

City of Lighthouse Point

Florida



**Comprehensive Annual Financial Report
For the Year Ended September 30, 2012**

THE CITY OF LIGHTHOUSE POINT, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

September 30, 2012

Prepared By:
Finance Department

Frank L. DiPaolo, CPA, CGMA
Finance Director

CITY OF LIGHTHOUSE POINT, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Fiscal Year Ended September 30, 2012

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INTRODUCTORY SECTION



March 27, 2013

Honorable Mayor and Commissioners

**RE: CITY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT -
FOR THE YEAR ENDED September 30, 2012**

Dear Mayor and Commissioners:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Lighthouse Point, Florida (the "City"), for the fiscal year ended September 30, 2012. This report has been prepared by the Finance Department with input from all City departments. Although the financial statements have been audited by independent certified public accountants, the responsibility for the accuracy, completeness and fairness of the presentation, including all disclosures, rests with the City staff. We believe the information, as presented here, fairly presents the City's financial position in all material respects. We have included the elements required by the Governmental Accounting Standards Board (GASB), the State of Florida, and the Government Finance Officers Association of the United States and Canada (GFOA). This report should provide readers with a clear perspective of the City's operations and financial activity.

In accordance with Section 218.32(1) (a), Florida Statutes, an audit of the books of account, financial records and transactions of all administrative departments of the City has been conducted by a firm of independent Certified Public Accountants. Keefe, McCullough & Co., LLP, independent auditors, has issued an unqualified opinion on the financial statements as presented herein. The independent auditors' report is presented as the first component of the financial section of this report.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Lighthouse Point's MD&A can be found immediately following the independent auditors' report.

PROFILE OF THE GOVERNMENT

The City of Lighthouse Point was incorporated in 1956. The City operates under the Mayor/Commission form of government with the Mayor serving as the chief executive officer and a five-member Commission that sets policy, approves ordinances, adopts the City's budget, and levies taxes. The City of Lighthouse Point provides a wide range of municipal services, including law enforcement, fire protection, emergency medical services, recreation, public works, public library, building and land development regulation, refuse collection, stormwater management, and a community bus service. Water and sanitary sewer services are provided by other jurisdictions and so those revenues and costs are not included in this report.

This report includes all funds of the City in accordance with GASB Statement No. 14 entitled “The Financial Reporting Entity”. Based on this pronouncement, the 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 report to be misleading or incomplete. For the City of Lighthouse Point, the Entity is only the primary government. While there are other taxing jurisdictions which levy property taxes upon property within the corporate limits of Lighthouse Point (Broward County, the School Board, the North Broward Hospital District, and other special districts), they do not represent component units of the City of Lighthouse Point. Therefore, no financial information about those entities is included in the City’s financial statements. This report does provide a schedule of overlapping debt including Broward County representing debt affecting property within the corporate limits of Lighthouse Point.

ECONOMIC CONDITION AND OUTLOOK

Lighthouse Point is a developed community that is sheltered from its neighbors and the rest of Broward County by Federal Highway on the west and the Intracoastal Waterway on the east. The City is comprised of 2.5 square miles in the northeast section of the County. Although the value of real estate in the City has been affected by the economic downturn, property values are beginning to show signs of recovery. The City’s tax base is primarily residential. For the fiscal year ended September 30, 2012, which is the focus of this financial report, the assessed value of property for tax purposes increased by 1.17 percent to \$ 1.65 billion. The fiscal year 2012/2013 tax base has increased by 3.54 percent to \$ 1.70 billion. These increases are greater than the average when compared with other municipalities in Broward County, several of whom are still experiencing decreases in property values. The City attributes its higher property values to waterfront property and a stronger residential market with fewer foreclosures. The City’s building permit revenue has shown continued improvement over the past several years which bodes well for future tax base numbers. The City is well positioned with a sound General Fund unreserved balance as shown in the financial statements in this report. Continued stabilization of the City’s tax base has allowed the City to maintain the same ad valorem millage rates for fiscal year 2012/2013 as were levied in fiscal year 2011/2012. In the fall of 2011, Standard & Poor’s affirmed the City’s unenhanced general obligation bond rating of AA+ partially based on the economic conditions in Lighthouse Point. The commercial sector continues to attract new business and retail establishments.

LONG-TERM FINANCIAL PLANNING

The City of Lighthouse Point has continued to maintain rehabilitate its capital facilities and equipment, while preserving a healthy level of fund balance and minimal use of debt. The City finances many of its capital projects through the use of accumulated fund balance cash and intergovernmental grants, with the remainder financed through debt mechanisms. The City has a capital improvement plan that details multiyear cyclical expenditures, and is published in the City’s annual budget. This plan outlines maintenance, rehabilitation, or replacement of many of the City’s facilities and infrastructure, including: bridges, canals, roads, seawalls, stormwater, and parks and recreation, and lists funding sources. The capital improvement plan serves a guide for the City administration in planning and executing future facility improvements.

