440,602	\$ 4,614,165	\$ 4,553,202	
Contributions - member	1,124,756	1,124,419	1,102,815	848,814	844,870	928,387	
Net investment income (loss)	3,351,987	6,162,213	7,822,485	4,307,428	508,074	7,515,916	
Benefit payments, including refunds of member contributions	(9,150,336)	(9,382,152)	(8,029,499)	(9,099,308)	(9,316,942)	(9,308,177)	
Administrative expenses	(140,447)	(141,352)	(124,525)	(142,750)	(128,684)	(126,863)	
Net change in plan fiduciary net position	(608,045)	1,750,421	4,857,440	354,786	(3,478,517)	3,562,465	
Plan fiduciary net position - beginning	72,091,129	70,340,708	65,483,268	65,128,482	68,606,999	65,044,534	
Plan fiduciary net position - ending (b)	\$ 71,483,084	\$ 72,091,129	\$ 70,340,708	\$ 65,483,268	\$ 65,128,482	\$ 68,606,999	
City net pension liability - ending (a) - (b)	\$ 37,231,147	\$ 35,972,165	\$ 34,704,522	\$ 35,639,381	\$ 38,600,866	\$ 36,251,552	
Plan fiduciary net position as a percentage of the total pension liability	65.75%	66.71%	66.96%	64.76%	62.79%	65.43%	
Covered payroll	\$ 15,972,516	\$ 14,415,632	\$ 14,138,657	\$ 10,882,231	\$ 10,831,667	\$ 11,902,397	
City net pension liability as percentage of covered payroll	233.10%	249.54%	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 Beach, Florida

**Required Supplementary Information
(unaudited)**

**Police Officers' Relief and Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios**

Fiscal Year: Measurement Date:	2020 2019	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
Total pension liability						
Service cost	\$ 210,912	\$ 193,882	\$ 229,634	\$ 255,209	\$ 238,693	\$ 280,511
Interest	3,702,052	3,661,397	3,713,027	3,837,201	3,902,610	3,915,664
Differences between expected and actual experience	24,508	434,141	(97,978)	(655,445)	287,033	115,847
Changes of assumptions	666,720	656,642	266,889	635,049	-	-
Benefit payments, including refunds of member contributions	(3,680,593)	(3,678,987)	(4,422,363)	(5,427,902)	(5,567,874)	(3,923,670)
Other	270,932	295,992	235,027	209,050	209,050	202,603
Net change in total pension liability	<u>1,194,531</u>	<u>1,563,067</u>	<u>(75,764)</u>	<u>(1,146,838)</u>	<u>(930,488)</u>	<u>590,955</u>
Total pension liability - beginning	<u>52,206,957</u>	<u>50,643,890</u>	<u>50,719,654</u>	<u>51,866,492</u>	<u>52,796,980</u>	<u>52,206,025</u>
Total pension liability - ending (a)	<u>\$ 53,401,488</u>	<u>\$ 52,206,957</u>	<u>\$ 50,643,890</u>	<u>\$ 50,719,654</u>	<u>\$ 51,866,492</u>	<u>\$ 52,796,980</u>
Plan fiduciary net position						
Contributions - employer and state	\$ 3,233,586	\$ 3,119,402	\$ 3,013,393	\$ 2,882,783	\$ 2,773,209	\$ 2,543,956
Contributions - member	73,571	68,521	73,533	169,346	102,916	208,801
Net investment income (loss)	1,451,429	2,189,339	3,021,517	1,744,263	449,322	2,906,179
Benefit payments, including refunds of member contributions	(3,680,593)	(3,678,987)	(4,422,363)	(5,427,902)	(5,567,874)	(3,923,670)
Administrative expenses	(100,691)	(91,942)	(91,961)	(94,732)	(89,064)	(96,476)
Net change in plan fiduciary net position	<u>977,302</u>	<u>1,606,333</u>	<u>1,594,119</u>	<u>(726,242)</u>	<u>(2,331,491)</u>	<u>1,638,790</u>
Plan fiduciary net position - beginning	<u>32,328,488</u>	<u>30,722,155</u>	<u>29,128,036</u>	<u>29,854,278</u>	<u>32,185,769</u>	<u>30,546,979</u>
Plan fiduciary net position - ending (b)	<u>\$ 33,305,790</u>	<u>\$ 32,328,488</u>	<u>\$ 30,722,155</u>	<u>\$ 29,128,036</u>	<u>\$ 29,854,278</u>	<u>\$ 32,185,769</u>
City net pension liability - ending (a) - (b)	<u>\$ 20,095,698</u>	<u>\$ 19,878,469</u>	<u>\$ 19,921,735</u>	<u>\$ 21,591,618</u>	<u>\$ 22,012,214</u>	<u>\$ 20,611,211</u>
Plan fiduciary net position as a percentage of the total pension liability	62.37%	61.92%	60.66%	57.43%	57.56%	60.96%
Covered payroll	\$ 1,042,087	\$ 970,555	\$ 1,041,543	\$ 1,275,960	\$ 1,250,989	\$ 1,333,456
City net pension liability as percentage of covered payroll	1928.41%	2048.15%	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 Beach, Florida

**Required Supplementary Information
(unaudited)**

Firefighters' Pension Trust

Schedule of Changes in Net Pension Liability and Related Ratios

Fiscal Year: Measurement Date:	2020 2019	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
Total pension liability						
Service cost	\$ 241,178	\$ 260,076	\$ 285,547	\$ 302,838	\$ 332,003	\$ 297,315
Interest	4,680,993	4,749,735	4,762,802	4,650,666	4,483,334	4,332,379
Differences between expected and actual experience	(61,252)	(544,886)	(322,397)	120,719	198,870	(241,254)
Changes of assumptions	621,002	613,640	185,206	608,377	978,453	-
Benefit payments, including refunds of member contributions	(4,563,512)	(5,341,813)	(4,213,072)	(3,877,251)	(3,184,398)	(3,217,144)
Other	97,844	424,869	1,531,430	547,964	1,101,767	275,168
Net change in total pension liability	<u>1,016,253</u>	<u>161,621</u>	<u>2,229,516</u>	<u>2,353,313</u>	<u>3,910,029</u>	<u>1,446,464</u>
Total pension liability - beginning	<u>66,114,854</u>	<u>65,953,233</u>	<u>63,723,717</u>	<u>61,370,404</u>	<u>57,460,375</u>	<u>56,013,911</u>
Total pension liability - ending (a)	<u><u>\$ 67,131,107</u></u>	<u><u>\$ 66,114,854</u></u>	<u><u>\$ 65,953,233</u></u>	<u><u>\$ 63,723,717</u></u>	<u><u>\$ 61,370,404</u></u>	<u><u>\$ 57,460,375</u></u>
Plan fiduciary net position						
Contributions - employer and state	\$ 2,872,622	\$ 2,794,091	\$ 2,811,277	\$ 2,709,016	\$ 2,550,030	\$ 2,625,210
Contributions - member	71,919	84,971	105,985	108,980	118,270	123,344
Net investment income (loss)	1,487,404	4,981,565	4,306,470	2,748,904	(828,763)	3,079,060
Benefit payments, including refunds of member contributions	(4,563,512)	(5,341,813)	(4,213,072)	(3,877,251)	(3,184,398)	(3,217,144)
Administrative expenses	(86,312)	(84,970)	(70,801)	(80,852)	(92,510)	(217,064)
Rollover	97,844	424,869	1,531,430	547,964	1,101,767	275,168
Net change in plan fiduciary net position	<u>(120,035)</u>	<u>2,858,713</u>	<u>4,471,289</u>	<u>2,156,761</u>	<u>(335,604)</u>	<u>2,668,574</u>
Plan fiduciary net position - beginning	<u>47,122,406</u>	<u>44,263,693</u>	<u>39,792,404</u>	<u>37,635,643</u>	<u>37,971,247</u>	<u>35,302,673</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 47,002,371</u></u>	<u><u>\$ 47,122,406</u></u>	<u><u>\$ 44,263,693</u></u>	<u><u>\$ 39,792,404</u></u>	<u><u>\$ 37,635,643</u></u>	<u><u>\$ 37,971,247</u></u>
City net pension liability - ending (a) - (b)	<u><u>\$ 20,128,736</u></u>	<u><u>\$ 18,992,448</u></u>	<u><u>\$ 21,689,540</u></u>	<u><u>\$ 23,931,313</u></u>	<u><u>\$ 23,734,761</u></u>	<u><u>\$ 19,489,128</u></u>
Plan fiduciary net position as a percentage of the total pension liability	70.02%	71.27%	67.11%	62.45%	61.33%	66.08%
Covered payroll	\$ 639,283	\$ 755,301	\$ 942,090	\$ 968,706	\$ 1,050,059	\$ 1,073,629
City net pension liability as percentage of covered payroll	3148.64%	2514.55%	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 Beach, Florida

**Required Supplementary Information
(unaudited)
General Employees' Retirement System
Schedule of Contributions
Last Ten Fiscal Years**

Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 4,205,995	\$ 4,205,995	\$ -	\$ 15,972,516	26.3%
2018	3,987,293	3,987,293	-	14,415,632	27.7%
2017	4,086,164	4,086,164	-	14,138,657	28.9%
2016	4,440,602	4,440,602	-	10,882,231	40.8%
2015	4,614,165	4,614,165	-	10,831,667	42.6%
2014	4,553,202	4,553,202	-	11,902,397	38.3%
2013	3,982,877	3,982,877	-	11,547,885	34.5%
2012	3,293,953	3,293,953	-	11,916,382	27.6%
2011	2,786,433	2,786,433	-	10,951,357	25.4%
2010	3,413,861	3,413,861	-	12,563,517	27.2%

Notes to Schedule:

Valuation date: October 1, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	20 years (single equivalent amortization period)
Asset valuation method	5 year smoothed market
Inflation	2.5%
Salary increases	5.0%-7.5%, depending on years of service, including inflation
Investment rate of return	7.4%
Mortality	RP- 2000 Combined Healthy Participant Mortality Table (for preretirement mortality) and the RP-2000 Mortality Table for Annuitants (for postretirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB.

City of Lake Worth Beach, Florida

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

Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 3,233,586	\$ 3,233,586	\$ -	\$ 1,042,087	310.3%
2018	2,742,005	2,823,410	(81,405)	970,555	290.9%
2017	2,696,961	2,778,366	(81,405)	1,041,543	266.8%
2016	2,615,683	2,673,733	(58,050)	1,275,960	209.5%
2015	2,548,833	2,564,159	(15,326)	1,250,989	205.0%
2014	2,341,353	2,341,353	-	1,333,456	175.6%
2013	2,071,189	2,071,189	-	1,445,490	143.3%
2012	1,733,395	1,733,395	-	1,460,425	118.7%
2011	1,569,833	1,569,833	-	1,553,664	101.0%
2010	1,453,457	1,453,457	-	2,037,850	71.3%

Notes to Schedule:

Valuation date: October 1, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	11 years
Asset valuation method	5 year smoothed market
Inflation	2.5%
Salary increases	6.5%, including inflation
Investment rate of return	7.3%
Mortality	RP- 2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for postretirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB.

City of Lake Worth Beach, Florida

Required Supplementary Information

(unaudited)

Firefighters' Pension Trust

Schedule of Contributions

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2019	\$ 2,872,622	\$ 2,872,622	\$ -	\$ 639,283	449.4%
2018	2,794,091	2,794,091	-	755,301	369.9%
2017	2,811,277	2,811,277	-	942,090	298.4%
2016	2,709,016	2,709,016	-	968,706	279.7%
2015	2,550,030	2,550,030	-	1,050,059	242.8%
2014	2,625,210	2,625,210	-	1,073,629	244.5%
2013	2,332,795	2,332,795	-	994,538	234.6%
2012	1,845,288	1,845,288	-	1,073,889	171.8%
2011	1,705,530	1,705,530	-	1,118,599	152.5%
2010	1,794,081	1,794,081	-	1,312,204	136.7%

Notes to Schedule:

Valuation date: October 1, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	12 years
Asset valuation method	5 year smoothed market
Inflation	2.5%
Salary increases	6.5%
Investment rate of return	7.3%
Mortality	RP- 2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for postretirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB.

City of Lake Worth Beach, Florida

**Required Supplementary Information
(unaudited)
Pension Trust Funds
Schedule of Investment Returns
Last Ten Fiscal Years**

Year Ended September 30,	Annual Money-Weighted Rate of Return, Net of Investment Expense		
	General Employees' Retirement System	Police Officers' Relief and Retirement System	Firefighters' Pension Trust
2019	4.96%	4.98%	3.46%
2018	9.63%	8.15%	11.92%
2017	12.84%	11.44%	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%

City of Lake Worth Beach, Florida

**Required Supplementary Information
(unaudited)**

**Schedule of Changes in Total OPEB Liability and Related Ratios
Last Fiscal Year ***

Fiscal Year:	<u>9/30/2019</u>	<u>9/30/2018</u>
Measurement Date:	<u>9/30/2018</u>	<u>9/30/2017</u>
Total OPEB liability		
Service cost	\$ 21,674	\$ 21,929
Interest on total OPEB liability	63,806	62,760
Changes of benefit terms	184,337	-
Difference between expected and actual experience of the total OPEB liability	141,142	-
Changes of assumptions or other inputs	7,230	(63,321)
Benefits payments	<u>(230,272)</u>	<u>(214,928)</u>
Net change in total OPEB liability	187,917	(193,560)
Total OPEB liability - beginning	<u>1,916,498</u>	<u>2,110,058</u>
Total OPEB liability - ending	<u>\$ 2,104,415</u>	<u>\$ 1,916,498</u>
Covered payroll	\$ 19,192,059	\$ 19,430,154
Total OPEB liability as a percentage of covered payroll	10.97%	9.86%

Notes to Schedule:

* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

The discount rate was changed from 3.50% as of the beginning of the measurement period to 3.83% as of September 30, 2018.

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.

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City of Lake Worth Beach, Florida

Nonmajor Governmental Funds

Special Revenue Funds

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 Beach, Florida

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

General Obligation Bond (GOB) 2018 Fund

To account for principal and interest costs on the GOB series 2018 which is funded by property taxes.

Capital Projects Funds

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 Beach, Florida

**Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2019**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and cash equivalents	\$ 1,103,377	\$ 1,914	\$ 953,845	\$ 2,059,136
Investments	4,617,739	-	8,731,542	13,349,281
Accounts receivable, net	143,332	-	494,502	637,834
Accrued interest receivable	5,573	-	7,271	12,844
Inventories	8,383	-	-	8,383
Land held for resale	237,861	-	-	237,861
Prepaid items	3,964	-	-	3,964
Due from other funds	-	-	50,000	50,000
Advances to other funds	-	-	385,000	385,000
	Total assets	\$ 1,914	\$ 10,622,160	\$ 16,744,303
Liabilities:				
Accounts and contracts payable	\$ 109,045	\$ -	\$ 390,154	\$ 499,199
Accrued liabilities	44,419	-	-	44,419
Due to other funds	125,000	5,000	-	130,000
Unearned revenue	62,453	-	-	62,453
	Total liabilities	5,000	390,154	736,071
Fund balances:				
Nonspendable:				
Prepaid items	3,964	-	-	3,964
Inventories	8,383	-	-	8,383
Restricted for:				
Public safety	4,213,809	-	-	4,213,809
Grants	286,031	-	-	286,031
Debt service	-	1,914	-	1,914
Committed to:				
Parking improvements	68,844	-	-	68,844
Public safety	860,156	-	-	860,156
Tree preservation	14,607	-	-	14,607
Energy conservation	279,397	-	-	279,397
Culture and recreation	194,845	-	-	194,845
Assigned to:				
Capital projects	-	-	10,232,006	10,232,006
Unassigned (deficit)	(150,724)	(5,000)	-	(155,724)
	Total fund balances (deficit)	(3,086)	10,232,006	16,008,232
	Total liabilities and fund balances	\$ 1,914	\$ 10,622,160	\$ 16,744,303

City of Lake Worth Beach, Florida

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2019**

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Fund</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:				
Property taxes	\$ -	\$ 1,997,489	\$ -	\$ 1,997,489
Utility and other taxes	-	-	415,019	415,019
Licenses and permits	1,475,326	-	-	1,475,326
Charges for services	1,353,397	-	-	1,353,397
Intergovernmental	578,642	-	3,491,396	4,070,038
Investment income	129,434	132	191,322	320,888
Miscellaneous	150,408	-	152,000	302,408
Total revenues	<u>3,687,207</u>	<u>1,997,621</u>	<u>4,249,737</u>	<u>9,934,565</u>
Expenditures:				
Current:				
General government	95,035	-	1,241,131	1,336,166
Public safety	1,350,953	-	-	1,350,953
Physical environment	299	-	-	299
Transportation	44	-	330,893	330,937
Culture and recreation	1,177,255	-	-	1,177,255
Capital outlay	4,838	-	1,591,770	1,596,608
Debt service:				
Principal	-	655,000	-	655,000
Interest	-	1,359,978	-	1,359,978
Total expenditures	<u>2,628,424</u>	<u>2,014,978</u>	<u>3,163,794</u>	<u>7,807,196</u>
Excess (deficiency) of revenues over expenditures	<u>1,058,783</u>	<u>(17,357)</u>	<u>1,085,943</u>	<u>2,127,369</u>
Other financing sources (uses):				
Transfers in	46,160	-	2,795,810	2,841,970
Transfers out	(68,210)	-	(235,000)	(303,210)
Total other financing sources	<u>(22,050)</u>	<u>-</u>	<u>2,560,810</u>	<u>2,538,760</u>
Net change in fund balance	1,036,733	(17,357)	3,646,753	4,666,129
Fund balances, beginning of year	<u>4,742,579</u>	<u>14,271</u>	<u>6,585,253</u>	<u>11,342,103</u>
Fund balances (deficit), end of year	<u>\$ 5,779,312</u>	<u>\$ (3,086)</u>	<u>\$ 10,232,006</u>	<u>\$ 16,008,232</u>