During the past year, the City has undertaken or completed the following capital improvement plan projects:

- Various ongoing repairs and enhancements to the City’s irrigation and landscaping infrastructure
- Hydrographic survey of City’s canal and waterway system
- Resurfaced racquetball courts at McDonough Park, extending useful life

- Completion of the Green Technology Sports Field Lighting project - \$ 250,000 project funded 100% by state grant
- Completion of laser grading and resodding of both City park athletic fields

FINANCIAL INFORMATION AND RELEVANT POLICIES

The City administration is responsible for establishing and maintaining internal control. The City's accounting system is instrumental in assisting with internal controls that are reasonable and provide assurance that assets are safeguarded against loss from unauthorized use or disposition and that financial records are reliable to report on the City's finances and assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires the City administration to make estimates and judgments. All internal control evaluations occur within this framework. We believe that the City has established appropriate internal controls to reasonably assure proper recording of financial transactions and protection of assets.

Budgetary Control:

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Although the legal level of control (the point at which expenditures and encumbrances cannot legally exceed appropriations) is by character (Personal Services, Operating Expenses, Capital Outlay), budgetary control is maintained at the object level through the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders, which result in an overrun of balances, are not released until additional appropriations are made available or sufficient resources are assured to cover the liability. Open encumbrances are reported as commitments of fund balance on September 30, 2012

Financial Policies:

The City has adopted specific financial policies that have contributed to the sound financial position reflected in this report for Fiscal Year 2011/2012. These include:

- A contingency policy that requires certain fund balance to be set aside for emergencies
- An investment policy that protects principal and restricts chasing yield in these uncertain market times
- Conservative budget practices that have resulted in increasing fund balances

Employee Retirement System:

The City offers seven different retirement plans to City employees depending upon their employee group. Four of the plans are defined contributions (401a) that cover General Employees and Management Employees as well as Firefighters and Police Officers hired prior to October 1, 2003. One plan is a defined benefit plan for Firefighters and Police Officers implemented on October 1, 2003. Additionally, the City offers a deferred compensation plan (457) and a retirement health savings plan. The defined contribution plans require fixed contributions from both the City and the participating employee based upon union contracts and City Commission resolutions. The defined benefit plan also requires City and employee contribution which are based upon the initial adoption resolution and modified by annual actuarial valuations. The deferred compensation and retirement health savings plans are exclusively funded through employee contributions. More information on the retirement plans is provided in the financial section of this report.

MAJOR INITIATIVES

The City's major initiatives for fiscal year 2012 included the following:

- Selected new healthcare insurance carrier for City employees that offers two Point of Service (POS) options.
- Completed the Green Technology Sports Field Lighting Project funded by a State grant.
- Implemented single stream recycling using 48 and 64 gallon carts funded by a County grant.
- Refinanced the General Obligation Bonds Series 2002 with a lower interest rate.
- Performed a City-wide hydrographic survey of all waterways and canals.
- Purchased thirty-five 800MHz public safety radios for the police department.
- Entered into a Highway Maintenance Memorandum of Agreement with the Florida Department of Transportation for the replacement of Bridge 867204 on Lighthouse Drive over the Kingfisher Waterway.
- Purchased new municipal Software as a Service (SaaS) for use in the City Clerk's Office, Building Department, and Code Enforcement.
- Purchased a new Fire Department Rescue Vehicle to replace an aging unit

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its report for the fiscal year ended September 30, 2011. This was the eighteenth consecutive year that the City has achieved this recognition. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

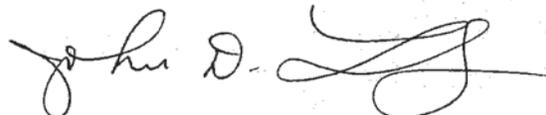
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the requirements of this peer review program and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report is the result of the combined efforts of all who contribute to the success of the City of Lighthouse Point, including its elected officials, staff and residents. Due credit and thanks is given to the Mayor and City Commission for their support and for maintaining high standards of professionalism in the oversight and administration of the City's finances.

Respectfully submitted,



Frank L. DiPaolo, CPA, CGMA
Finance Director



John D. Lavisky
City Administrator

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lighthouse Point
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morinell