City of Lake Worth Beach, Florida

**Combining Balance Sheet
Nonmajor Special Revenue Funds
September 30, 2019**

	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
Assets:												
Cash and cash equivalents	\$ 337,036	\$ 39,493	\$ 24,676	\$ 209,724	\$ 241,723	\$ 14,607	\$ 35,159	\$ 47,717	\$ 53,792	\$ 86,688	\$ 12,762	\$ 1,103,377
Investments	3,788,021	-	44,062	439,888	-	-	244,300	92,780	-	-	8,688	4,617,739
Accounts receivable, net	15,354	10,000	-	1,158	116,820	-	-	-	-	-	-	143,332
Accrued interest receivable	2,828	-	106	752	-	-	1,310	556	-	-	21	5,573
Inventories	-	8,383	-	-	-	-	-	-	-	-	-	8,383
Land held for resale	-	-	-	237,861	-	-	-	-	-	-	-	237,861
Prepaid items	-	3,964	-	-	-	-	-	-	-	-	-	3,964
Total assets	\$ 4,143,239	\$ 61,840	\$ 68,844	\$ 889,383	\$ 358,543	\$ 14,607	\$ 280,769	\$ 141,053	\$ 53,792	\$ 86,688	\$ 21,471	\$ 6,120,229
Liabilities:												
Accounts and contracts payable	\$ 3,121	\$ 4,920	\$ -	\$ 29,227	\$ 71,777	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,045
Accrued liabilities	34,468	7,844	-	-	735	-	1,372	-	-	-	-	44,419
Due to other funds	-	125,000	-	-	-	-	-	-	-	-	-	125,000
Unearned revenue	-	62,453	-	-	-	-	-	-	-	-	-	62,453
Total liabilities	37,589	200,217	-	29,227	72,512	-	1,372	-	-	-	-	340,917
Fund balances:												
Nonspendable:												
Prepaid items	-	3,964	-	-	-	-	-	-	-	-	-	3,964
Inventories	-	8,383	-	-	-	-	-	-	-	-	-	8,383
Restricted for:												
Public safety	4,105,650	-	-	-	-	-	-	-	-	86,688	21,471	4,213,809
Grants	-	-	-	-	286,031	-	-	-	-	-	-	286,031
Committed to:												
Parking improvements	-	-	68,844	-	-	-	-	-	-	-	-	68,844
Public safety	-	-	-	860,156	-	-	-	-	-	-	-	860,156
Tree preservation	-	-	-	-	-	14,607	-	-	-	-	-	14,607
Energy conservation	-	-	-	-	-	-	279,397	-	-	-	-	279,397
Culture and recreation	-	-	-	-	-	-	-	141,053	53,792	-	-	194,845
Unassigned (deficit)	-	(150,724)	-	-	-	-	-	-	-	-	-	(150,724)
Total fund balances (deficit)	4,105,650	(138,377)	68,844	860,156	286,031	14,607	279,397	141,053	53,792	86,688	21,471	5,779,312
Total liabilities and fund balances	\$ 4,143,239	\$ 61,840	\$ 68,844	\$ 889,383	\$ 358,543	\$ 14,607	\$ 280,769	\$ 141,053	\$ 53,792	\$ 86,688	\$ 21,471	\$ 6,120,229

City of Lake Worth Beach, Florida

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Fiscal Year Ended September 30, 2019

	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
Revenues:												
Licenses and permits	\$ 1,475,326	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,475,326
Charges for services	530	1,352,867	-	-	-	-	-	-	-	-	-	1,353,397
Intergovernmental	-	-	-	-	566,210	-	-	-	-	5,273	7,159	578,642
Investment income	105,613	-	1,290	10,594	-	-	7,978	3,704	-	-	255	129,434
Miscellaneous	-	10,297	-	133,334	-	900	179	-	5,698	-	-	150,408
Total revenues	1,581,469	1,363,164	1,290	143,928	566,210	900	8,157	3,704	5,698	5,273	7,414	3,687,207
Expenditures:												
Current:												
General government	-	-	-	-	-	-	95,035	-	-	-	-	95,035
Public safety	880,337	-	-	88,992	381,615	-	-	-	-	-	9	1,350,953
Physical environment	-	-	-	-	-	299	-	-	-	-	-	299
Transportation	-	-	44	-	-	-	-	-	-	-	-	44
Culture and recreation	-	1,169,057	-	-	8,071	-	-	127	-	-	-	1,177,255
Capital outlay	4,838	-	-	-	-	-	-	-	-	-	-	4,838
Total expenditures	885,175	1,169,057	44	88,992	389,686	299	95,035	127	-	-	9	2,628,424
Excess (deficiency) of revenues over expenditures	696,294	194,107	1,246	54,936	176,524	601	(86,878)	3,577	5,698	5,273	7,405	1,058,783
Other financing sources (uses):												
Transfers in	-	-	-	-	46,160	-	-	-	-	-	-	46,160
Transfers out	(38,210)	-	-	-	-	-	-	(30,000)	-	-	-	(68,210)
Total other financing sources (uses)	(38,210)	-	-	-	46,160	-	-	(30,000)	-	-	-	(22,050)
Net change in fund balances	658,084	194,107	1,246	54,936	222,684	601	(86,878)	(26,423)	5,698	5,273	7,405	1,036,733
Fund balances (deficit), beginning of year	3,447,566	(332,484)	67,598	805,220	63,347	14,006	366,275	167,476	48,094	81,415	14,066	4,742,579
Fund balances (deficit), end of year	\$ 4,105,650	\$ (138,377)	\$ 68,844	\$ 860,156	\$ 286,031	\$ 14,607	\$ 279,397	\$ 141,053	\$ 53,792	\$ 86,688	\$ 21,471	\$ 5,779,312

City of Lake Worth Beach, Florida

**Combining Balance Sheet
Nonmajor Capital Projects Funds
September 30, 2019**

	<u>Park of Commerce</u>	<u>Discretionary Sales Tax</u>	<u>Capital Projects</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:				
Cash and cash equivalents	\$ 286,892	\$ 286,736	\$ 380,217	\$ 953,845
Investments	4,111,495	3,691,893	928,154	8,731,542
Accounts receivable, net	-	444,719	49,783	494,502
Accrued interest receivable	2,323	2,042	2,906	7,271
Due from other funds	-	-	50,000	50,000
Advances to other funds	-	-	385,000	385,000
Total assets	<u>\$ 4,400,710</u>	<u>\$ 4,425,390</u>	<u>\$ 1,796,060</u>	<u>\$ 10,622,160</u>
Liabilities:				
Accounts and contracts payable	\$ 180,493	\$ -	\$ 209,661	\$ 390,154
Fund balances:				
Assigned to:				
Capital projects	<u>4,220,217</u>	<u>4,425,390</u>	<u>1,586,399</u>	<u>10,232,006</u>
Total fund balances	<u>4,220,217</u>	<u>4,425,390</u>	<u>1,586,399</u>	<u>10,232,006</u>
Total liabilities and fund balances	<u>\$ 4,400,710</u>	<u>\$ 4,425,390</u>	<u>\$ 1,796,060</u>	<u>\$ 10,622,160</u>

City of Lake Worth Beach, Florida

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended September 30, 2019**

	Park of Commerce	Discretionary Sales Tax	Capital Projects	Total Nonmajor Capital Projects Funds
Revenues:				
Utility and other taxes	\$ -	\$ -	\$ 415,019	\$ 415,019
Intergovernmental	700,106	2,791,290	-	3,491,396
Investment income	97,997	72,376	20,949	191,322
Miscellaneous	-	-	152,000	152,000
Total revenues	798,103	2,863,666	587,968	4,249,737
Expenditures:				
Current:				
General government	16,370	1,176,718	48,043	1,241,131
Transportation	-	98,120	232,773	330,893
Capital outlay	1,301,819	168,820	121,131	1,591,770
Total expenditures	1,318,189	1,443,658	401,947	3,163,794
Excess (deficiency) of revenues over expenditures	(520,086)	1,420,008	186,021	1,085,943
Other financing sources (uses):				
Transfers in	2,795,810	-	-	2,795,810
Transfers out	-	-	(235,000)	(235,000)
Total other financing sources (uses)	2,795,810	-	(235,000)	2,560,810
Net change in fund balances	2,275,724	1,420,008	(48,979)	3,646,753
Fund balances, beginning of year	1,944,493	3,005,382	1,635,378	6,585,253
Fund balances, end of year	\$ 4,220,217	\$ 4,425,390	\$ 1,586,399	\$ 10,232,006

City of Lake Worth Beach, Florida

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Building Permit Fund
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 1,302,000	\$ 1,302,000	\$ 1,475,326	\$ 173,326
Charges for services	150	150	530	380
Investment income	5,000	5,000	105,613	100,613
Total revenues	<u>1,307,150</u>	<u>1,307,150</u>	<u>1,581,469</u>	<u>274,319</u>
Expenditures:				
Current:				
Public safety	897,818	999,974	880,337	119,637
Capital outlay	30,000	30,000	4,838	25,162
Total expenditures	<u>927,818</u>	<u>1,029,974</u>	<u>885,175</u>	<u>144,799</u>
Excess (deficiency) of revenues over expenditures	<u>379,332</u>	<u>277,176</u>	<u>696,294</u>	<u>419,118</u>
Other financing sources (uses):				
Transfers out	(38,210)	(38,210)	(38,210)	-
Appropriated fund balance	(341,122)	(238,966)	-	238,966
Total other financing sources (uses)	<u>(379,332)</u>	<u>(277,176)</u>	<u>(38,210)</u>	<u>238,966</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	658,084	<u>\$ 658,084</u>
Fund balance, beginning of year			<u>3,447,566</u>	
Fund balance, end of year			<u>\$ 4,105,650</u>	

City of Lake Worth Beach, Florida

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Golf Fund
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 1,165,200	1,165,200	1,352,867	\$ 187,667
Miscellaneous	10,000	10,000	10,297	297
Total revenues	<u>1,175,200</u>	<u>1,175,200</u>	<u>1,363,164</u>	<u>187,964</u>
Expenditures:				
Current:				
Culture and recreation	1,159,301	1,159,301	1,169,057	(9,756)
Total expenditures	<u>1,159,301</u>	<u>1,159,301</u>	<u>1,169,057</u>	<u>(9,756)</u>
Excess (deficiency) of revenues over expenditures	<u>15,899</u>	<u>15,899</u>	<u>194,107</u>	<u>178,208</u>
Other financing sources (uses):				
Appropriated fund balance	(15,899)	(15,899)	-	15,899
Total other financing sources (uses)	<u>(15,899)</u>	<u>(15,899)</u>	<u>-</u>	<u>15,899</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	194,107	<u>\$ 194,107</u>
Fund balance (deficit), beginning of year			<u>(332,484)</u>	
Fund balance (deficit), end of year			<u>\$ (138,377)</u>	

City of Lake Worth Beach, Florida

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Parking Improvement Fund
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 211	\$ 211	\$ 1,290	\$ 1,079
Total revenues	211	211	1,290	1,079
Expenditures:				
Transportation	-	-	44	(44)
Total expenditures	-	-	44	(44)
Excess (deficiency) of revenues over expenditures	211	211	1,246	1,035
Other financing sources (uses):				
Appropriated fund balance	(211)	(211)	-	211
Total other financing sources (uses)	(211)	(211)	-	211
Net change in fund balance	\$ -	\$ -	1,246	\$ 1,246
Fund balance, beginning of year			67,598	
Fund balance, end of year			\$ 68,844	

City of Lake Worth Beach, Florida

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Code Remediation Fund
For the Fiscal Year Ended September 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ 2,240	\$ 2,240	\$ 10,594	\$ 8,354
Miscellaneous	<u>530,003</u>	<u>530,003</u>	<u>133,334</u>	<u>(396,669)</u>
Total revenues	<u>532,243</u>	<u>532,243</u>	<u>143,928</u>	<u>(388,315)</u>
Expenditures:				
Current:				
Public safety	<u>597,500</u>	<u>622,928</u>	<u>88,992</u>	<u>533,936</u>
Total expenditures	<u>597,500</u>	<u>622,928</u>	<u>88,992</u>	<u>533,936</u>
Excess (deficiency) of revenues over expenditures	<u>(65,257)</u>	<u>(90,685)</u>	<u>54,936</u>	<u>145,621</u>
Other financing sources (uses):				
Appropriated fund balance	<u>65,257</u>	<u>90,685</u>	<u>-</u>	<u>(90,685)</u>
Total other financing sources (uses)	<u>65,257</u>	<u>90,685</u>	<u>-</u>	<u>(90,685)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>54,936</u>	<u>\$ 54,936</u>
Fund balance, beginning of year			<u>805,220</u>	
Fund balance, end of year			<u>\$ 860,156</u>	

City of Lake Worth Beach, Florida

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Grants Fund
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 549,588	\$ 918,865	\$ 566,210	\$ (352,655)
Total revenues	<u>549,588</u>	<u>918,865</u>	<u>566,210</u>	<u>(352,655)</u>
Expenditures:				
Current:				
Public safety	582,768	957,919	381,615	576,304
Culture and recreation	12,980	29,585	8,071	21,514
Total expenditures	<u>595,748</u>	<u>987,504</u>	<u>389,686</u>	<u>597,818</u>
Excess (deficiency) of revenues over expenditures	<u>(46,160)</u>	<u>(68,639)</u>	<u>176,524</u>	<u>245,163</u>
Other financing sources (uses):				
Transfers in	46,160	64,354	46,160	(18,194)
Appropriated fund balance	-	4,285	-	(4,285)
Total other financing sources (uses)	<u>46,160</u>	<u>68,639</u>	<u>46,160</u>	<u>(22,479)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	222,684	<u>\$ 222,684</u>
Fund balance, beginning of year			<u>63,347</u>	
Fund balance, end of year			<u>\$ 286,031</u>	

City of Lake Worth Beach, Florida

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Tree Beautification Fund
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 2,000	\$ 2,000	\$ 900	\$ (1,100)
Total revenues	2,000	2,000	900	(1,100)
Expenditures:				
Current:				
Physical environment	2,000	2,000	299	1,701
Total expenditures	2,000	2,000	299	1,701
Excess (deficiency) of revenues over expenditures	-	-	601	601
Other financing sources (uses)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	\$ -	\$ -	601	\$ 601
Fund balance, beginning of year			14,006	
Fund balance, end of year			\$ 14,607	

City of Lake Worth Beach, Florida

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Utility Conservation Fund
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 2,100	\$ 2,100	\$ 7,978	\$ 5,878
Miscellaneous	-	-	179	179
Total revenues	2,100	2,100	8,157	6,057
Expenditures:				
Current:				
General government	125,792	125,792	95,035	30,757
Total expenditures	125,792	125,792	95,035	30,757
Excess (deficiency) of revenues over expenditures	(123,692)	(123,692)	(86,878)	36,814
Other financing sources (uses):				
Appropriated fund balance	123,692	123,692	-	(123,692)
Total other financing sources (uses)	123,692	123,692	-	(123,692)
Net change in fund balance	\$ -	\$ -	(86,878)	\$ (86,878)
Fund balance, beginning of year			366,275	
Fund balance, end of year			\$ 279,397	

City of Lake Worth Beach, Florida

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Simpkin Trust Fund
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 1,000	\$ 1,000	\$ 3,704	\$ 2,704
Total revenues	1,000	1,000	3,704	2,704
Expenditures:				
Current:				
Culture and recreation	200	200	127	73
Total expenditures	200	200	127	73
Excess (deficiency) of revenues over expenditures	800	800	3,577	2,777
Other financing sources (uses):				
Transfers out	(30,000)	(30,000)	(30,000)	-
Appropriated fund balance	29,200	29,200	-	(29,200)
Total other financing sources (uses)	(800)	(800)	(30,000)	(29,200)
Net change in fund balance	\$ -	\$ -	(26,423)	\$ (26,423)
Fund balance, beginning of year			167,476	
Fund balance, end of year			\$ 141,053	

City of Lake Worth Beach, Florida

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Library Trust Fund
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 4,030	\$ 4,030	\$ 5,698	\$ 1,668
Total revenues	4,030	4,030	5,698	1,668
Expenditures:				
	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	4,030	4,030	5,698	1,668
Other financing sources (uses):				
Appropriated fund balance	(4,030)	(4,030)	-	4,030
Total other financing sources (uses)	(4,030)	(4,030)	-	4,030
Net change in fund balance	-	-	5,698	5,698
Fund balance, beginning of year			48,094	
Fund balance, end of year			\$ 53,792	