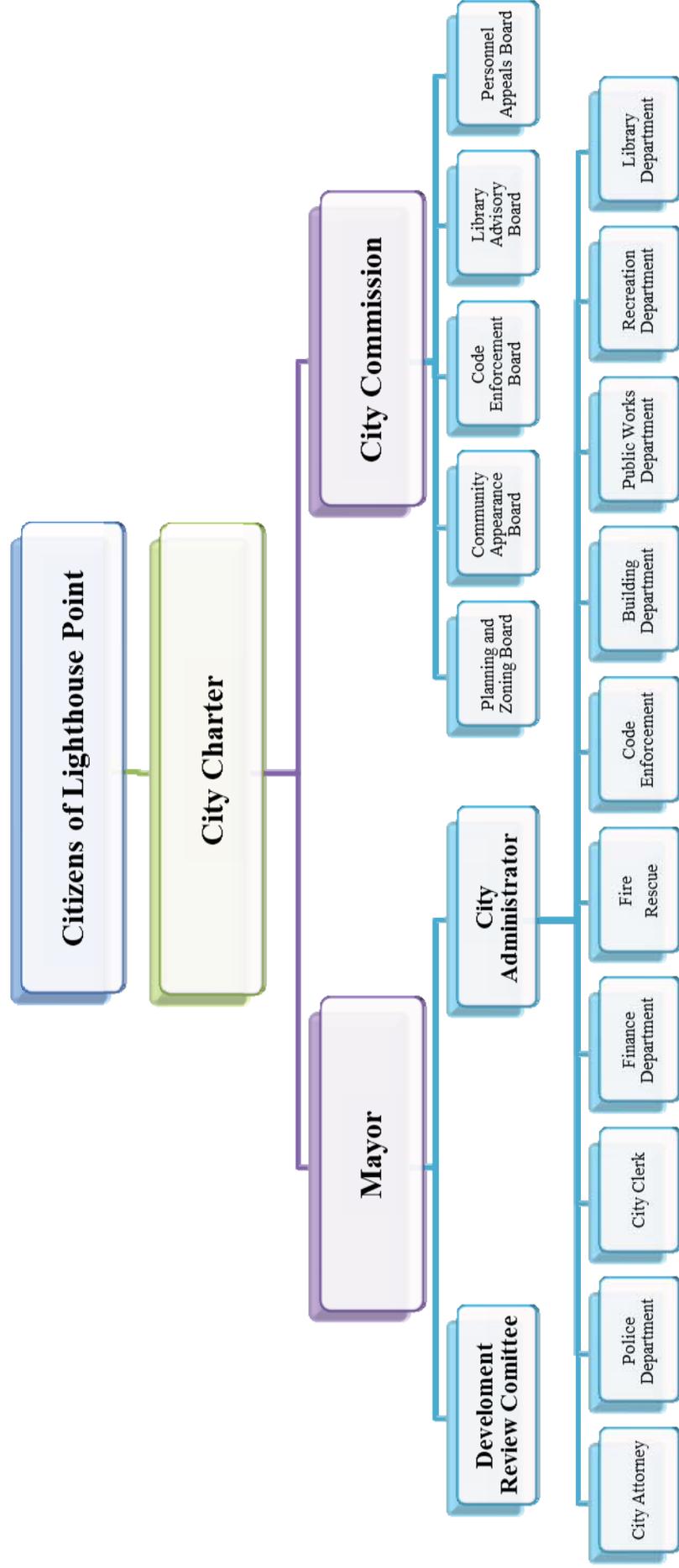
President

Jeffrey R. Emer

Executive Director

CITY OF LIGHTHOUSE POINT CITY GOVERNMENTAL STRUCTURE

September 30, 2012



CITY OF LIGHTHOUSE POINT, FLORIDA
LIST OF PRINCIPAL OFFICIALS
September 30, 2012

Mayor	Fred Schorr
Commission President	Michael S. Long
Commission Vice President	Sandy Johnson
Commissioner	Earl Maucker
Commissioner	Becky Lysengen
Commissioner	Glenn Troast
City Administrator	John D. Lavisky
City Attorney	Michael Cirullo
City Clerk	Jennifer Oh
Finance Director	Frank L. DiPaolo
Fire Chief	David Donzella
Library Director	Christy Keyes
Police Chief	Ross Licata
Public Works Director	Arthur Graham
Recreation Director	John Trudel

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Commissioners
City of Lighthouse Point, Florida
Lighthouse Point, Florida

We have audited the accompanying basic financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Lighthouse Point, Florida (the "City") as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Police and Fire Defined Benefit Pension Trust Fund which represents approximately 36% of the City's total fiduciary net assets. That financial statement was audited by other auditors whose report thereon has been furnished to us, and insofar as it relates to the amounts included for the Police and Fire Defined Benefit Pension Trust Fund are 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City at September 30, 2012, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Garbage and Trash Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2013, on our consideration of the City's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress for the police and fire defined benefit plan, schedule of contributions from the employer and employees for the police and fire defined benefit plan, and the schedule of funding progress for other post-employment benefits on pages 3 through 18 and 56 through 58, 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 historic context. We 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 regarding 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City's financial statements as a whole. The introductory section, other supplementary information, other financial information, and statistical tables as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary schedules, combining nonmajor fund financial statements, fiduciary net assets, and other schedules on pages 59 through 79 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical section 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.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
March 27, 2013

MANAGEMENT DISCUSSION AND ANALYSIS

(NOT COVERED BY INDEPENDENT AUDITORS' REPORT)

CITY OF LIGHTHOUSE POINT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012

As management of the City of Lighthouse Point, we offer readers this overview and analysis of the financial activities of the City of Lighthouse Point for the fiscal year ended September 30, 2012. This section of the financial report is designed to assist the reader in focusing on significant financial issues, changes in the City's financial position and material deviations from the approved budget; further, to identify issues and concerns within each individual fund. Readers are encouraged to review the information presented here in conjunction with the information presented throughout this report, including the letter of transmittal, financial statements, and notes to the financial statements that follow. This discussion and analysis is intended to serve as an introduction to the City's basic financial statements.