City of Lake Worth Beach, Florida

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Government Obligation Bond 2018
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 2,014,978	\$ 2,014,978	\$ 1,997,489	\$ (17,489)
Investment income	-	-	132	132
Total revenues	2,014,978	2,014,978	1,997,621	(17,357)
Expenditures:				
Debt service:				
Principal	655,000	655,000	655,000	-
Interest	1,359,978	1,359,978	1,359,978	-
Total expenditures	2,014,978	2,014,978	2,014,978	-
Excess (deficiency) of revenues over expenditures	-	-	(17,357)	(17,357)
Other financing sources (uses)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	\$ -	\$ -	(17,357)	\$ (17,357)
Fund balance, beginning of year			14,271	
Fund balance (deficit), end of year			\$ (3,086)	

City of Lake Worth Beach, Florida

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Park of Commerce Fund
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 833,460	\$ 833,460	\$ 700,106	\$ (133,354)
Investment income	-	-	97,997	97,997
Total revenues	<u>833,460</u>	<u>833,460</u>	<u>798,103</u>	<u>(35,357)</u>
Expenditures:				
Current:				
General government	32,000	32,000	16,370	15,630
Capital outlay	<u>4,425,810</u>	<u>5,332,806</u>	<u>1,301,819</u>	<u>4,030,987</u>
Total expenditures	<u>4,457,810</u>	<u>5,364,806</u>	<u>1,318,189</u>	<u>4,046,617</u>
Excess (deficiency) of revenues over expenditures	<u>(3,624,350)</u>	<u>(4,531,346)</u>	<u>(520,086)</u>	<u>4,011,260</u>
Other financing sources (uses):				
Transfers in	2,795,810	2,795,810	2,795,810	-
Appropriated fund balance	<u>828,540</u>	<u>1,735,536</u>	-	<u>(1,735,536)</u>
Total other financing sources (uses)	<u>3,624,350</u>	<u>4,531,346</u>	<u>2,795,810</u>	<u>(1,735,536)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,275,724	<u>\$ 2,275,724</u>
Fund balance, beginning of year			<u>1,944,493</u>	
Fund balance, end of year			<u>\$ 4,220,217</u>	

City of Lake Worth Beach, Florida

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Discretionary Sales Tax Fund
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales tax	\$ 2,600,000	\$ 2,600,000	\$ 2,791,290	\$ 191,290
Investment income	2,820	2,820	72,376	69,556
Total revenues	2,602,820	2,602,820	2,863,666	260,846
Expenditures:				
Current:				
General government	-	-	1,176,718	(1,176,718)
Transportation	-	11,440	98,120	(86,680)
Capital outlay	-	249,020	168,820	80,200
Total expenditures	-	260,460	1,443,658	(1,183,198)
Excess (deficiency) of revenues over expenditures	2,602,820	2,342,360	1,420,008	(922,352)
Other financing sources (uses):				
Transfers out	-	(1,174,623)	-	1,174,623
Appropriated fund balance	(2,602,820)	(1,167,737)	-	1,167,737
Total other financing sources (uses)	(2,602,820)	(2,342,360)	-	2,342,360
Net change in fund balance	\$ -	\$ -	1,420,008	\$ 1,420,008
Fund balance, beginning of year			3,005,382	
Fund balance, end of year			\$ 4,425,390	

City of Lake Worth Beach, Florida

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 2,854	\$ 2,854
Miscellaneous	50,000	50,000	152,000	102,000
Total revenues	50,000	50,000	154,854	104,854
Expenditures:				
Current:				
General government	75,500	75,500	48,043	27,457
Capital outlay	81,420	81,420	-	81,420
Total expenditures	156,920	156,920	48,043	108,877
Excess (deficiency) of revenues over expenditures	(106,920)	(106,920)	106,811	213,731
Other financing sources (uses):				
Transfers out	(220,000)	(220,000)	(235,000)	(15,000)
Appropriated fund balance	326,920	326,920	-	(326,920)
Total other financing sources (uses)	106,920	106,920	(235,000)	(341,920)
Net change in fund balance	\$ -	\$ -	(128,189)	\$ (128,189)
Fund balance, beginning of year			991,244	
Fund balance, end of year			\$ 863,055	

City of Lake Worth Beach, Florida

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Road Improvement Fund
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Utility and other taxes	\$ 380,000	\$ 380,000	\$ 415,019	\$ 35,019
Investment income	-	-	18,095	18,095
Total revenues	<u>380,000</u>	<u>380,000</u>	<u>433,114</u>	<u>53,114</u>
Expenditures:				
Current:				
Transportation	336,300	336,300	232,773	103,527
Capital outlay	89,000	326,431	121,131	205,300
Total expenditures	<u>425,300</u>	<u>662,731</u>	<u>353,904</u>	<u>308,827</u>
Excess (deficiency) of revenues over expenditures	<u>(45,300)</u>	<u>(282,731)</u>	<u>79,210</u>	<u>361,941</u>
Other financing sources (uses):				
Appropriated fund balance	45,300	282,731	-	(282,731)
Total other financing sources (uses)	<u>45,300</u>	<u>282,731</u>	<u>-</u>	<u>(282,731)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	79,210	<u>\$ 79,210</u>
Fund balance, beginning of year			<u>644,134</u>	
Fund balance, end of year			<u>\$ 723,344</u>	

City of Lake Worth Beach, Florida

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Neighborhood Road Program Fund
For the Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 310,000	\$ 310,000	\$ 548,681	\$ 238,681
Total revenues	310,000	310,000	548,681	238,681
Expenditures:				
Capital outlay	11,585,788	16,197,208	9,286,848	6,910,360
Total expenditures	11,585,788	16,197,208	9,286,848	6,910,360
Excess (deficiency) of revenues over expenditures	(11,275,788)	(15,887,208)	(8,738,167)	7,149,041
Other financing sources (uses):				
Appropriated fund balance	11,275,788	15,887,208	-	(15,887,208)
Total other financing sources (uses)	11,275,788	15,887,208	-	(15,887,208)
Net change in fund balance	\$ -	\$ -	(8,738,167)	\$ (8,738,167)
Fund balance, beginning of year			22,953,734	
Fund balance, end of year			\$ 14,215,567	

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City of Lake Worth Beach, Florida

Nonmajor Enterprise Funds

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.

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City of Lake Worth Beach, Florida

**Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2019**

	Stormwater Utility	Refuse Collection and Disposal	Total Nonmajor Enterprise Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 27,540	\$ 268,846	\$ 296,386
Investments	3,628,198	6,949,647	10,577,845
Accounts receivable, net	15,894	383,270	399,164
Accrued interest receivable	12,748	8,257	21,005
Total current assets	3,684,380	7,610,020	11,294,400
Non-current assets:			
Capital assets:			
Land	138,346	593,700	732,046
Construction in progress	1,897,391	-	1,897,391
Land improvements	241,637	-	241,637
Buildings and structures	-	296,994	296,994
Infrastructure	4,827,975	-	4,827,975
Machinery and equipment	449,553	76,687	526,240
Vehicles	380,233	3,563,684	3,943,917
Accumulated depreciation	(2,890,748)	(2,702,961)	(5,593,709)
Total non-current assets	5,044,387	1,828,104	6,872,491
Total assets	8,728,767	9,438,124	18,166,891
Deferred Outflows of Resources:			
Deferred outflows relating to pensions	144,048	526,292	670,340
Deferred outflows relating to OPEB	6,296	30,526	36,822
Total deferred outflows of resources	150,344	556,818	707,162
Total assets and deferred outflows of resources	\$ 8,879,111	\$ 9,994,942	\$ 18,874,053
Liabilities:			
Current liabilities:			
Accounts and contracts payable	\$ 256,771	\$ 72,429	\$ 329,200
Accrued liabilities	10,711	40,157	50,868
Compensated absences	4,020	13,688	17,708
Total current liabilities	271,502	126,274	397,776
Non-current liabilities:			
Compensated absences	2,847	55,095	57,942
OPEB liability	37,459	181,611	219,070
Net pension liability	930,805	2,991,534	3,922,339
Total non-current liabilities	971,111	3,228,240	4,199,351
Total liabilities	1,242,613	3,354,514	4,597,127
Deferred Inflows of Resources:			
Deferred inflows relating to pensions	41,729	152,345	194,074
Deferred inflows relating to OPEB	375	1,822	2,197
Total deferred inflows of resources	42,104	154,167	196,271
Net position:			
Net investment in capital assets	4,993,297	1,828,104	6,821,401
Unrestricted	2,601,097	4,658,157	7,259,254
Total net position	7,594,394	6,486,261	14,080,655
Total liabilities, deferred inflows of resources and net position	\$ 8,879,111	\$ 9,994,942	\$ 18,874,053

City of Lake Worth Beach, Florida

**Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
For the Fiscal Year Ended September 30, 2019**

	<u>Stormwater Utility</u>	<u>Refuse Collection and Disposal</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues:			
Charges for services	\$ 1,892,168	\$ 6,443,982	\$ 8,336,150
Operating expenses:			
Cost of services	1,094,931	4,346,807	5,441,738
General and administrative	73,350	250,770	324,120
Depreciation	235,536	388,739	624,275
Total operating expenses	<u>1,403,817</u>	<u>4,986,316</u>	<u>6,390,133</u>
Operating income (loss)	<u>488,351</u>	<u>1,457,666</u>	<u>1,946,017</u>
Non-operating revenues (expenses):			
Investment income	127,220	195,122	322,342
Other	790	58,657	59,447
Total non-operating revenues (expenses)	<u>128,010</u>	<u>253,779</u>	<u>381,789</u>
Income (loss) before transfers	616,361	1,711,445	2,327,806
Other financing sources (uses):			
Transfers out	<u>(1,025,377)</u>	<u>(601,797)</u>	<u>(1,627,174)</u>
Change in net position	(409,016)	1,109,648	700,632
Net position, beginning of year	<u>8,003,410</u>	<u>5,376,613</u>	<u>13,380,023</u>
Net position, end of year	<u>\$ 7,594,394</u>	<u>\$ 6,486,261</u>	<u>\$ 14,080,655</u>

City of Lake Worth Beach, Florida

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended September 30, 2019**

	<u>Stormwater Utility</u>	<u>Refuse Collection and Disposal</u>	<u>Total Nonmajor Enterprise Funds</u>
Cash flows from operating activities:			
Receipts from customers	\$ 1,902,802	\$ 6,456,171	\$ 8,358,973
Payments to suppliers	(637,203)	(1,961,954)	(2,599,157)
Payments to employees	(428,929)	(1,505,345)	(1,934,274)
Payments for interfund services received	(322,520)	(1,069,187)	(1,391,707)
Other receipts	790	58,657	59,447
	<u>514,940</u>	<u>1,978,342</u>	<u>2,493,282</u>
Net cash provided by (used in) operating activities			
Cash flows from non-capital financing activities:			
Transfer to other funds	<u>(1,025,377)</u>	<u>(601,797)</u>	<u>(1,627,174)</u>
	<u>(1,025,377)</u>	<u>(601,797)</u>	<u>(1,627,174)</u>
Net cash provided by (used in) non-capital financing activities			
Cash flows from capital and related financing activities:			
Acquisition and construction of capital asset, net	<u>(1,471,168)</u>	<u>(292,948)</u>	<u>(1,764,116)</u>
	<u>(1,471,168)</u>	<u>(292,948)</u>	<u>(1,764,116)</u>
Net cash provided by (used in) capital and related financing activities			
Cash flows from investing activities:			
Purchase of investments	(226,305)	(3,126,856)	(3,353,161)
Sale of investments	1,928,437	1,947,344	3,875,781
Interest and gains or losses on investments	129,811	198,091	327,902
	<u>1,831,943</u>	<u>(981,421)</u>	<u>850,522</u>
Net cash provided by (used in) investing activities			
Net change in cash and cash equivalents			
	(149,662)	102,176	(47,486)
Cash and cash equivalents, beginning	<u>177,202</u>	<u>166,670</u>	<u>343,872</u>
Cash and cash equivalents, ending	<u>\$ 27,540</u>	<u>\$ 268,846</u>	<u>\$ 296,386</u>

City of Lake Worth Beach, Florida

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds (continued)
For the Fiscal Year Ended September 30, 2019**

	<u>Stormwater Utility</u>	<u>Refuse Collection and Disposal</u>	<u>Total Nonmajor Enterprise Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 488,351	\$ 1,457,666	\$ 1,946,017
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	235,536	388,739	624,275
Other non-operating income	790	58,657	59,447
Decrease (increase) in assets:			
Accounts receivable	10,634	12,189	22,823
Deferred outflows relating to OPEB	(2,197)	(10,654)	(12,851)
Deferred outflows relating to pensions	(3,452)	(12,036)	(15,488)
Increase (decrease) in liabilities:			
Accounts and contracts payable	(247,455)	(20,585)	(268,040)
Accrued liabilities	2,471	8,003	10,474
Compensated absences	1,309	(8,638)	(7,329)
OPEB liability	3,345	16,217	19,562
Net pension liability	26,362	91,923	118,285
Deferred inflows relating to OPEB	(376)	(1,821)	(2,197)
Deferred inflows relating to pensions	(378)	(1,318)	(1,696)
Total adjustments	<u>26,589</u>	<u>520,676</u>	<u>547,265</u>
Net cash provided by (used in) operating activities	<u>\$ 514,940</u>	<u>\$ 1,978,342</u>	<u>\$ 2,493,282</u>
Supplemental disclosure of investing activities:			
Unrealized gains (losses) on investments	<u>\$ 42,530</u>	<u>\$ 69,175</u>	<u>\$ 111,705</u>

City of Lake Worth Beach, Florida

Internal Service Funds

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 Beach, Florida



City of Lake Worth Beach, Florida

**Combining Statement of Net Position
Internal Service Funds
September 30, 2019**

	<u>Information Technology</u>	<u>Insurance</u>	<u>City Garage</u>	<u>Employee Benefits</u>	<u>Total Internal Service Funds</u>
Assets:					
Current assets:					
Cash and cash equivalents	\$ 167,510	\$ 306,146	\$ 15,485	\$ 277,288	\$ 766,429
Investments	-	6,558,407	1,045,667	1,574,156	9,178,230
Accounts receivable, net	-	-	408	9,190	9,598
Accrued interest receivable	-	13,472	662	976	15,110
Due from other funds	-	166,667	-	-	166,667
Inventories	-	-	122,279	-	122,279
Prepaid items	-	269	-	-	269
Total current assets	<u>167,510</u>	<u>7,044,961</u>	<u>1,184,501</u>	<u>1,861,610</u>	<u>10,258,582</u>
Non-current assets:					
Advances to other funds	-	1,322,333	-	-	1,322,333
Machinery and equipment	1,717,936	59,010	-	-	1,776,946
Vehicles	36,064	-	3,819,331	-	3,855,395
Accumulated depreciation	<u>(1,236,556)</u>	<u>(11,331)</u>	<u>(2,635,783)</u>	<u>-</u>	<u>(3,883,670)</u>
Total non-current assets	<u>517,444</u>	<u>1,370,012</u>	<u>1,183,548</u>	<u>-</u>	<u>3,071,004</u>
Total assets	<u>\$ 684,954</u>	<u>\$ 8,414,973</u>	<u>\$ 2,368,049</u>	<u>\$ 1,861,610</u>	<u>\$ 13,329,586</u>
Liabilities:					
Current liabilities:					
Accounts and contracts payable	\$ 19,098	\$ 2,050,169	\$ 61,108	\$ 136,083	\$ 2,266,458
Accrued liabilities	14,155	41,347	10,887	3,191	69,580
Compensated absences	66	-	2,045	-	2,111
Total current liabilities	<u>33,319</u>	<u>2,091,516</u>	<u>74,040</u>	<u>139,274</u>	<u>2,338,149</u>
Non-current liabilities:					
Insurance claims payable	-	2,312,785	-	-	2,312,785
Compensated absences	<u>24,300</u>	<u>-</u>	<u>16,426</u>	<u>-</u>	<u>40,726</u>
Total non-current liabilities	<u>24,300</u>	<u>2,312,785</u>	<u>16,426</u>	<u>-</u>	<u>2,353,511</u>
Total liabilities	<u>57,619</u>	<u>4,404,301</u>	<u>90,466</u>	<u>139,274</u>	<u>4,691,660</u>
Net position:					
Net investment in capital assets	517,444	47,679	1,183,548	-	1,748,671
Unrestricted	<u>109,891</u>	<u>3,962,993</u>	<u>1,094,035</u>	<u>1,722,336</u>	<u>6,889,255</u>
Total net position	<u>627,335</u>	<u>4,010,672</u>	<u>2,277,583</u>	<u>1,722,336</u>	<u>8,637,926</u>
Total liabilities and net position	<u>\$ 684,954</u>	<u>\$ 8,414,973</u>	<u>\$ 2,368,049</u>	<u>\$ 1,861,610</u>	<u>\$ 13,329,586</u>