FINANCIAL HIGHLIGHTS

The following are highlights of financial activity for the fiscal year ending September 30, 2012:

- The City's total assets exceeded its liabilities by \$ 24,889,325. The entire amount was derived from governmental activities. Of this amount, \$ 6,688,213 (unrestricted net assets) may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's revenues for governmental activities were \$ 15,043,191, including \$ 4,540,065 in program related services. Expenses for all governmental activities were \$ 15,193,568.
- At the close of the current fiscal year, the City of Lighthouse Point's governmental funds reported combined ending fund balances of \$ 10,549,264, a decrease of \$ 443,643. The general fund decreased by \$ 256,030.
- At the end of the current fiscal year, the total fund balance for the General Fund was \$ 5,943,747, including \$ 64,938 Nonspendable; \$ 1,889,680 Committed; \$ 3,750,000 Assigned; and \$ 249,129 Unassigned. These categories reflect the new reporting requirements from the Governmental Accounting Standards Board Statement 54.
- The total value of the City's governmental cash and investments at September 30, 2012 was \$ 10,861,618. Invested funds were down \$ 1,564,541 and cash was up \$ 1,198,881.

OVERVIEW OF FINANCIAL STATEMENTS

The organization of the City's financial statements is guided by the pronouncements of the Governmental Accounting Standards Board (GASB) and its reporting model prescribed in Pronouncement 34. This annual report consists of four parts: 1) Introductory section, 2) Financial Section, 3) Statistical Section, and 4) Compliance Section. The Financial Section is comprised of the Independent Auditor's Report, this Management Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information, and an additional section that presents Combining Statements for nonmajor governmental and fiduciary funds, as well as additional detailed statements on capital assets and long-term debt.

**CITY OF LIGHTHOUSE POINT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012**

The basic financial statements include two kinds of statements that present different views of the City's financial activity. The following table summarizes the major features of the City's financial statements:

	Government-Wide Statements	Fund Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds)	The activities of the City that are not fiduciary, such as police, fire, parks, etc.	Instances in which the City is the trustee or agent for someone else's resources, such as employee retirement plans
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Assets • Statement of Changes in Fiduciary Net Assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon after; capital assets are not included	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the fiscal year; expenses when goods/services have been received and payment is due, during the year or soon thereafter	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide financial statements

The government-wide statements include the statement of net assets and the statement of activities, and are designed to provide a broad overview of the City's financial position as an entity, similar to a private corporation.

The **statement of net assets** shows the total assets and liabilities for the City with the difference representing net assets. The change in net assets over time may be an indicator of the City's financial health. (Table 1 in the Statistical Section provides such a comparison of the growth in the City's net assets.)

The **statement of activities** presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

CITY OF LIGHTHOUSE POINT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012

Both of the government-wide financial statements distinguish functions of the City of Lighthouse Point that are principally supported by taxes and intergovernmental revenues. The *governmental activities* of the City include general government (governing body, administration, records management, and finance), public safety (police, fire-rescue, land and building regulation, and code enforcement), physical environment (public works), and culture and recreation (library and park activities). The City of Lighthouse Point is the primary government and has no component units to report. These statements do not include the fiduciary funds (see pages 29 and 30 for pension plan schedules) because those resources are being held in trust for beneficiaries and cannot be used for the City's program activities.

The government-wide financial statements can be found on pages 19 and 20 of this report.

Fund financial statements

A fund consists of a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Lighthouse Point, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the City rather than the City as a whole. The City of Lighthouse Point categorizes funds as governmental funds and fiduciary funds, as the City has no proprietary funds.

The governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures, and changes in fund balance. **Governmental funds** include the functions summarized as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the fund financial statements 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. This information may be useful in evaluating the government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Lighthouse Point maintains six individual governmental funds. For the City's General Fund, Garbage and Trash Fund, and Public Safety Fund, the information is presented separately in the governmental fund financial statements, as they are considered to be Major Funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in this report.

The City adopts an annual appropriation for each of its operating funds including the General Fund, the Tennis Center Fund, the Garbage and Trash Fund, the Stormwater Fund, and the Debt Service Fund. A budgetary comparison is provided for each of the funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 21 through 28 of this report.

**CITY OF LIGHTHOUSE POINT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012**

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 starting on page 31 of this report.