City of Lake Worth Beach, Florida

**Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended September 30, 2019**

	<u>Information Technology</u>	<u>Insurance</u>	<u>City Garage</u>	<u>Employee Benefits</u>	<u>Total Internal Service Funds</u>
Operating revenues:					
Charges for services	\$ 1,512,550	\$ 2,640,399	\$ 817,862	\$ 8,481,288	\$ 13,452,099
Intergovernmental	-	-	-	12,410	12,410
Total operating revenues	<u>1,512,550</u>	<u>2,640,399</u>	<u>817,862</u>	<u>8,493,698</u>	<u>13,464,509</u>
Operating expenses:					
Cost of services	1,857,525	4,810,304	855,056	8,351,283	15,874,168
Depreciation	237,248	5,898	521,973	-	765,119
Total operating expenses	<u>2,094,773</u>	<u>4,816,202</u>	<u>1,377,029</u>	<u>8,351,283</u>	<u>16,639,287</u>
Operating income (loss)	<u>(582,223)</u>	<u>(2,175,803)</u>	<u>(559,167)</u>	<u>142,415</u>	<u>(3,174,778)</u>
Non-operating revenues (expenses):					
Investment income (loss)	-	214,426	31,892	25,492	271,810
Other	-	2,857	30,037	3,799	36,693
Total non-operating revenues (expenses)	<u>-</u>	<u>217,283</u>	<u>61,929</u>	<u>29,291</u>	<u>308,503</u>
Income (loss) before transfers and contributions	(582,223)	(1,958,520)	(497,238)	171,706	(2,866,275)
Capital contributions	-	-	176,700	-	176,700
Transfers in	6,090	-	-	-	6,090
Change in net position	(576,133)	(1,958,520)	(320,538)	171,706	(2,683,485)
Net position, beginning of year	<u>1,203,468</u>	<u>5,969,192</u>	<u>2,598,121</u>	<u>1,550,630</u>	<u>11,321,411</u>
Net position, end of year	<u>\$ 627,335</u>	<u>\$ 4,010,672</u>	<u>\$ 2,277,583</u>	<u>\$ 1,722,336</u>	<u>\$ 8,637,926</u>

City of Lake Worth Beach, Florida

**Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended September 30, 2019**

	<u>Information Technology</u>	<u>Insurance</u>	<u>City Garage</u>	<u>Employee Benefits</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities:					
Receipts from interfund charges	\$ 1,512,550	\$ 2,640,399	\$ 817,454	\$ 8,484,508	\$ 13,454,911
Payments to suppliers	(1,283,343)	(2,291,743)	(560,582)	(8,629,875)	(12,765,543)
Payments to employees	(600,735)	(140,948)	(335,748)	(56,684)	(1,134,115)
Other receipts (disbursements)	-	2,857	30,037	3,799	36,693
Net cash provided by (used in) operating activities	<u>(371,528)</u>	<u>210,565</u>	<u>(48,839)</u>	<u>(198,252)</u>	<u>(408,054)</u>
Cash flows from non-capital financing activities:					
Due from (to) other funds	400,000	-	164,000	29,575	593,575
Transfer from (to) other funds	6,090	-	-	-	6,090
Net cash provided by (used in) non-capital financing activities	<u>406,090</u>	<u>-</u>	<u>164,000</u>	<u>29,575</u>	<u>599,665</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets, net	(231,717)	(1,211)	(466,308)	-	(699,236)
Contributed capital, cash transactions	-	-	176,700	-	176,700
Net cash provided by (used in) capital and related financing activities	<u>(231,717)</u>	<u>(1,211)</u>	<u>(289,608)</u>	<u>-</u>	<u>(522,536)</u>
Cash flows from investing activities:					
Purchase of investments	-	(2,683,068)	(380,027)	(675,628)	(3,738,723)
Sale of investments	-	1,947,344	334,641	451,859	2,733,844
Interest and gains or losses on investments	-	218,054	31,426	25,247	274,727
Net cash provided by (used in) investing activities	<u>-</u>	<u>(517,670)</u>	<u>(13,960)</u>	<u>(198,522)</u>	<u>(730,152)</u>
Net change in cash and cash equivalents	(197,155)	(308,316)	(188,407)	(367,199)	(1,061,077)
Cash and cash equivalents, beginning	<u>364,665</u>	<u>614,462</u>	<u>203,892</u>	<u>644,487</u>	<u>1,827,506</u>
Cash and cash equivalents, ending	<u>\$ 167,510</u>	<u>\$ 306,146</u>	<u>\$ 15,485</u>	<u>\$ 277,288</u>	<u>\$ 766,429</u>

City of Lake Worth Beach, Florida

**Combining Statement of Cash Flows
Internal Service Funds (continued)
For the Fiscal Year Ended September 30, 2019**

	<u>Information Technology</u>	<u>Insurance</u>	<u>City Garage</u>	<u>Employee Benefits</u>	<u>Total Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (582,223)	\$ (2,175,803)	\$ (559,167)	\$ 142,415	\$ (3,174,778)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	237,248	5,898	521,973	-	765,119
Other non-operating income (disbursements)	-	2,857	30,037	3,799	36,693
Decrease (increase) in assets:					
Accounts receivable	-	-	(408)	(9,190)	(9,598)
Prepaid items	-	1,166	-	-	1,166
Inventories	-	-	(4,972)	-	(4,972)
Increase (decrease) in liabilities:					
Accounts and contracts payable	(31,040)	2,027,990	(29,199)	8,344	1,976,095
Accrued liabilities	(556)	(76,283)	(2,982)	(343,620)	(423,441)
Insurance claims payable	-	424,740	-	-	424,740
Compensated absences	5,043	-	(4,121)	-	922
Total adjustments	<u>210,695</u>	<u>2,386,368</u>	<u>510,328</u>	<u>(340,667)</u>	<u>2,766,724</u>
Net cash provided by (used in) operating activities	<u>\$ (371,528)</u>	<u>\$ 210,565</u>	<u>\$ (48,839)</u>	<u>\$ (198,252)</u>	<u>\$ (408,054)</u>
Supplemental disclosure of noncash investing activities:					
Unrealized gains (losses) on investments	<u>\$ -</u>	<u>\$ 87,480</u>	<u>\$ 11,892</u>	<u>\$ 7,609</u>	<u>\$ 106,981</u>

City of Lake Worth Beach, Florida

Fiduciary Funds

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

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

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 Beach, Florida



City of Lake Worth Beach, Florida

**Combining Statement of Net Position
Pension Trust Funds
September 30, 2019**

	<u>General Employees' Retirement System</u>	<u>Police Officers' Relief and Retirement System</u>	<u>Firefighters' Pension Trust</u>	<u>Total Pension Trust Funds</u>
Assets:				
Cash and cash equivalents	\$ 2,044,354	\$ 2,024,315	\$ 1,094,723	\$ 5,163,392
Investments at fair value:				
U.S. government and agency funds	7,114,014	3,882,638	3,316,521	14,313,173
Corporate bonds	7,662,617	3,594,997	5,265,633	16,523,247
Common stocks	32,139,054	9,423,112	3,398,221	44,960,387
Real estate	9,792,668	4,718,925	4,259,489	18,771,082
Mutual funds	12,063,545	8,859,859	29,327,657	50,251,061
Accrued interest, dividends and contributions receivable	741,403	823,020	363,575	1,927,998
Prepaid items	7,637	6,648	-	14,285
Total assets	<u>71,565,292</u>	<u>33,333,514</u>	<u>47,025,819</u>	<u>151,924,625</u>
Liabilities:				
Accounts payable	<u>82,208</u>	<u>27,724</u>	<u>23,448</u>	<u>133,380</u>
Net position restricted for pension benefits	<u>\$ 71,483,084</u>	<u>\$ 33,305,790</u>	<u>\$ 47,002,371</u>	<u>\$ 151,791,245</u>

City of Lake Worth Beach, Florida

**Combining Statement of Changes in Net Position
Pension Trust Funds
For the Fiscal Year Ended September 30, 2019**

	<u>General Employees' Retirement System</u>	<u>Police Officers' Relief and Retirement System</u>	<u>Firefighters' Pension Trust</u>	<u>Total Pension Trust Funds</u>
Additions:				
Contributions:				
Employer	\$ 4,205,995	\$ 2,679,249	\$ 2,794,459	\$ 9,679,703
Chapter 175	-	-	78,163	78,163
Plan members	1,124,756	73,571	71,919	1,270,246
Rollover	-	-	97,844	97,844
State	-	554,337	-	554,337
Total contributions	<u>5,330,751</u>	<u>3,307,157</u>	<u>3,042,385</u>	<u>11,680,293</u>
Investment income:				
Interest and dividends	1,612,916	662,445	925,324	3,200,685
Net change in fair value of investments	2,096,025	932,486	682,745	3,711,256
Other income	13,795	2,323	5,255	21,373
Total investment income	<u>3,722,736</u>	<u>1,597,254</u>	<u>1,613,324</u>	<u>6,933,314</u>
Less investment expenses	<u>(370,749)</u>	<u>(145,825)</u>	<u>(125,920)</u>	<u>(642,494)</u>
Net investment income	<u>3,351,987</u>	<u>1,451,429</u>	<u>1,487,404</u>	<u>6,290,820</u>
Total additions	<u>8,682,738</u>	<u>4,758,586</u>	<u>4,529,789</u>	<u>17,971,113</u>
Deductions:				
Pension benefits	9,150,336	3,680,593	4,563,512	17,394,441
Administrative expenses	140,447	100,691	86,312	327,450
Total deductions	<u>9,290,783</u>	<u>3,781,284</u>	<u>4,649,824</u>	<u>17,721,891</u>
Change in net position	<u>(608,045)</u>	<u>977,302</u>	<u>(120,035)</u>	<u>249,222</u>
Net position, beginning of year	<u>72,091,129</u>	<u>32,328,488</u>	<u>47,122,406</u>	<u>151,542,023</u>
Net position, end of year	<u>\$ 71,483,084</u>	<u>\$ 33,305,790</u>	<u>\$ 47,002,371</u>	<u>\$ 151,791,245</u>

City of Lake Worth Beach, Florida

Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended September 30, 2019

	<u>Balance October 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2019</u>
Assets:				
Cash and cash equivalents	\$ 2,979	\$ 3,458	\$ (3,058)	\$ 3,379
Total assets	<u>\$ 2,979</u>	<u>\$ 3,458</u>	<u>\$ (3,058)</u>	<u>\$ 3,379</u>
Liabilities:				
Deposit payable	\$ 2,979	\$ 3,458	\$ (3,058)	\$ 3,379
Total liabilities	<u>\$ 2,979</u>	<u>\$ 3,458</u>	<u>\$ (3,058)</u>	<u>\$ 3,379</u>

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City of Lake Worth Beach, Florida

Discretely Presented Component Unit

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 Beach, Florida



City of Lake Worth Beach, Florida

**Combining Balance Sheet
Discretely Presented Component Unit
September 30, 2019**

	Community Redevelopment Agency			
	Community Redevelopment Agency Trust	NSP2	CRA Capital Projects	Total Component Unit
Assets:				
Cash and cash equivalents	\$ 1,635,128	\$ 330,516	\$ 772,499	\$ 2,738,143
Investments	1,058,457	-	103,907	1,162,364
Accounts receivable, net	13,428	383	151	13,962
Land held for resale	-	3,405,837	7,871,454	11,277,291
Prepaid items	6,969	-	8,022	14,991
Total assets	\$ 2,713,982	\$ 3,736,736	\$ 8,756,033	\$ 15,206,751
Liabilities:				
Accounts and contracts payable	\$ 35,884	\$ -	\$ 6,325	\$ 42,209
Accrued liabilities	12,024	-	-	12,024
Due to other funds	2,527	-	-	2,527
Total liabilities	50,435	-	6,325	56,760
Fund balances:				
Nonspendable:				
Prepaid items	6,969	-	8,022	14,991
Restricted for:				
Community redevelopment	2,656,578	3,736,736	-	6,393,314
Assigned to:				
Capital projects	-	-	8,741,686	8,741,686
Total fund balances	2,663,547	3,736,736	8,749,708	15,149,991
Total liabilities and fund balances	\$ 2,713,982	\$ 3,736,736	\$ 8,756,033	\$ 15,206,751

City of Lake Worth Beach, Florida

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Discretely Presented Component Unit
For the Year Ended September 30, 2019**

	Community Redevelopment Agency			Total Component Unit
	Community Redevelopment Agency Trust	NSP2	CRA Capital Projects	
Revenues:				
Property taxes	\$ 2,898,561	\$ -	\$ -	\$ 2,898,561
Intergovernmental	-	-	1,174,623	1,174,623
Investment income	29,832	-	1,219	31,051
Miscellaneous	39,151	-	-	39,151
Total revenues	2,967,544	-	1,175,842	4,143,386
Expenditures:				
Current:				
Community redevelopment	1,143,127	798,516	93,216	2,034,859
Debt service:				
Principal	1,421,875	-	-	1,421,875
Interest	219,413	-	-	219,413
Total expenditures	2,784,415	798,516	93,216	3,676,147
Excess (deficiency) of revenues over expenditures	183,129	(798,516)	1,082,626	467,239
Other financing sources (uses):				
Issuance of debt	-	-	171,267	171,267
Transfers in	-	-	865,871	865,871
Transfers out	(865,871)	-	-	(865,871)
Total other financing sources (uses)	(865,871)	-	1,037,138	171,267
Net change in fund balances	(682,742)	(798,516)	2,119,764	638,506
Fund balances, beginning of year	3,346,289	4,535,252	6,629,944	14,511,485
Fund balances, end of year	\$ 2,663,547	\$ 3,736,736	\$ 8,749,708	\$ 15,149,991

STATISTICAL SECTION

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

Contents

Financial Trends	S2 - S11
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	S12 - 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 Beach, Florida

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental Activities:				
Net investment in capital assets	\$ 59,067,959	\$ 60,345,422	\$ 63,132,112	\$ 63,660,538
Restricted	12,939,913	5,630,464	6,374,614	1,631,956
Unrestricted (deficit)	<u>13,881,744</u>	<u>21,765,696</u>	<u>2,624,576</u>	<u>6,055,185</u>
 Total governmental activities net position	 <u>85,889,616</u>	 <u>87,741,582</u>	 <u>72,131,302</u>	 <u>71,347,679</u>
Business-Type Activities:				
Net investment in capital assets	65,016,315	73,913,475	60,153,130	66,248,211
Restricted	17,398,012	17,043,315	22,390,764	2,803,258
Unrestricted	<u>58,134,674</u>	<u>53,714,975</u>	<u>68,980,999</u>	<u>79,507,888</u>
 Total business-type activities net position	 <u>140,549,001</u>	 <u>144,671,765</u>	 <u>151,524,893</u>	 <u>148,559,357</u>
Total Government:				
Net investment in capital assets	124,084,274	134,258,897	123,285,242	129,908,749
Restricted	30,337,925	22,673,779	28,765,378	4,435,214
Unrestricted	<u>72,016,418</u>	<u>75,480,671</u>	<u>71,605,575</u>	<u>85,563,073</u>
 Total government net position	 <u>\$ 226,438,617</u>	 <u>\$ 232,413,347</u>	 <u>\$ 223,656,195</u>	 <u>\$ 219,907,036</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.

NOTE: The City implemented GASB statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" in fiscal year 2018. Information for fiscal year 2017 has been restated.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	59,907,246	\$ 58,548,019	\$ 56,328,679	\$ 55,276,904	\$ 57,137,390	\$ 55,217,776
	1,803,743	2,159,736	2,882,658	23,188,479	3,620,665	4,501,754
	<u>(45,102,488)</u>	<u>(42,865,854)</u>	<u>(42,528,582)</u>	<u>(63,480,001)</u>	<u>(42,749,218)</u>	<u>(38,108,305)</u>
	<u>16,608,501</u>	<u>17,841,901</u>	<u>16,682,755</u>	<u>14,985,382</u>	<u>18,008,837</u>	<u>21,611,225</u>
	65,053,346	67,396,574	74,381,420	83,094,062	90,093,724	95,692,038
	4,330,029	3,954,649	4,023,055	5,084,192	8,797,790	8,877,209
	<u>59,487,552</u>	<u>64,875,277</u>	<u>71,056,620</u>	<u>64,199,523</u>	<u>48,072,470</u>	<u>46,249,865</u>
	<u>128,870,927</u>	<u>136,226,500</u>	<u>149,461,095</u>	<u>152,377,777</u>	<u>146,963,984</u>	<u>150,819,112</u>
	124,960,592	125,944,593	130,710,099	138,370,966	147,231,114	150,909,814
	6,133,772	6,114,385	6,905,713	28,272,671	12,418,455	13,378,963
	<u>14,385,064</u>	<u>22,009,423</u>	<u>28,528,038</u>	<u>719,522</u>	<u>5,323,252</u>	<u>8,141,560</u>
\$	<u><u>145,479,428</u></u>	<u><u>154,068,401</u></u>	<u><u>166,143,850</u></u>	<u><u>167,363,159</u></u>	<u><u>164,972,821</u></u>	<u><u>172,430,337</u></u>

City of Lake Worth Beach, Florida

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses:				
Governmental Activities:				
General Government	\$ 1,808,565	\$ 2,779,104	\$ 2,625,404	\$ 2,326,955
Public Safety	20,206,868	19,077,692	18,516,774	19,624,339
Physical Environment	3,171,382	2,510,728	2,021,308	1,841,328
Transportation	3,869,570	1,382,039	3,388,138	3,923,414
Culture and Recreation	2,867,839	4,761,357	4,480,875	6,666,221
Community Redevelopment	1,514,545	2,664,189	-	-
Interest on Long-Term Debt	266,896	228,457	21,401	24,000
Total Governmental Activities Expenses	<u>33,705,665</u>	<u>33,403,566</u>	<u>31,053,900</u>	<u>34,406,257</u>
Business-Type Activities:				
Electric	53,936,852	49,596,103	52,552,814	51,377,436
Water	9,171,596	8,712,797	10,569,901	10,790,441
Local Sewer	6,174,317	5,460,696	6,239,262	5,304,658
Regional Sewer	4,884,662	3,815,581	6,070,749	11,061,208
Golf Course	1,436,970	1,343,390	-	-
Stormwater Utility	1,124,438	2,092,756	2,075,984	1,340,812
Refuse Collection and Disposal	3,419,697	3,245,043	3,954,656	3,956,006
Total Business-Type Activities Expenses	<u>80,148,532</u>	<u>74,266,366</u>	<u>81,463,366</u>	<u>83,830,561</u>
Total Primary Government Expenses	<u>\$ 113,854,197</u>	<u>\$ 107,669,932</u>	<u>\$ 112,517,266</u>	<u>\$ 118,236,818</u>
Program Revenues:				
Governmental Activities:				
Charges for Services:				
General Government	\$ 2,846,869	\$ 2,332,345	\$ 2,062,610	\$ 2,229,910
Public Safety	1,099,226	717,382	526,601	572,064
Physical Environment	17,995	82,768	25,250	22,200
Transportation	614,943	793,998	650,724	1,021,207
Culture and Recreation	353,038	316,993	1,543,131	1,799,711
Operating Grants and Contributions	879,328	1,948,280	940,072	1,275,649
Capital Grants and Contributions	3,477,733	4,683,790	3,533,795	2,913,927
Total Governmental Activities Program Revenues	<u>9,289,132</u>	<u>10,875,556</u>	<u>9,282,183</u>	<u>9,834,668</u>
Business-Type Activities:				
Charges for Services:				
Electric	59,380,987	55,903,189	53,885,218	51,062,159
Water	11,392,126	12,004,104	11,731,448	11,487,086
Local Sewer	6,417,177	6,983,675	7,705,072	7,222,939
Regional Sewer	5,613,322	5,043,689	6,586,821	5,231,267
Golf Course	1,348,186	1,184,647	-	-
Stormwater Utility	1,582,863	1,564,276	1,936,918	1,865,303
Refuse Collection and Disposal	4,601,480	4,906,260	5,491,867	5,587,032
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	173,887	148,343	-	677,280
Total Business-Type Activities Program Revenues	<u>90,510,028</u>	<u>87,738,183</u>	<u>87,337,344</u>	<u>83,133,066</u>
Total Primary Program Revenues	<u>\$ 99,799,160</u>	<u>\$ 98,613,739</u>	<u>\$ 96,619,527</u>	<u>\$ 92,967,734</u>

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	2,297,354	\$ 2,422,314	\$ 3,059,477	\$ 4,090,775	\$ 3,962,157	\$ 6,230,789
	19,971,563	18,613,494	21,521,291	21,020,172	20,375,323	21,711,159
	1,709,220	2,684,500	1,791,681	2,118,859	2,432,633	3,618,684
	3,775,229	3,798,644	4,224,006	4,462,603	4,343,667	5,652,177
	4,219,879	4,102,901	5,672,028	6,605,043	6,892,253	6,652,731
	-	-	-	-	-	-
	-	-	-	328,454	1,298,123	1,412,098
	<u>31,973,245</u>	<u>31,621,853</u>	<u>36,268,483</u>	<u>38,625,906</u>	<u>39,304,156</u>	<u>45,277,638</u>
	50,529,559	48,719,483	47,510,501	54,793,486	56,923,415	52,460,343
	10,218,577	9,541,300	10,173,782	11,754,509	11,663,352	12,713,290
	6,522,133	6,523,547	6,819,673	7,356,239	8,892,409	8,885,400
	5,827,196	7,360,670	5,084,878	4,868,053	6,535,365	4,804,777
	-	-	-	-	-	-
	1,365,026	1,160,138	1,109,596	1,183,318	1,382,758	1,452,752
	4,880,048	4,231,967	4,308,118	4,884,890	4,615,148	5,150,043
	<u>79,342,539</u>	<u>77,537,105</u>	<u>75,006,548</u>	<u>84,840,495</u>	<u>90,012,447</u>	<u>85,466,605</u>
\$	<u>111,315,784</u>	<u>109,158,958</u>	<u>111,275,031</u>	<u>123,466,401</u>	<u>129,316,603</u>	<u>130,744,243</u>
\$	1,791,964	\$ 2,709,695	\$ 2,888,193	\$ 2,483,748	\$ 2,972,515	\$ 3,286,187
	934,486	1,283,169	1,562,712	1,374,166	1,290,577	1,564,369
	15,420	11,350	16,250	19,125	19,700	20,175
	1,425,139	1,565,500	1,675,853	1,881,827	1,907,733	2,347,327
	1,936,822	2,229,513	2,069,347	2,160,482	2,185,279	2,616,295
	809,270	1,033,222	1,267,255	878,208	543,186	45,135
	559,996	292,129	51,440	18,850	657,045	1,029,905
	<u>7,473,097</u>	<u>9,124,578</u>	<u>9,531,050</u>	<u>8,816,406</u>	<u>9,576,035</u>	<u>10,909,393</u>
	54,537,479	54,269,092	57,011,403	55,850,044	54,280,835	55,128,532
	12,005,357	13,053,300	13,960,788	14,652,277	13,990,442	15,121,045
	6,322,018	7,228,749	7,694,525	7,183,903	7,083,494	7,770,255
	4,657,237	6,137,326	6,543,368	6,981,203	8,037,738	9,056,597
	-	-	-	-	-	-
	1,811,731	1,807,513	1,853,597	1,839,490	1,877,395	1,892,168
	5,840,137	5,905,283	5,859,424	5,937,437	6,029,714	6,443,982
	-	-	-	-	-	-
	398,574	824,131	668,015	937,910	620,434	907,493
	<u>85,572,533</u>	<u>89,225,394</u>	<u>93,591,120</u>	<u>93,382,264</u>	<u>91,920,052</u>	<u>96,320,072</u>
\$	<u>93,045,630</u>	<u>98,349,972</u>	<u>103,122,170</u>	<u>102,198,670</u>	<u>101,496,087</u>	<u>107,229,465</u>

City of Lake Worth Beach, Florida

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net (Expense) / Revenue:				
Governmental Activities	\$ (24,416,533)	\$ (22,528,010)	\$ (21,771,717)	\$ (24,571,589)
Business-Type Activities	<u>10,361,496</u>	<u>13,471,817</u>	<u>5,873,978</u>	<u>(697,495)</u>
 Total Primary Government Net Expenses	 <u>\$ (14,055,037)</u>	 <u>\$ (9,056,193)</u>	 <u>\$ (15,897,739)</u>	 <u>\$ (25,269,084)</u>
General Revenues:				
Governmental Activities:				
Taxes:				
Property and other taxes	\$ 6,773,150	\$ 6,592,349	\$ 6,256,979	\$ 6,530,263
Franchise Taxes	43,337	42,836	54,068	36,127
Utility Taxes	5,864,811	5,335,753	5,020,040	5,118,045
Gas Taxes and Shared Revenues	3,170,175	3,170,202	3,288,619	3,488,545
Intergovernmental - Unrestricted	1,215,448	1,245,229	1,262,112	661,551
Investment Income - Unrestricted	146,788	85,908	50,884	72,073
Miscellaneous	17,599	200,291	479,396	104,778
Transfers	<u>7,379,240</u>	<u>2,310,223</u>	<u>7,270,342</u>	<u>5,949,062</u>
 Total Governmental Activities Revenues	 <u>24,610,548</u>	 <u>18,982,791</u>	 <u>23,682,440</u>	 <u>21,960,444</u>
Business-Type Activities:				
Investment Income - Unrestricted	488,511	-	228,997	293,379
Miscellaneous	753,906	3,834,357	4,352,763	1,794,210
Transfers	<u>(7,379,240)</u>	<u>(2,310,223)</u>	<u>(7,270,342)</u>	<u>(5,949,062)</u>
 Total Business-Type Activities Revenues	 <u>(6,136,823)</u>	 <u>1,524,134</u>	 <u>(2,688,582)</u>	 <u>(3,861,473)</u>
 Total Primary Government General Revenues	 <u>\$ 18,473,725</u>	 <u>\$ 20,506,925</u>	 <u>\$ 20,993,858</u>	 <u>\$ 18,098,971</u>
Change in Net Position:				
Governmental Activities	\$ 194,015	\$ (3,545,219)	\$ 1,910,723	\$ (2,611,145)
Business-type Activities	<u>4,224,673</u>	<u>14,995,951</u>	<u>3,185,396</u>	<u>(4,558,968)</u>
 Total Primary Government	 <u>\$ 4,418,688</u>	 <u>\$ 11,450,732</u>	 <u>\$ 5,096,119</u>	 <u>\$ (7,170,113)</u>

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	(24,500,148)	\$ (22,497,275)	\$ (26,737,433)	\$ (29,809,500)	\$ (29,728,121)	\$ (34,368,245)
	<u>6,229,994</u>	<u>11,688,289</u>	<u>18,584,572</u>	<u>8,541,769</u>	<u>1,907,605</u>	<u>10,853,467</u>
\$	<u>(18,270,154)</u>	<u>(10,808,986)</u>	<u>(8,152,861)</u>	<u>(21,267,731)</u>	<u>(27,820,516)</u>	<u>(23,514,778)</u>
\$	7,016,336	\$ 7,016,336	\$ 7,933,054	\$ 8,501,004	\$ 10,446,929	\$ 12,236,801
	39,358	39,358	40,559	57,146	149,379	130,486
	5,040,381	5,040,381	5,249,541	5,323,406	5,157,559	5,378,990
	3,731,994	3,731,994	3,913,702	5,866,094	6,780,214	6,914,217
	1,469,121	1,469,121	1,528,273	1,669,080	1,647,276	1,689,341
	84,656	84,656	73,088	96,906	399,621	1,076,109
	202,581	202,581	79,538	176,950	294,959	209,266
	<u>6,146,248</u>	<u>6,146,248</u>	<u>6,760,532</u>	<u>6,991,921</u>	<u>7,875,639</u>	<u>10,335,423</u>
	<u>23,730,675</u>	<u>23,730,675</u>	<u>25,578,287</u>	<u>28,682,507</u>	<u>32,751,576</u>	<u>37,970,633</u>
	638,789	638,789	584,317	371,686	580,489	1,379,774
	731,768	731,768	826,238	959,846	1,343,752	1,057,737
	<u>(6,146,248)</u>	<u>(6,146,248)</u>	<u>(6,760,532)</u>	<u>(6,991,921)</u>	<u>(9,245,639)</u>	<u>(10,335,423)</u>
	<u>(4,775,691)</u>	<u>(4,775,691)</u>	<u>(5,349,977)</u>	<u>(5,660,389)</u>	<u>(7,321,398)</u>	<u>(7,897,912)</u>
\$	<u>18,954,984</u>	<u>18,954,984</u>	<u>20,228,310</u>	<u>23,022,118</u>	<u>25,430,178</u>	<u>30,072,721</u>
\$	(769,473)	\$ 1,233,400	\$ (1,159,146)	\$ (1,126,993)	\$ 3,023,455	\$ 3,602,388
	<u>1,454,303</u>	<u>6,912,598</u>	<u>13,234,595</u>	<u>2,881,380</u>	<u>(5,413,793)</u>	<u>2,955,555</u>
\$	<u>684,830</u>	<u>8,145,998</u>	<u>12,075,449</u>	<u>1,754,387</u>	<u>(2,390,338)</u>	<u>6,557,943</u>

City of Lake Worth Beach, Florida

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund:				
Reserved	\$ 1,555,329	\$ -	\$ -	\$ -
Unreserved, designated	5,193,918	-	-	-
Unreserved, undesignated	843,977	-	-	-
Nonspendable	-	1,898,200	1,551,899	26,438
Committed	-	5,193,918	-	-
Assigned	-	8,435	8,435	9,462
Unassigned	-	2,015,792	3,823,324	4,237,941
Total General Fund	<u>\$ 7,593,224</u>	<u>\$ 9,116,345</u>	<u>\$ 5,383,658</u>	<u>\$ 4,273,841</u>
All Other Governmental Funds:				
Reserved	3,300,192	-	-	-
Unreserved, designated	6,627,823	-	-	-
Unreserved, undesignated, reported:				
Special Revenue Funds	5,589,788	-	-	-
Capital Projects Funds	1,145,425	-	-	-
Nonspendable	-	5,651,914	3,697	16,722
Restricted	-	3,260,848	1,318,521	1,631,956
Committed	-	3,469,027	2,709,902	2,068,146
Assigned	-	4,099,589	5,427,177	5,404,534
Unassigned (deficit)	-	-	(1,996,104)	(6,475,512)
Total All Other Governmental Funds	<u>16,663,228</u>	<u>16,481,378</u>	<u>7,463,193</u>	<u>2,645,846</u>
Total Governmental Funds	<u>\$ 24,256,452</u>	<u>\$ 25,597,723</u>	<u>\$ 12,846,851</u>	<u>\$ 6,919,687</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
22,256	18,703	11,352	13,245	27,397	20,856
-	-	-	-	-	-
9,267	78,156	374,534	435,487	739,511	9,267
<u>4,359,619</u>	<u>4,867,733</u>	<u>5,596,137</u>	<u>4,406,420</u>	<u>3,883,141</u>	<u>4,852,376</u>
<u>\$ 4,391,142</u>	<u>\$ 4,964,592</u>	<u>\$ 5,982,023</u>	<u>\$ 4,855,152</u>	<u>\$ 4,650,049</u>	<u>\$ 4,882,499</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
15,327	74,520	8,534	8,321	13,052	12,347
1,803,743	2,159,736	2,882,658	22,764,757	26,574,399	18,717,321
2,021,065	1,692,430	1,463,513	1,459,827	1,468,669	1,417,849
3,601,203	2,926,266	2,476,999	4,284,028	6,585,253	10,232,006
<u>(5,602,675)</u>	<u>(4,823,306)</u>	<u>(4,291,069)</u>	<u>(3,909,745)</u>	<u>(3,777,022)</u>	<u>(3,352,766)</u>
<u>1,838,663</u>	<u>2,029,646</u>	<u>2,540,635</u>	<u>24,607,188</u>	<u>30,864,351</u>	<u>27,026,757</u>
<u>\$ 6,229,805</u>	<u>\$ 6,994,238</u>	<u>\$ 8,522,658</u>	<u>\$ 29,462,340</u>	<u>\$ 35,514,400</u>	<u>\$ 31,909,256</u>

City of Lake Worth Beach, Florida

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues:				
Property Taxes	\$ 7,764,745	\$ 6,082,587	\$ 5,879,132	\$ 5,646,125
Utility and Other Taxes	6,633,934	6,709,122	6,192,834	5,882,323
Licenses and Permits	1,260,724	1,122,704	1,311,181	1,909,015
Fines and Forfeitures	482,635	340,140	253,858	209,517
Charges for Services	2,921,690	6,587,720	7,326,862	6,977,890
Intergovernmental	13,058,025	10,575,314	8,621,673	8,144,808
Investment Income	360,493	146,788	85,908	50,884
Rents and Royalties	267,022	28,256	811	22,874
Miscellaneous	1,307,012	204,917	281,729	311,550
Total Revenues	<u>34,056,280</u>	<u>31,797,548</u>	<u>29,953,988</u>	<u>29,154,986</u>
Expenditures:				
Current:				
General Government	5,481,014	5,743,061	6,805,608	5,923,710
Public Safety	20,011,801	19,090,029	18,293,122	19,482,378
Physical Environment	2,367,405	2,351,909	2,006,693	1,837,574
Transportation	1,743,460	1,052,798	875,626	1,244,226
Culture and Recreation	2,406,296	2,196,355	3,938,839	4,102,093
Community Redevelopment	1,489,780	2,257,690	-	-
Capital Outlay	3,716,428	3,567,570	8,338,374	4,073,029
Debt Service:				
Principal	1,212,102	1,338,833	-	-
Interest and Other Fiscal Charges	274,727	237,272	21,401	-
Cost of Issuance	-	-	-	-
Total Expenditures	<u>38,703,013</u>	<u>37,835,517</u>	<u>40,279,663</u>	<u>36,663,010</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,646,733)</u>	<u>(6,037,969)</u>	<u>(10,325,675)</u>	<u>(7,508,024)</u>
Other Financing Sources (Uses):				
Transfers In	12,643,285	9,577,618	9,338,075	8,845,314
Transfers Out	(6,002,768)	(2,198,378)	(7,027,852)	(1,574,972)
Advances Forgiven	-	-	-	238,278
Issuance of Debt	-	-	-	-
Total Other Financing Sources (Uses)	<u>6,640,517</u>	<u>7,379,240</u>	<u>2,310,223</u>	<u>7,508,620</u>
Net Change in Fund Balances	<u>\$ 1,993,784</u>	<u>\$ 1,341,271</u>	<u>\$ (8,015,452)</u>	<u>\$ 596</u>
Debt Service as a Percentage of Non-Capital Expenditures	4.25%	4.60%	0.07%	0.00%