Other information

In addition to the basic financial statements and accompanying notes, required and other supplementary information is included in this report. The required supplementary information is comprised of schedules that demonstrate the City's progress in funding its pension and post-employment benefits obligations. Required supplementary information can be found starting on page 56 of this report.

Other supplementary information includes budgetary comparison schedules for the City's General Fund, Tennis Center Fund, Garbage and Trash Fund, Stormwater Fund, and Debt Service Fund, which demonstrate compliance with the City's annual adopted budget. Other supplementary information can be found starting on page 59 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds is presented as other financial information, immediately following the other supplementary information section. This section includes detailed schedules regarding the City's capital assets and long term debt. Other financial information can be found starting on page 67 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of the City's financial health or position. For the City of Lighthouse Point, assets exceeded liabilities by \$ 24,889,325 at the close of the fiscal year. The table below summarizes Lighthouse Point's net assets for the fiscal year ended September 30, 2012 compared to September 30, 2011.

City of Lighthouse Point, Florida		
Net Assets		
September 30		
	2012	2011
Current and other assets	\$ 11,695,008	\$ 12,110,602
Capital assets, net	19,557,433	19,718,554
Total assets	31,252,441	31,829,156
Current liabilities	765,431	762,976
Long-term liabilities outstanding	5,597,685	6,026,478
Total liabilities	6,363,116	6,789,454

CITY OF LIGHTHOUSE POINT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012

	2012	2011
Net assets:		
Invested in capital assets, net of related debt	15,540,755	15,392,168
Restricted	2,660,357	2,981,741
Unrestricted	6,688,213	6,665,793
Total net assets	\$ 24,889,325	\$ 25,039,702

The overall financial position of the City decreased in total by \$ 150,377 during fiscal year 2012 compared to 2011. This can be attributed to an increase in public safety personal services and operational expenditures. However, the City experienced increases in several major revenue categories when compared with the prior fiscal year, including building permits, utility service taxes, and intergovernmental revenues. More detailed information is provided in the governmental activities section as follows.

Changes in net assets over time are a good and useful indicator of financial position. Key elements of the reconciliation of the statements are that the government-wide statement of activities reports the issuance of debt as a liability, the purchases of capital assets as assets which are then charged to expense over their useful lives through annual depreciation charges and changes in long-term liabilities as adjustments of expenses. Conversely, the governmental fund statements report the issuance of debt as an other financing source of funds, the repayment of debt and the purchase of capital assets as expenditures, and changes in long-term liabilities are not reported in the operating statements.

The majority of the City's total net assets (\$ 15,540,755 or 62.4%) are in capital assets, such as land, buildings, improvements other than buildings, machinery and equipment, and infrastructure, less any related debt that was used to acquire those assets (approximately \$ 4 million) that is still outstanding. The City's portion of net assets invested in capital, net of related debt increased by \$ 148,587 due to the acquisition of capital items and scheduled debt payments. The City of Lighthouse Point uses its capital assets to provide services to its residents; consequently, these assets are not available for future spending or liquidation. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net assets (\$ 2,660,357 or 10.7%) represents resources that are subject to either external restrictions or City policy on how they may be used. The 2012 balance in restricted net assets decreased by \$ 321,384 primarily due to expenditures of the City's Public Safety Fund.

The remaining balance of \$ 6,688,213 reflects unrestricted net assets (26.9%) increased by \$ 22,420, and may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF LIGHTHOUSE POINT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012

Summary of Changes in Net Assets

Governmental activities:

The following schedule is a summary of the fiscal year 2012 Statement of Activities with comparative information for fiscal year 2011:

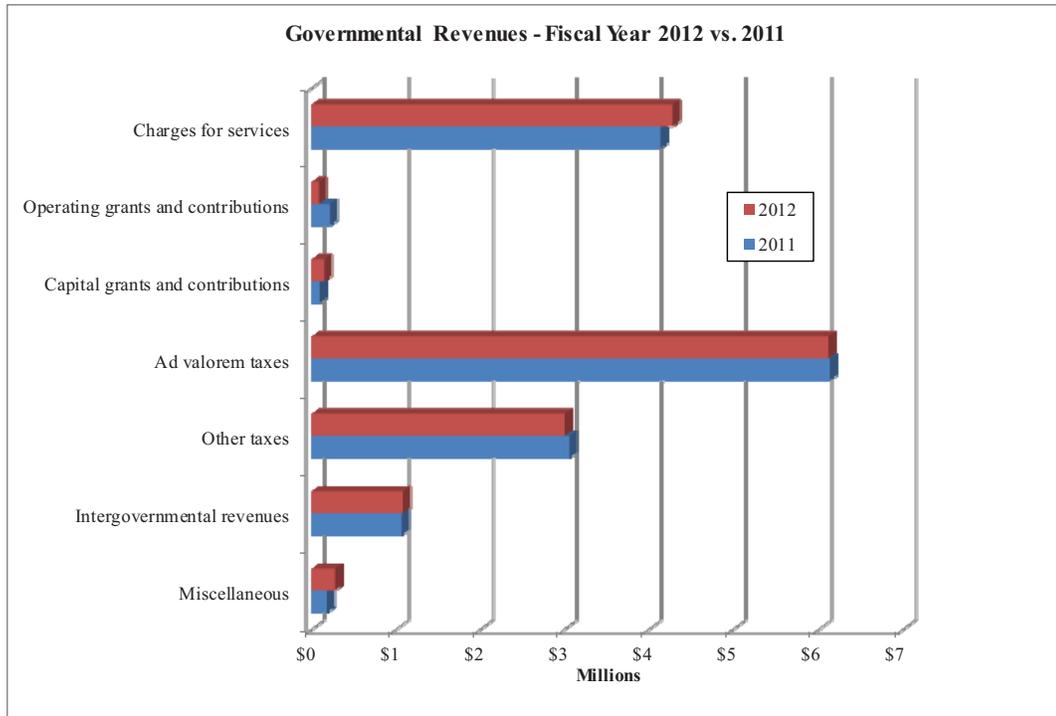
City of Lighthouse Point, Florida		
Change in Net Assets		
September 30		
	2012	2011
REVENUES:		
Program revenues:		
Charges for services	\$ 4,290,668	\$ 4,144,533
Operating grants and contributions	93,412	222,371
Capital grants and contributions	155,985	102,386
General revenues:		
Ad valorem taxes	6,120,388	6,138,909
Other taxes	3,009,276	3,065,240
Intergovernmental revenues	1,089,223	1,073,390
Miscellaneous	284,239	188,035
Total revenues	15,043,191	14,934,864
EXPENSES:		
General government	1,320,586	1,370,967
Public safety	8,903,618	8,569,761
Physical environment	3,626,791	3,989,844
Transportation	40,788	40,474
Culture and recreation	1,115,321	1,201,806
Debt service	186,464	197,849
Total expenses	15,193,568	15,370,701
Change in net assets	(150,377)	(435,837)
NET ASSETS AT BEGINNING OF YEAR	25,039,702	25,475,539
NET ASSETS AT END OF YEAR	\$ 24,889,325	\$ 25,039,702

Revenues exceeded the prior year total by \$ 108,327 (0.7%), and expenditures came in lower than the prior year total by \$ 177,133 (1.2%). However, net assets for the current fiscal year declined by \$ 150,377. The Charges for services revenue category increased by \$ 146,354 (3.53%), due to higher code enforcement fines and building permit fees. Additionally, miscellaneous revenues increased by 51.2% due to higher interest earnings, fixed asset disposals and insurance claim payments to the City. Grants were lower than the prior year, due to completion of grant projects, which had been substantially completed during fiscal year 2011.

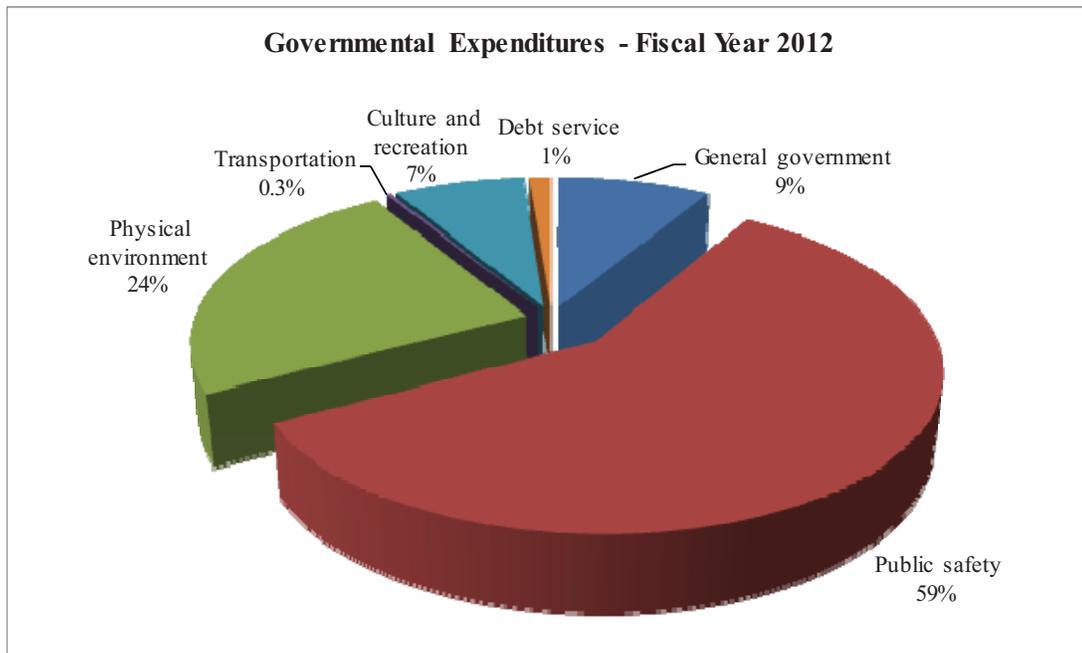
**CITY OF LIGHTHOUSE POINT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The City's public safety expenditures increased by \$ 333,857 (3.9%) due to higher costs of operation and increased expenditures of federal forfeiture funds. Several of the other program expense categories experienced decreases when compared with the prior year, primarily due to the elimination of two positions in the Public Works department, one unfilled vacancy in the Building department and turnover of other tenured staff positions. Additionally, there was no municipal election during the fiscal year.