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	5,762,505	\$ 6,316,354	\$ 7,217,524	\$ 7,902,965	\$ 9,903,427	\$ 11,698,612
	5,311,296	5,237,870	5,454,398	5,556,899	5,477,082	5,648,150
	1,374,635	2,306,549	2,298,863	1,913,624	2,372,876	2,766,369
	507,709	990,180	1,196,984	1,136,209	941,176	1,200,141
	8,309,647	8,113,998	8,319,650	8,411,704	9,298,864	10,355,013
	6,145,110	6,324,240	6,521,260	8,072,671	9,008,012	9,456,191
	72,073	99,182	73,088	98,989	400,146	1,076,208
	21,921	21,099	20,974	20,703	20,642	19,841
	165,899	299,088	224,878	413,554	513,776	481,431
	<u>27,670,795</u>	<u>29,708,560</u>	<u>31,327,619</u>	<u>33,527,318</u>	<u>37,936,001</u>	<u>42,701,956</u>
	5,751,549	5,634,202	6,199,180	6,917,043	7,575,275	9,535,056
	19,773,044	20,326,650	20,746,172	21,418,839	21,329,407	22,028,842
	1,683,387	1,755,019	1,773,092	2,070,505	2,310,527	2,519,813
	1,129,732	1,284,203	1,652,394	1,845,235	2,026,304	2,839,274
	4,252,002	4,370,469	4,606,962	5,291,682	5,812,796	5,986,881
	-	-	-	-	-	-
	1,825,165	1,719,832	2,431,377	4,128,562	17,016,282	11,642,411
	-	-	-	-	423,722	702,238
	-	-	-	303,736	817,195	1,388,008
	-	-	-	-	172,597	-
	<u>34,414,879</u>	<u>35,090,375</u>	<u>37,409,177</u>	<u>41,975,602</u>	<u>57,484,105</u>	<u>56,642,523</u>
	<u>(6,744,084)</u>	<u>(5,381,815)</u>	<u>(6,081,558)</u>	<u>(8,448,284)</u>	<u>(19,548,104)</u>	<u>(13,940,567)</u>
	9,083,001	7,503,308	6,820,532	7,122,980	10,248,836	10,663,633
	(3,133,939)	(1,357,060)	(60,000)	(131,059)	(2,373,197)	(328,210)
	-	-	-	-	-	-
	-	-	849,446	22,396,045	17,724,525	-
	<u>5,949,062</u>	<u>6,146,248</u>	<u>7,609,978</u>	<u>29,387,966</u>	<u>25,600,164</u>	<u>10,335,423</u>
\$	<u>(795,022)</u>	<u>764,433</u>	<u>1,528,420</u>	<u>20,939,682</u>	<u>6,052,060</u>	<u>(3,605,144)</u>
	0.00%	0.00%	0.00%	0.80%	3.07%	4.64%

City of Lake Worth Beach, Florida

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

Fiscal Year Ended September 30,	Tax Revenue Year	Real Property			Railroad Property	Total Net Assessed Value	Total Direct Tax Rate
		Residential Property	Commercial Property				
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	
2018	2017	1,758,006	49,116	5,924	1,813,046	9.70	
2019	2018	1,933,683	57,977	7,795	1,999,455	10.06	

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 Beach, Florida

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

Fiscal Year Ended September 30,	Tax Roll Year	City of Lake Worth					Overlapping Rates (1)					Total Direct and Overlapping Rates	
		General Operations	MSTU	Debt Service	Total City	Palm Beach County	Palm Beach County School Board	South			Palm Beach County Health Care District		Children's Services Council
								Florida Water Management District	Florida Inland Navigation District	Florida Inland Navigation District			
2010	2009	5.00	3.46	0.30	8.76	4.56	7.98	0.62	0.03	1.15	0.69	23.79	
2011	2010	4.99	3.46	0.04	8.49	4.99	8.18	0.24	0.03	1.13	0.75	23.81	
2012	2011	5.49	3.46	-	8.95	4.99	7.78	0.18	0.03	1.12	0.73	23.78	
2013	2012	5.49	3.46	-	8.95	4.78	7.78	0.77	0.03	1.12	0.73	24.16	
2014	2013	5.49	3.46	-	8.95	4.78	7.59	0.74	0.03	1.08	0.70	23.87	
2015	2014	5.49	3.46	-	8.95	4.78	7.59	0.69	0.03	1.05	0.67	23.76	
2016	2015	5.49	3.46	-	8.95	4.91	7.08	0.33	0.03	0.90	0.68	22.88	
2017	2016	5.49	3.46	0.75	9.70	4.90	6.77	0.31	0.03	0.78	0.66	23.15	
2018	2017	5.49	3.46	0.75	9.70	4.90	6.77	0.32	0.03	0.85	0.66	23.23	
2019	2018	5.49	3.46	1.11	10.06	4.86	7.16	0.28	0.03	0.73	0.65	23.77	

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).

City of Lake Worth Beach, Florida

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

Fiscal Year Ended September 30,	Total Taxes Levied for Year (2)	Collected Within the Fiscal Year of the Levy (1)		Percent of Levy	Collections in Subsequent Year's	Total Collections to Date		Percent of Levy
		Amount	Amount			Amount	Amount	
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%	
2018	9,006,434	8,660,077		96.15%	-	8,660,077	96.15%	
2019	12,033,164	11,616,102		96.53%	-	11,616,102	96.53%	

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 Beach, Florida

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

	2019			2010		
	Taxable	Rank	Percentage	Taxable	Rank	Percentage
SL BOUTWELL BUSINESS CENTER II LLC	\$ 24,873,640	1	1.25%	-	-	-
LAKE WORTH VILLAGE, LLC	21,836,215	2	1.09%	-	-	-
OAKWOOD APARTMENTS 160 UNITS LLC	20,851,057	3	1.04%	-	-	-
VILLAGE AT LAKE OSBORNE LLC	12,380,165	4	0.62%	-	-	-
GSG INVESTMENTS	11,278,768	5	0.56%	7,750,236	4	0.52%
PALM BEACH MOBILE HOME PARK, LLC	10,892,991	6	0.55%	6,973,122	5	0.47%
CUBESMART LP (1)	10,553,880	7	0.53%	-	-	-
AKERS ROBERT L TRUST	9,422,267	8	0.47%	-	-	-
1920 10TH AVENUE, LLC	9,100,000	9	0.46%	-	-	-
CUBESMART LP (2)	8,086,232	10	0.40%	-	-	-
PATRICIA A TACKETT	-	-	-	13,196,600	1	0.88%
PALM CLUB APARTMENTS, LLC	-	-	-	10,305,739	2	0.69%
GP CENTREPOINT, LLC	-	-	-	8,701,065	3	0.58%
AMBLE STPRAGE LAKE WORTH	-	-	-	6,001,441	6	0.40%
LAKE OSBORNE SELF STORAGE, LLC	-	-	-	5,878,591	7	0.39%
WALGREENS CO.	-	-	-	5,347,572	8	0.36%
CSC LAKE WORTH LTD PARTNERSHIP	-	-	-	5,219,799	9	0.35%
ARBOR SQUARE REALTY CO, LLC	-	-	-	4,905,789	10	0.33%
	<u>\$ 139,275,215</u>		<u>6.97</u>	<u>\$ 74,279,954</u>		<u>4.97%</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 Beach, Florida

**SPECIAL ASSESSMENT COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30,	Amount of Special Assessments Recorded Due During Fiscal Year	Special Assessments Collected	Total Outstanding Assessments (1)
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	-
2018	-	-	-
2019	-	-	-

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 Beach, Florida

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

Fiscal Year Ended September 30,	Primary Government											Debt Per Capita (1)	
	Governmental Activities					Business-Type Activities							Percent of Personal Income (1)
	General Obligation Bonds	Notes Payable	Capital Leases	Revenue Bonds	Notes Payable	Capital Leases	Total	Revenue Bonds	Notes Payable	Capital Leases	Total		
2010	\$ 410,000	\$ 5,119,035	\$ -	\$ 61,536,648	\$ 6,034,550	\$ 695,393	\$ 73,795,626	\$ 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	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	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	54,030,000	9,632,083	-	63,662,083	N/A	1,791
2014	-	-	-	52,760,000	6,521,092	-	59,281,092	52,760,000	6,521,092	-	59,281,092	N/A	1,596
2015	-	-	-	49,595,000	6,223,140	-	55,818,140	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	43,000,000	21,869,067	-	65,718,513	N/A	1,738
2017	22,267,392	973,205	-	39,565,000	27,904,081	-	90,709,678	39,565,000	27,904,081	-	90,709,678	N/A	2,390
2018	39,589,955	929,483	-	39,565,000	29,278,407	-	109,362,845	39,565,000	29,278,407	-	109,362,845	N/A	2,859
2019	38,901,061	882,245	-	36,035,000	30,470,991	-	106,289,297	36,035,000	30,470,991	-	106,289,297	N/A	2,762

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 Beach, Florida

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

Fiscal Year Ended September 30,	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Net Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2010	\$ 410,000	\$ (255,244)	\$ 154,756	0.01%	4.28
2011	-	(250,208)	(250,208)	-0.02%	(7.17)
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	22,267,392	-	22,267,392	1.23%	586.82
2018	39,589,955	(14,271)	39,575,684	2.18%	1,034.47
2019	38,901,061	(1,914)	38,899,147	1.95%	1,010.79

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 Beach, Florida

**COMPUTATION OF LEGAL DEBT LIMIT
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Taxable Assessed Valuation	\$ 1,999,455,000
Debt Limit (25% of Valuation)	499,863,750
Outstanding Debt:	39,783,306
Debt-Contracting Margin	\$ 460,080,444
Percentage Debt-Contracting Limit Remaining	\$ 92.04%

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 Beach, Florida

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

<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>
Overlapping:			
Debt Repaid with Property Taxes:			
Palm Beach County	\$ 61,115,000	1.05%	641,708
Palm Beach School Board	9,381,000	1.05%	98,501
Subtotal	70,496,000		740,209
Direct Debt:			
City of Lake Worth	\$ 39,783,306	100.00%	39,783,306
Total Direct and Overlapping Debt	\$ 110,279,306		\$ 40,523,515

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 \$ 1,994,454,746 to the total assessed value of taxable property in the overlapping of \$ 189,375,509,316.

City of Lake Worth Beach, Florida

**PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30,	Sewer Revenue (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
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
2018	7,122,243	7,958,644	(836,401)	-	-	100.00
2019	7,842,696	7,929,551	(86,855)	-	-	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 Beach, Florida

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

Fiscal Year Ended September 30,	Electric		Less: Operating Expenses (2)	Net Available Revenue	Debt Service		Debt Service Interest	Coverage
	Revenue (1)	Revenue			Principal	Interest		
2010	\$ 59,895,691	\$ 3,995,785	\$ 55,899,906	\$	1,210,000	\$ 1,338,799	1.57	
2011	56,113,677	9,709,493	46,404,184		-	617,085	15.73	
2012	53,998,826	4,224,438	49,774,388		1,290,000	1,181,145	1.71	
2013	51,143,917	2,317,802	48,826,115		635,000	669,238	1.78	
2014	54,635,498	6,606,987	48,028,511		1,582,500	685,779	2.91	
2015	54,399,160	7,872,728	46,526,432		1,627,500	642,765	3.47	
2016	57,161,737	12,337,820	44,823,917	(3)	-	576,200	21.41	
2017	55,991,458	5,387,607	50,603,851	(3)	1,717,500	1,450,893	1.70	
2018	54,539,122	781,549	53,757,573	(3)	969,166	980,044	0.40	
2019	55,541,906	6,923,975	48,617,931	(3)	2,457,410	878,056	2.08	

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 Beach, Florida

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

Fiscal Year Ended September 30,	Water Revenue (1)	Less:		Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
		Operating Expenses (2)					
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
2018	14,132,486	7,800,797		6,331,689	397,780	906,983	4.85
2019	15,373,494	8,352,033		7,021,461	2,575,749	842,734	2.05

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 Beach, Florida

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

Year	Population (1)	Personal Income (Amounts Expressed in Thousands) (4)	Per Capita Personal Income (4)	Assessed Value (Amounts Expressed in Thousands) (2)	Per Capita Assessed Value	Unemployment Rate (3)
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%
2018	38,257	N/A	N/A	1,813,046	47,391	4.4%
2019	38,484	N/A	N/A	1,999,455	51,955	3.2%

SOURCES:

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

N/A: Not Available.

City of Lake Worth Beach, Florida

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

City of Lake Worth, Florida Employer	2019			2010		
	Number of Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Palm Beach State College	1,148	1	2.95%	21,718	1	3.98%
City of Lake Worth	307	2	0.85%	5,127	3	0.94%
Lake Worth High School	270	3	0.82%	11,381	2	2.09%
American Medical Response	213	4	0.56%	-	-	0.00%
Highland Elementary	168	5	0.49%	2,776	6	0.51%
Publix (214 N. Dixie Hwy.)	148	6	0.39%	4,150	4	0.76%
Barton Elementary	131	7	0.38%	2,150	8	0.39%
Publix (1910 Lake Worth Rd.)	122	8	0.34%	-	-	0.00%
North Grade Elementary	91	9	0.31%	-	-	0.00%
Lake Worth Middle School	74	10	0.28%	2,100	9	0.38%
	<u>2,672</u>			2,200	7	0.40%
				2,090	10	0.38%
				3,658	5	0.67%
				<u>57,350</u>		<u>10.50%</u>
School Board of Palm Beach County	21,200	1	2.95%	21,200	1	3.98%
Tenet Healthcare Corp	6,136	2	0.85%	5,127	3	0.94%
Palm Beach County BCC	5,928	3	0.82%	11,381	2	2.09%
NextEra Energy Headquarters	4,021	4	0.56%	-	-	0.00%
Hospital Corporation of America-HCA	3,550	5	0.49%	2,776	6	0.51%
Boca Raton Regional Hospital	2,800	6	0.39%	4,150	4	0.76%
Florida Atlantic University	2,761	7	0.38%	2,150	8	0.39%
Veterans Health Administration	2,468	8	0.34%	-	-	0.00%
Bethesda Health, Inc.	2,200	9	0.31%	-	-	0.00%
Office Depot	2,034	10	0.28%	2,100	9	0.38%
Boca Raton Resort and Club	-	-	-	2,200	7	0.40%
Boca Raton Community Hospital	-	-	-	2,090	10	0.38%
Florida Power & Light Headquarters	-	-	-	3,658	5	0.67%
Total	<u>53,098</u>		<u>7.37%</u>	<u>57,350</u>		<u>10.50%</u>

SOURCE: Business Development Board of Palm Beach County.

City of Lake Worth Beach, Florida

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Number of Employees:										
General Government	96	66	69	63	65	71	73	78	76	76
Public Safety	9	14	10	12	14	13	12	14	13	14
Physical Environment	4	15	13	13	13	15	13	20	24	24
Transportation	7	7	4	3	11	8	11	16	16	13
Culture and Recreation	30	42	16	20	28	19	22	25	25	25
Community Redevelopment	2	2	6	7	2	2	2	4	4	4
Electric	89	72	88	72	66	73	67	71	68	69
Water and Sewer	44	44	39	48	47	55	48	55	50	50
Refuse	30	28	28	30	30	30	28	33	32	32
Total Full Time Employees	311	290	273	268	276	286	276	316	308	307



Lake Worth Little Free Libraries

"Take A Book ~ Leave A Book"



City of Lake Worth Beach, Florida

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

Function/Program	2010	2011	2012	2013
Building Department:				
Building Permits Issued-Res.	1,560	1,211	1,309	2,170
Building Permits Issued-Com.	616	641	480	500
Culture and Recreation:				
Golf Course-Attendance	43,425	42,500	38,199	42,983
Swimming Pool-Attendance	13,000	@	@	@
Fishing Pier-Attendance	77,000	65,644	72,799	78,102
Public Library:				
Circulation-All Media	101,345	155,274	83,790	81,256
Patrons Registered	22,079	19,511	21,457	22,398
Patrons Registered-Inside City	15,505	14,567	16,281	17,444
Utility System:				
Water:				
Total Number of Bills	12,494	150,255	153,898	156,219
Number of Units Billed	142,208	1,706,506	15,217,786	14,782,623
Total Amount Billed	\$ 904,388	\$ 10,852,667	\$ 12,045,014	\$ 11,338,385
Average Selling Price	\$ 6.35	\$ 6.36	\$ 0.79	\$ 0.77
Average Bill	\$ 72.38	\$ 72.39	\$ 78.27	\$ 72.58
Number of Connections	12,353	12,216	12,301	*
Water Main Breaks	48	22	30	*
Sewer:				
Total Number of Bills	11,410	136,945	138,412	140,700
Number of Units Billed	98,100	1,177,201	11,345,142	14,219,556
Total Amount Billed	\$ 500,733	\$ 6,534,005	\$ 7,224,736	\$ 6,856,410
Average Selling Price	\$ 5.10	\$ 5.55	\$ 0.64	\$ 0.62
Average Bill	\$ 43.88	\$ 47.72	\$ 52.20	\$ 48.73
Number of Connections	11,097	11,108	11,106	11,268

Sources: Various City Departments

* - Information unavailable.

Note: Public safety services are outsourced to the County.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
	1,702	2,050	2,503	2,224	2,954	2,758
	425	703	657	751	539	677
	59,367	42,103	34,554	39,218	38,869	48,680
	8,118	13,143	13,304	@	@	@
	90,250	87,258	88,264	89,240	91,246	92,158
	62,454	44,599	48,112	43,321	36,336	29,728
	23,565	19,548	15,490	15,696	16,330	19,179
	17,355	14,867	11,325	11,421	11,932	15,387
	157,646	161,573	160,395	161,410	167,222	168,259
	15,698,399	16,135,064	15,881,991	15,995,970	15,332,625	15,721,546
\$	11,791,811	\$ 13,318,069	\$ 13,345,940	\$ 13,709,754	\$ 12,992,941	\$ 13,572,778
\$	0.76	\$ 0.83	\$ 0.84	\$ 0.86	\$ 0.85	\$ 0.86
\$	74.80	\$ 82.43	\$ 83.21	\$ 84.94	\$ 77.70	\$ 80.67
	*	*	*	*	*	*
	*	*	*	*	*	*
	142,187	143,379	146,821	147,742	148,476	149,150
	11,603,213	11,929,331	12,216,102	12,408,208	12,013,792	12,100,257
\$	6,003,365	\$ 6,725,422	\$ 7,018,882	\$ 7,283,007	\$ 7,117,298	\$ 7,755,324
\$	0.52	\$ 0.57	\$ 0.57	\$ 0.59	\$ 0.60	\$ 0.64
\$	42.23	\$ 47.00	\$ 48.00	\$ 49.30	\$ 47.94	\$ 52.00
	11,192	11,216	11,218	12,194	12,373	*

@ - Swimming pool closed during fiscal year.

City of Lake Worth Beach, Florida

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

Function/Program	2010	2011	2012	2013
Electric:				
Residential Customers:				
Total Number of Bills	262,069	260,891	236,321	268,028
Number of Units Billed	689,827,968	661,734,180	670,732,013	450,714,920
Total Amount Billed	\$ 33,189,172	\$ 31,217,074	\$ 30,357,449	\$ 28,629,223
Average Selling Price	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.07
Average Bill	\$ 126.64	\$ 119.66	\$ 128.46	\$ 106.82
Commercial Customers:				
Total Number of Bills	33,374	35,400	33,758	35,538
Number of Units Billed	197,727,801	253,410,443	190,521,820	136,281,598
Total Amount Billed	\$ 12,743,567	\$ 16,866,100	\$ 11,852,622	\$ 14,807,277
Average Selling Price	\$ 0.06	\$ 0.07	\$ 0.06	\$ 0.11
Average Bill	\$ 381.84	\$ 476.45	\$ 351.11	\$ 416.66
Private Area Lighting:				
Total Number of Bills	6,810	6,739	6,558	6,484
Number of Units Billed	2,333,560	2,070,352	2,339,530	2,349,288
Total Amount Billed	\$ 203,917	\$ 202,599	\$ 201,083	\$ 201,892
Average Selling Price	\$ 0.09	\$ 0.10	\$ 0.09	\$ 0.09
Average Bill	\$ 29.94	\$ 30.06	\$ 30.66	\$ 31.14
Commercial Demand:				
Total Number of Bills	932	908	1,056	1,055
Number of Units Billed	106,862,451	93,041,066	122,380,220	54,570,150
Total Amount Billed	\$ 7,825,890	\$ 6,169,848	\$ 7,571,587	\$ 6,042,329
Average Selling Price	\$ 0.07	\$ 0.07	\$ 0.06	\$ 0.11
Average Bill	\$ 8,396.88	\$ 6,794.99	\$ 7,170.06	\$ 5,727.33
Street Lights:				
Total Number of Bills	108	108	108	104
Number of Units Billed	4,974,384	4,359,714	5,013,600	4,978,576
Total Amount Billed	\$ 364,262	\$ 355,775	\$ 360,750	\$ 385,599
Average Selling Price	\$ 0.07	\$ 0.09	\$ 0.07	\$ 0.08
Average Bill	\$ 3,372.80	\$ 3,294.22	\$ 3,340.28	\$ 3,707.69
Solid Waste:				
Residential Accounts	22	9	8	3
Commercial Accounts	1,083	1,068	1,085	1,086

Sources: Various City Departments.

	2014	2015	2016	2017	2018	2019
	271,926	281,016	283,149	285,434	287,853	288,716
	307,934,950	324,881,383	329,044,873	329,388,680	324,223,300	336,004,339
\$	30,515,277	\$ 33,156,771	\$ 32,802,475	\$ 32,786,766	\$ 30,907,817	\$ 31,993,460
\$	0.10	\$ 0.11	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10
\$	112.22	\$ 117.99	\$ 115.85	\$ 114.87	\$ 107.38	\$ 110.81
	36,429	37,561	37,674	37,677	37,808	37,843
	108,714,074	152,817,241	125,097,776	127,896,107	126,102,700	126,436,901
\$	15,057,782	\$ 15,645,193	\$ 15,573,116	\$ 15,893,259	\$ 15,342,976	\$ 15,330,753
\$	0.14	\$ 0.11	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12
\$	413.35	\$ 416.50	\$ 413.37	\$ 421.83	\$ 405.82	\$ 405.11
	6,488	6,574	6,536	6,556	6,507	6,433
	1,260,696	1,235,578	1,193,692	1,200,994	2,431,880	2,428,976
\$	226,235	\$ 220,335	\$ 216,292	\$ 217,297	\$ 262,582	\$ 262,342
\$	0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.11	\$ 0.11
\$	34.87	\$ 33.52	\$ 33.09	\$ 33.14	\$ 40.36	\$ 40.6
	1,029	1,032	1,034	1,031	1,046	1,076
	56,307,954	53,104,190	52,771,310	52,555,086	50,615,850	49,801,395
\$	6,202,544	\$ 5,869,258	\$ 5,855,878	\$ 5,641,515	\$ 5,451,325	\$ 5,367,370
\$	0.11	\$ 0.11	\$ 0.11	\$ 0.11	\$ 0.11	\$ 0.11
\$	6,027.74	\$ 5,687.27	\$ 5,663.32	\$ 5,417.89	\$ 5,211.60	\$ 4,988.26
	112	108	112	109	108	108
	2,541,824	2,506,800	2,568,936	2,592,168	4,964,044	4,964,880
\$	385,858	\$ 383,706	\$ 392,298	\$ 395,382	\$ 476,141	\$ 476,280
\$	0.16	\$ 0.16	\$ 0.15	\$ 0.15	\$ 0.1	\$ 0.1
\$	3,445.16	\$ 3,552.84	\$ 3,502.66	\$ 3,627.36	\$ 4,408.72	\$ 4,410.00
	24	42	34	37	38	20
	1,104	1,136	1,127	1,129	1,119	1,112

City of Lake Worth Beach, Florida

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government:										
Number of Buildings	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	-	-	-	-	-	-	-	-	-	-
Fire:										
Fire Stations	2	2	2	2	2	2	2	2	2	3
Transportation:										
Miles of Streets:										
Streets-Paved	102	102	102	102	102	102	102	116	116	116
Streets-Unpaved	17	17	17	17	17	17	17	23	23	23
Number of Street Lights	4,102	4,102	4,102	4,102	4,102	4,102	4,305	4,526	4,526	4,526
Culture and Recreation:										
Parks	11	11	11	11	11	11	11	11	11	11
Parks Acreage	267	267	267	267	267	267	267	267	267	267
Tennis Courts	8	8	8	8	8	8	7	7	7	5
Baseball/Softball Fields	10	10	10	10	10	10	6	8	8	6
In/Outdoor Basketball Courts	4	4	4	4	4	4	4	4	4	4
Public Boat Ramps	1	1	1	1	1	1	1	1	1	1
Community Centers	2	2	2	2	2	2	1	1	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
Utility System:										
Fire Hydrants	941	959	964	976	996	1,003	1,034	1,081	1,105	1,105
Solid Waste:										
Collection Trucks	22	22	22	22	22	22	23	26	27	27
Water System:										
Total Wells	18	18	18	16	16	17	15	15	15	15
Usable Wells	12	17	17	14	13	15	15	15	15	15
Miles of Water Lines	157	156	156	156	156	157	156	165	168	169
Sewer System:										
Miles of Sewer Lines	100	98	98	98	98	98	114	117	125	126
Electric System:										
Generating Plants	1	1	1	1	1	1	1	1	1	1
Miles of Distribution Lines	147	147	147	147	147	147	147	290	296	296

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 Beach, 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 Beach, Florida (the "City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 30, 2020. 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Report to Management, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Report to Management as item 2019-01 to be a material weakness.

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. We consider the deficiencies described in the accompanying Report to Management as items 2019-02 through 2019-08 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination 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*.

We noted certain other matters involving internal control over financial reporting and compliance that we have reported in the accompanying Report to Management as items 2019-09 and 2019-10.

City's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
July 30, 2020

INDEPENDENT AUDITOR'S REPORT TO CITY MANAGEMENT

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

Report on the Financial Statements

We have audited the basic financial statements of the City of Lake Worth Beach, Florida (the "City") as of and for the fiscal year ended September 30, 2019 and have issued our report thereon dated July 30, 2020.

Auditor's Responsibility

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

Other Reports 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*; Report to Management; 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, which are dated July 30, 2020, should be considered in conjunction with this management letter.

Prior Year and Current Year Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The status of findings and recommendations made in the preceding annual financial audit report and current annual financial audit report are discussed in the accompanying Report to Management.

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 Beach, Florida was incorporated as a municipality in 1913 under Chapter 6713, Laws of Florida. The City includes the City of Lake Worth Beach 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.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. 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 Report to Management.

Special District Component Units

Section 10.554(1)(i)5.c, 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, 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
July 30, 2020

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 Beach, Florida

We have examined the City of Lake Worth Beach, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. 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, 2019, except that no designated employee from the Finance Department obtained the full required eight (8) hours of Investment Seminar Continuing Professional Education during the year ended September 30, 2019. In addition, the City was not in compliance with their investment policy regarding allocation percentages of investments for the year ended September 30, 2019. As described 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, we do not consider these matters to be significant deficiencies or material weaknesses.

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
July 30, 2020

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Report to Management

Current Year Findings and Recommendations

Material Weakness

2019-01: Reconciliation of Cash Accounts

Criteria

Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate control over both cash receipts and disbursements.

Condition

During the audit, it was noted the City did not properly reconcile its pooled cash bank account nor was it completed in a timely manner. As a result, cash balances and related transactions had to be adjusted to reflect accurate cash balances. The reconciliation of cash on a monthly basis is critical in finding errors that might not be recognized and resolved on a timely basis.

Cause

The monthly bank reconciliations were not prepared correctly or timely.

Effect

The City is susceptible to possible errors which can lead to the risk of loss and risk of misstatement of cash or other reconciling items.

Recommendation

We recommend that the City evaluate its processes and procedures related to their bank reconciliations to ensure that they are completed in a timely manner.

Management's Response

Management accepts the finding and recommendation. The Finance Department is currently under review for reorganization to enhance staff resources, effectiveness and efficiency.

Significant Deficiencies

2019-02: Timeliness of Delivery of Documents Requested

Criteria

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting. Reliability of financial reporting means that management can reasonably make the following assertions: 1) Transactions are in compliance with applicable laws and regulations and 2) Documentation for internal control, all transactions, and other significant events is readily available for examination.

Condition

There was a significant delay by the City in providing the requested documentation to complete various audit procedures.

Cause

The City does not have an adequate number of finance personnel or procedures in place to ensure accounting records are readily available for examination.

Effect

The effect of not providing supporting documentation for accounting transactions in a timely manner increases the risk of errors in financial reporting being missed, occurrences of material misstatements in the financial statements, noncompliance with internal control over financial reporting, and noncompliance with applicable laws and regulations.

Recommendation

To ensure that requested documentation be made readily available for examination of internal control, all transactions, and other significant events, we recommend that the City establish procedures and fully staff the Finance Department to ensure production of requested documentation.

Management's Response

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

2019-03: Closing Procedures

Criteria

Monthly and year-end closing procedures are key to producing accurate and relevant financial reports.

Condition

It was noted during the course of the audit that various balance sheet accounts were not properly reconciled in a timely manner at year-end.

Cause

Prudent policies include formal month-end and year-end closing processes with supervisory Finance Department personnel being responsible for the review and evaluation of transactions and balances recorded.

Effect

The lack of formal closing procedures may result in misstatements in the financial statements.

Recommendation

The City should consider developing formal closing procedures. These procedures should include timetables outlining appropriate due dates and instructions for schedules that should be prepared. The closing procedures should be documented in a formal checklist that indicates the individual responsible for the task, when it is due to be completed and when it is accomplished. We believe that a review and evaluation of transactions recorded at the end of the month/year should be performed to ensure the validity of amounts recorded, as well as reduce audit time. The implementation of formal procedures will reduce the need for numerous adjustments to financial records during the audit process and decrease the time to produce financial reports needed by management and the auditors.

Management's Response

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

2019-04: Accounts Receivable and Revenue

Criteria

Prudent policies include a formal closing process with supervisory Finance Department personnel being responsible for the review and evaluation of transactions and balances recorded. The review would include, at a minimum, preparing a detailed aged accounts receivable ledger, reviewing balances for proper valuation including relevant provision for an allowance for doubtful accounts and following up with collection procedures to ensure appropriate measures are being taken for past due accounts.

Condition

During the audit, it was noted that accounts receivable balances and corresponding revenue accounts were not accurately reconciled to reflect the appropriate balances as of the fiscal year end. It was also noted that the tracking of accounts receivable and revenue is decentralized and uneven amongst the various departments of the City. Due to the decentralization, the monitoring and updating of accounts receivable is not occurring in a timely manner. Certain accounting software used in departments outside of the Finance Department do not communicate effectively or efficiently with the Finance Department, which leads to additional delays.

Cause

The cause of the conditions is the lack of a formal closing process and monitoring of amounts due which incorporates a thorough review by finance personnel. The cause of the conditions is also attributed to the decentralized accounting practices in departments outside of the Finance Department.

Effect

Lack of reconciliations of accounts receivable and revenue accounts can result in misstatements in the financial statements and or uncollected revenues. This can also lead to issues when budgeting for the next fiscal year.

Recommendation

The City should consider developing formal accounts receivable interim and year-end closing procedures. These procedures should include timetables outlining appropriate due dates and instructions for schedules that should be prepared. The closing procedures should be documented in a formal checklist that indicates the individual responsible for the task, when it is due to be completed and when it is accomplished. We believe that a review and evaluation of transactions recorded at year-end should be performed to ensure the validity of amounts recorded, as well as reduce audit time. The implementation of formal procedures will reduce the need for numerous adjustments to financial records during the audit process and decrease the time to produce the financial reports needed by management and auditors. There should be an effort to centralize the accounting that occurs in departments outside of finance and/or procedures in place to ensure information flows to the Finance Department in a more timely manner.

Management's Response

Management accepts the finding and recommendation. The Finance Department is currently under review for reorganization to enhance staff resources, effectiveness and efficiency.

2019-05: Capital Assets

Criteria

Adequate capital asset accounting records are required for the preparation of financial statements.

Condition

During the current year, we noted that capital assets and capital outlay accounts were not reconciled to the general ledger balances.

Cause

The cause of the condition is the lack of a formal closing process which incorporates a thorough review by finance personnel.

Effect

Inadequacies of accounting records and schedules cause delays in the financial statement process and its accuracy.

Recommendation

We recommend that the City reconcile capital asset schedules on a regular basis to improve the accuracy and timeliness of the financial reporting process.

Management response

Management accepts the finding and recommendation. The Finance Department is currently under review for reorganization to enhance staff resources, effectiveness and efficiency.

2019-06: Grant administration and review process

Criteria

Prudent policies include a formal review process by supervisory Finance Department personnel responsible for the recognition of grants, contracts and agreements. The review would include, at a minimum, a determination of the reporting and submission requirements, expenditure limitations, responsibilities the City is to be held accountable for and the preparation of a schedule of expenditures of federal and state awards.

Condition

During the audit, it was noted that the City was not properly reconciling and recording the grant activity to reflect the appropriate balances as of the fiscal year-end.

Cause

The cause of the condition is the lack of a formal grant administration and review process which is required to effectively account for grant funding for the City.

Effect

Lack of the implementation and execution of these procedures may result in misstatements in the financial statements and possible noncompliance issues. Additionally, the City may incur loss of grant revenue or nonrenewal of such grants due to timely reimbursement requests which may be critical to offset expenditures the City funding of these projects.