This chart is a comparison of governmental revenues for the current and last fiscal year:



The following pie chart shows program expenses for governmental activities for fiscal year 2012:



**CITY OF LIGHTHOUSE POINT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012**

ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Lighthouse Point utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to communicate near-term inflows, outflows, and balances of spendable resources. The information presented, particularly the unreserved fund balance, may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year 2012, the City of Lighthouse Point's governmental funds reported combined ending fund balances of \$ 10,549,264. Less than 1% of the fund balance constitutes nonspendable fund balance, or \$ 64,938 that is not available for spending at the City's discretion, and represents prepaid insurance premiums for the next fiscal year. The remainder is spendable but falls into four different categories:

- Restricted by external requirements (\$ 2,660,357 or 25.2%), comprised of federal and state forfeiture funds and debt service fund balance;
- Committed by the City Commission (\$ 3,824,840 or 36.3%) for minimum contingency balance, appropriated budget surplus for the following year's budget, and use for purposes other than those restricted or nonspendable;
- Assigned by the Mayor and top management (\$ 3,750,000 or 35.5%) for emergency recovery purposes;
- Unassigned (\$ 249,129 or 2.4%) is available for spending with no restrictions.

The following is a breakdown of the fund balances as of September 30, 2012:

	<u>General Fund</u>	<u>Garbage and Trash Fund</u>	<u>Public Safety Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances, September 30, 2011	\$ 6,209,777	\$ 617,829	\$ 2,925,378	\$ 1,239,923	\$ 10,992,907
Revenues	12,123,018	2,053,447	14,676	871,000	15,062,141
Expenditures	(12,435,723)	(2,095,938)	(283,923)	(836,875)	(15,652,459)
Other financing sources (uses)	<u>56,675</u>	<u>(55,000)</u>	<u>-</u>	<u>145,000</u>	<u>146,675</u>
Fund balances, September 30, 2012	5,953,747	520,338	2,656,131	1,419,048	10,549,264
Nonspendable	(64,938)	-	-	-	(64,938)
Restricted	-	-	(2,656,131)	(4,226)	(2,660,357)
Committed	(1,889,680)	(520,338)	-	(1,414,822)	(3,824,840)
Assigned	<u>(3,750,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,750,000)</u>
Unassigned fund balance, September 30, 2012	<u>\$ 249,129</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,129</u>

**CITY OF LIGHTHOUSE POINT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012**

General Fund

The general fund is the chief operating fund of the City of Lighthouse Point. At the end of fiscal year 2011, nonspendable and spendable fund balance of the general fund was \$ 5,953,747. As a measure of the general fund's liquidity, it may be useful to compare both spendable fund balance and total fund expenditures. Assigned and unassigned fund balance represents 32% of the total general fund expenditures, while total unrestricted fund balance represents 48% of the same.

The following table summarizes the general fund's revenues compared with the prior year:

	Fiscal Year 2012	Fiscal Year 2011	Dollar Change	Percent Change
REVENUES:				
Ad Valorem	\$ 5,690,842	\$ 5,721,956	\$ (31,114)	-0.54%
Franchise taxes	905,559	929,559	(24,000)	-2.58%
Utility service taxes	2,138,837	2,139,372	(535)	-0.03%
Licenses and permits	635,114	529,905	105,209	19.85%
Intergovernmental revenues	1,328,503	1,398,147	(69,644)	-4.98%
Charges for services	922,384	925,538	(3,154)	-0.34%
Fines and forfeitures	383,575	236,984	146,591	61.86%
Miscellaneous	118,204	36,430	81,774	224.47%
Transfers in and other sources	181,675	53,984	127,691	236.53%
	<u>\$ 12,304,693</u>	<u>\$ 11,971,875</u>	<u>\$ 332,818</u>	2.78%