Recommendation

The City should develop a system of controls over its grant administration and review process. Personnel at the City should be designated to manage grant awards, maintain files of approved grant contracts, track the status of grant funded projects related expenditures, reimbursement requests, reporting and other necessary compliance requirements. This individual would also be responsible for timely filing of all reimbursement claims in accordance with each respective grant award. Furthermore, we believe that periodic review and evaluation of grants administration process throughout the year should be performed by management to ensure proper accounting for grant expenditures and utilization of external funding for necessary City projects.

Management's response:

Management accepts the finding and recommendation. The Financial Services Department is currently under review for reorganization to enhance staff resources, effectiveness and efficiency. It is necessary to re-establish a centralized grant management process in the budget management division to address this deficiency.

2019-07: Internal Service Fund Allocations

Criteria

Internal service fund allocations are required to track goods or services between funds or departments.

Condition

During the current year, we noted that internal service fund allocations were not completed.

Cause

The cause of the condition is the lack of a formal closing process which incorporates a thorough review by finance personnel.

Effect

Incomplete allocations and supporting schedules can cause delays in the financial statement process and its accuracy.

Recommendation

We recommend that the City reconcile internal service fund allocations on a regular basis to improve the accuracy and timeliness of the financial reporting process.

Management response

Management accepts the finding and recommendation. The Finance Department is currently under review for reorganization to enhance staff resources, effectiveness and efficiency.

2019-08: Budget Amendments

Criteria

The budget is an important legal requirement for the City and is a public document. City management and officials are held accountable for any budget overages or amendments.

Condition

Budget amendments are not being properly accounted for or reconciled in the accounting system.

Cause

There is a lack of monitoring and review of budget amendments in the accounting system.

Effect

The City may be out of compliance with the Florida Statutes if expenditures exceed budgeted amendments and errors could be made if budgets are not being followed correctly which could place the City in financial difficulty.

Recommendation

We recommend that the City appoint someone within the Finance Department to take responsibility for maintaining and reviewing budget amendments to ensure that they are being properly accounted for in the accounting system.

Management's Response

Management accepts the finding and recommendation. The Finance Department is currently under review for reorganization to enhance staff resources effectiveness and efficiency.

Other Findings

2019-09: Interlocal Agreement

Criteria

The Interlocal Wastewater Service and Wastewater Facilities Cost Sharing Agreement was entered into in 2013 and requires audited statements. In addition, certain balances in the City's financial statements are derived from the interlocal financial statements and schedules.

Condition

During the current year, we noted that supporting schedules and records were not available timely to satisfy certain interlocal agreement requirements.

Cause

The cause of the condition is the lack of a formal closing process which incorporates a thorough review by finance personnel.

Effect

Incomplete supporting schedules can cause delays in the financial statement process and its accuracy.

Recommendation

We recommend that the City reconcile interlocal schedules on a regular basis to avoid delays in financial reporting and to ensure its accuracy.

Management response

Management accepts the finding and recommendation. The Finance Department is currently under review for reorganization to enhance staff resources, effectiveness and efficiency.

2019-10: Develop a More Formal Risk Assessment Process

Criteria

Risk assessment is a management function designed to identify where an organization may be vulnerable to errors and/or irregularities.

Condition

During our audit and discussions with staff, we noted that various issues within the City could be avoided if there was a formal risk assessment process in place. The City informally performs its own risk assessment for possible fraud or material misstatements through various discussions, policies and procedures, and regular reviews of trends in the financial statements. A more formal and complete risk assessment process involves a written description of risk areas identified by those charged with governance (management and elected officials) and a description of how the City intends on responding to the risks. Specific monitoring activities to address these risks should be documented and implemented as well.

Cause

Lack of formally documented and executed risk assessment process.

Effect

Lack of formal risk assessment processes can lead to errors and misstatements in the financial statement reporting process and increases the potential risk of misuse and abuse.

Recommendation

We recommend that the City implement a more formal risk assessment process that includes written identification of areas where potential fraud or material misstatements to the basic financial statements may occur, as well as how the City intends to respond to those risks, including ongoing monitoring activities. This will help minimize the risk of errors or irregularities occurring and going undetected.

Management response

Management accepts the finding and recommendation. The Finance Department is currently under review for reorganization to enhance staff resources, effectiveness and efficiency. The Finance Department will work with the other City departments to mitigate these risks. The risk assessment process will be an ongoing improvement process.

Prior Year Findings and Recommendations

		<u>Status</u>	
		<u>Still Applicable</u>	<u>Implemented or no Longer Relevant</u>
2017-01	Inventory	X	
2017-02	Staffing needs	X	

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, 2019. The inventory reports did not agree to the physical count that was conducted.

Cause

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 improve its physical inventory count procedures to ensure that inventory is fairly stated on the financial statements.

2019 Update

The City has made improvements, but there were still discrepancies in the inventory counts. We have also recommended that they hire additional staff for the warehouse to properly track inventory.

Management's Response and Corrective Action Plan

Management has implemented new processes to ensure that all inventory items will be counted and reconciled to reports. After year end, additional personnel have been hired to assist with the inventory of the City.

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 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.

2019 Update

This recommendation is still applicable.

Management's Response and Corrective Action Plan

The Finance Department has added multiple personnel to the Finance Department after year end. The Finance Department will continue to assess the appropriate levels of staffing required to enhance the effectiveness and efficiency of the Finance Department.

City of Lake Worth Beach, Florida



CITY OF LAKE WORTH BEACH, FLORIDA

**COMPLIANCE REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019**

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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 Beach, Florida

Report on Compliance for Each Major Federal Program

We have audited the City of Lake Worth Beach, 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, 2019. 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, 2019.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-01, that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated July 30, 2020, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
July 30, 2020

City of Lake Worth Beach, Florida

**Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2019**

<u>Federal Agency/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Contract/ Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
Federal Awards:				
<u>U.S. Department of Housing and Urban Development:</u>				
<u>Passed through Palm Beach County Housing and Economic Sustainability</u>				
CDBG - Entitlement Grants Cluster:	14.218	R2019-1580	\$ 239,798	\$ -
CDBG - Community Sustainability				
Total CDBG - Entitlement Grants Cluster			<u>239,798</u>	<u>-</u>
<u>U.S. Department of Justice:</u>				
<u>Direct Program</u>				
Edward Byrne Memorial Justice Assistance Grant Program:				
Justice Assistance 2017	16.738	2017-DJ-BX-0726	17,584	-
Total CFDA 16.738			<u>17,584</u>	<u>-</u>
<u>Federal Department of Transportation:</u>				
<u>Passed through the Florida Department of Transportation</u>				
Highway Planning and Construction Cluster:				
EDA POC Phase 1A	20.205	GOJ59	346,604	-
Total Highway Planning and Construction Cluster			<u>346,604</u>	<u>-</u>

See notes to the schedule of expenditures of federal awards.

City of Lake Worth Beach, Florida

*Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2019
(continued)*

<u>Federal Agency/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Contract/ Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
<u>U.S. Environmental Protection Agency:</u>				
Passed through the State of Florida Department of Environmental Protection				
Drinking Water State Revolving Fund Cluster:				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW501710	103,438	-
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW501720	1,977,735	-
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW501730	955,233	-
Total Drinking Water State Revolving Fund Cluster			<u>3,036,406</u>	<u>-</u>
Total Expenditures of Federal Awards			\$ <u>3,640,392</u>	\$ <u>-</u>

See notes to the schedule of expenditures of federal awards.

City of Lake Worth Beach, Florida

**Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2019**

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 Beach, 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, 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 Beach, 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 Beach, Florida

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2019**

A. Summary of Audit Results

1. The auditor’s report expresses an unmodified opinion on the basic financial statements of the City.
2. A material weakness and significant deficiencies 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 Beach, 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. Significant deficiency 2019-01 relating to the audit of the major federal program is reported in the Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. 2019-01 is described in further detail in Part C of this schedule.
5. The independent auditor's report on compliance for each major federal program for the City of Lake Worth Beach, Florida expresses an unmodified opinion.
6. 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

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

B. Findings - Financial Statement Audit

Prior year findings 2017-01 and 2017-02 and current year findings 2019-01 through 2019-10 are disclosed in the Report to Management in the Comprehensive Annual Financial Report dated July 30, 2020 beginning on page C6.

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2019
(continued)**

C. Findings and Questioned Costs - Major Federal Award Program

2019-11: Written Policies

Criteria

The City should have written policies and procedures in place that meet the requirements of the Uniform Guidance.

Condition

The Uniform Guidance requires certain policies and procedures to be documented in order to help grantees establish a control environment that minimizes noncompliance relating to the expenditure of federal awards.

Cause

Certain required policies have not been formally adopted by the City.

Effect

The City's employees do not have formal written policies to follow as they engage in the spending and utilization of federal awards.

Recommendation

We recommend that the City adopt formal, written policies for the following compliance attributes of federal programs: activities allowed and unallowed, allowable costs/cost principles, cash management, period of performance, conflicts of interest, and a verification process to ensure that contractors are not suspended or debarred.

Management's Response

The Finance Department accepts the finding and recommendation. The Finance Department is currently in the processing of forming and adopting the policies mentioned above in order to comply with the requirements of the Uniform Guidance.

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. The Corrective Action Plan is attached.



Corrective Action Plan

July 30, 2020

U.S Environmental Protection Agency
Passed through the State of Florida
Department of Environmental Protection

City of Lake Worth Beach, FL respectfully submits the following corrective action plan for the year ended September 30, 2019.

Name and address of independent public accounting firm:
Keefe McCullough
6550 N. Federal Highway, 4th Floor
Fort Lauderdale, FL 33073

Audit period: October 1, 2018 – September 30, 2019

The findings from the July 30, 2020 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

Material Weakness

2019-01: Reconciliation of Cash Accounts

Recommendation

We recommend that the City evaluate its processes and procedures related to their bank reconciliations to ensure that they are completed in a timely manner.

Action Taken

During fiscal year 2020, the City hired additional personnel to assist with the timely completion of bank reconciliations. We have discussed with employees the importance of completing and reviewing the bank reconciliations in a timely manner. We expect to have all bank reconciliations fully completed for fiscal year 2020 audit.

Significant Deficiencies**2019-02: Timeliness of Delivery of Documents Requested**Recommendation

To ensure that requested documentation be made readily available for examination of internal control, all transactions, and other significant events, we recommend that the City establish procedures and fully staff the Finance Department to ensure production of requested documentation.

Action Taken

During fiscal year 2020, the City hired additional personnel to assist with the completion of year-end closing processes and procedures. We have discussed with employees the importance of providing auditor requested documentation in a timely manner. We expect to have all year-end requested documentation ready for the fiscal year 2020 audit.

2019-03: Closing ProceduresRecommendation

The City should consider developing formal closing procedures. These procedures should include timetables outlining appropriate due dates and instructions for schedules that should be prepared. The closing procedures should be documented in a formal checklist that indicates the individual responsible for the task, when it is due to be completed and when it is accomplished. We believe that a review and evaluation of transactions recorded at the end of the month/year should be performed to ensure the validity of amounts recorded, as well as reduce audit time. The implementation of formal procedures will reduce the need for numerous adjustments to financial records during the audit process and decrease the time to produce financial reports needed by management and the auditors.

Management's Response

During fiscal year 2020, the City hired additional personnel to assist with the completion of year-end closing processes and procedures. We have discussed with employees the importance of completing and reviewing the year-end closing processes and procedures in a timely manner, so they will be ready for examination by the auditors. We expect to have all year-end closing processes and procedures fully completed for fiscal year 2020 audit.

2019-04: Accounts Receivable and RevenueRecommendation

The City should consider developing formal accounts receivable interim and year-end closing procedures. These procedures should include timetables outlining appropriate due dates and instructions for schedules that should be prepared. The closing procedures should be documented in a formal checklist that indicates the individual responsible for the task, when it is due to be completed and when it is accomplished. We believe that a review and evaluation of transactions recorded at year-end should be performed to ensure the validity of amounts recorded, as well as reduce audit time. The implementation of formal procedures will reduce the need for numerous adjustments to financial records during the audit process and decrease the time to produce the financial reports needed by management and auditors. There should be an effort to centralize the accounting that occurs in departments outside of finance and/or procedures in place to ensure information flows to the Finance Department in a more timely manner.

Action Taken

During fiscal year 2020, the City hired additional personnel to assist with the completion of accounts receivable and revenue processes. We are currently working with departments outside of finance to enhance the flow of information to the Finance Department. We expect to have improved procedures amongst the various departments to ensure accounts receivable and revenues are properly reconciled for the fiscal year 2020 audit.

2019-05: Capital AssetsRecommendation

We recommend that the City reconcile capital asset schedules on a regular basis to improve the accuracy and timeliness of the financial reporting process.

Action Taken

During fiscal year 2020, the City hired additional personnel to assist with the completion of capital asset schedules on a regular basis. We have discussed with employees the importance of completing and reviewing the capital asset schedules for financial reporting. We expect to have improved procedures amongst the various departments throughout the City to ensure capital assets are properly recorded for the fiscal year 2020 audit.

2019-06: Grant administration and review processRecommendation

The City should develop a system of controls over its grant administration and review process. Personnel at the City should be designated to manage grant awards, maintain files of approved grant contracts, track the status of grant funded projects related expenditures, reimbursement requests, reporting and other necessary compliance requirements. This individual would also be responsible for timely filing of all reimbursement claims in accordance with each respective grant award. Furthermore, we believe that periodic review and evaluation of grants administration process throughout the year should be performed by management to ensure proper accounting for grant expenditures and utilization of external funding for necessary City projects.

Action Taken

During fiscal year 2020, the City hired additional personnel to assist with the City's grants and the administration of them. We have discussed with employees the importance of completing and reviewing the administration of grants. We are developing a centralized grant management process and expect that it should be completed for the fiscal year 2020 audit.

2019-07: Internal Service Fund AllocationsRecommendation

We recommend that the City reconcile internal service fund allocations on a regular basis to improve the accuracy and timeliness of the financial reporting process.

Action Taken

During fiscal year 2020, the City hired additional personnel to assist with the completion of internal service fund allocations. We have discussed with employees the importance of completing and reviewing the allocations for financial reporting purposes. We expect that it should be completed for the fiscal year 2020 audit.

2019-08: Budget Amendments

Recommendation

We recommend that the City appoint someone within the Finance Department to take responsibility for maintaining and reviewing budget amendments to ensure that they are being properly accounted for in the accounting system.

Action Taken

During fiscal year 2020, the City hired additional personnel to assist with the completion of the accounting of budget amendments. We have discussed with employees the importance of accounting for budget amendments for budgeting and financial reporting purposes. We expect that it should be completed for the fiscal year 2020 audit.

Other Findings

2019-09: Interlocal Agreement

Recommendation

We recommend that the City reconcile interlocal schedules on a regular basis to avoid delays in financial reporting and to ensure its accuracy.

Action Taken

During fiscal year 2020, the City hired additional personnel to assist with the completion of the reporting requirements related to their interlocal agreement. We have discussed with employees the importance of completing the processes related to the interlocal agreement for financial reporting purposes. We expect that it should be completed for the fiscal year 2020 audit.

2019-10: Develop a More Formal Risk Assessment Process

Recommendation

We recommend that the City implement a more formal risk assessment process that includes written identification of areas where potential fraud or material misstatements to the basic financial statements may occur, as well as how the City intends to respond to those risks, including ongoing monitoring activities. This will help minimize the risk of errors or irregularities occurring and going undetected.

Action Taken

During fiscal year 2020, the City hired additional personnel to assist with the development of a formal risk assessment process. We have discussed with employees the importance of assessing risk throughout the City. We expect that it should be completed for the fiscal year 2020 audit.

Prior Year Findings and Recommendations

		Status	
		Still Applicable	Implemented or no Longer Relevant
2017-01	Inventory	X	
2017-02	Staffing needs	X	

2017-01: Inventory

Recommendation

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

Action Taken

During fiscal year 2020, the City hired additional personnel to assist with the inventory of the City. The City has implemented new processes to ensure that all inventory items will be counted and reconciled to reports. We expect that it should be completed for the fiscal year 2020 audit.

2017-02: Staffing Needs

Recommendation

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

Action Taken

During fiscal year 2020, the Finance Department has added multiple personnel to the Finance Department. The Finance Department will continue to assess the appropriate levels of staffing required to enhance the effectiveness and efficiency of the Finance Department. We expect to be fully staffed before the fiscal year 2020 audit.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

U.S Environmental Protection Agency
Capitalization Grants for Drinking Water State Revolving Funds - CFDA No. 66.468

2019-11: Written Policies

Recommendation

We recommend that the City adopt formal, written policies for the following compliance attributes of federal programs: activities allowed and unallowed, allowable costs/cost principles, cash management, period of performance, conflicts of interest, and a verification process to ensure that contractors are not suspended or debarred.

Action Taken

During fiscal year 2020, the City hired additional personnel to assist with the updating and adoption of formal set of written policies related to federal programs. We have discussed with employees the importance of the written policies for compliance and financial reporting purposes. We expect to have written policies ready for the fiscal year 2020 audit.

If the U.S. Environmental Protection Agency has questions regarding this plan, please call Bruce Miller, Finance Director at 561-586-1641.

Sincerely yours,



Bruce Miller, Finance Director