General fund operating revenue totaled \$ 12,304,693, reflecting an increase of \$ 332,818 when compared with 2011. The City's property tax base increased by a modest 1.17% in FY 2012 and the City Commission approved a "rolled-back" millage rate that would levy the same level of revenue as the prior fiscal year. Non-ad valorem assessment rates generally remained the same from the prior year. Although franchise fees from Florida Power and Light were higher than the prior year, the category saw a decrease due to lower garbage franchise fee remittances from Waste Management. Licenses and permits revenues rose due to increased construction activity within the City, and fines and forfeitures were higher on the collection of several large code enforcement fines. Intergovernmental revenues were down as the City saw completion of the UASI and Urban Forestry grant projects that were substantially completed in 2011. Miscellaneous revenues were higher compared with the prior year, due to increased interest revenues, disposal of a fire rescue truck, and casualty insurance claim payments, which were spent to repair or replace damage City property. The transfers in and other sources balance in fiscal year 2012 represents a transfer from the Garbage and Trash Fund to offset administrative costs in the general fund, and the receipt of capital lease proceeds used to purchase a fire rescue unit.

The following table summarizes the general fund expenditures compared with the prior year:

	Fiscal Year 2012	Fiscal Year 2011	Dollar Change	Percent Change
EXPENDITURES:				
General government	\$ 1,310,793	\$ 1,304,025	\$ 6,768	0.52%
Public safety	8,667,770	8,121,474	546,296	6.73%
Physical environment	1,275,076	1,313,938	(38,862)	-2.96%
Transportation	40,807	40,365	442	1.10%
Culture/Recreation	959,634	1,041,269	(81,635)	-7.84%
Debt service	181,643	181,994	(351)	-0.19%
Transfers out	125,000	167,067	(42,067)	-25.18%
	<u>\$ 12,560,723</u>	<u>\$ 12,170,132</u>	<u>\$ 390,591</u>	3.21%

**CITY OF LIGHTHOUSE POINT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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General fund expenditures were up \$ 390,591 from fiscal year 2011. General Government were generally unchanged, the net of increases to personal services for contractual pay increases offset by lower operational costs and no municipal election. Public Safety expenditures were higher primarily related to contractual pay increases and the purchase of a fire rescue unit. Physical Environment expenditures were lower in fiscal year 2012 through additional reductions in staff and no capital expenditures. Culture/Recreation expenditures were lower due to decreased spending on capital improvements. Transfers out were lessened, as the City raised the debt service millage levy, which is used to retire long term debt in the Debt Service Fund.

Changes to the City's general fund original revenue budget are summarized as follows:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Dollar Change</u>	<u>Percent Change</u>
REVENUES:				
Ad Valorem	\$ 5,682,470	\$ 5,682,470	\$ -	-
Franchise taxes	967,000	967,000	-	-
Utility service taxes	2,016,050	2,016,050	-	-
Licenses and permits	469,500	569,500	100,000	21.30%
Intergovernmental revenues	1,102,100	1,102,100	-	-
Charges for services	876,625	876,625	-	-
Fines and forfeitures	56,600	257,000	200,400	354.06%
Miscellaneous	61,000	61,000	-	-
Transfers in and other sources	(134,250)	(134,250)	-	-
Allocation of fund balance	719,435	719,435	-	-
	<u>\$ 11,816,530</u>	<u>\$ 12,116,930</u>	<u>\$ 300,400</u>	2.54%

Revenue changes for budget purposes included recognition of an increase in building and construction activity which generated more permit revenue. Revenue from code enforcement fines was conservatively budgeted at the outset and more revenue came in during the year.

Changes to the City's general fund original expenditures budget are summarized as follows:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Dollar Change</u>	<u>Percent Change</u>
EXPENDITURES:				
General government	\$ 1,255,280	\$ 1,333,719	\$ 78,439	6.25%
Public safety	8,346,582	8,692,902	346,320	4.15%
Physical environment	1,213,834	1,268,725	54,891	4.52%
Transportation	39,293	39,293	-	-
Culture/Recreation	825,599	974,711	149,112	18.06%
Debt service	190,942	184,442	(6,500)	-3.40%
Transfers out	134,250	134,250	-	-
	<u>\$ 12,005,780</u>	<u>\$ 12,628,042</u>	<u>\$ 622,262</u>	5.18%

CITY OF LIGHTHOUSE POINT, FLORIDA
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General government appropriations were increased to cover the cost of termination pay for a retiring employee, under budgeted liability insurance, and the purchase of new software for business tax receipts. Public Safety appropriations were increased to cover the costs of termination pay for a retiring employee, increased fuel costs, unforeseen overtime, and the purchase of new code compliance and building permit software. In Physical Environment, the increase in the budget was primarily for water and electricity costs in the public works division. Culture/Recreation budgeted for increases to reseal a shared parking lot at a City park, higher than expected water costs, and additional capital expenditures for the parks lighting grant project. The budget for debt service was increased to conform to actual costs. Finally, encumbrances that were carried over from the prior fiscal year increased the budget in several of the departments.

Garbage and Trash Fund:

The Garbage and Trash Fund accounts for the activities involved with the collection and disposal of debris in the City. The City contracts for the service with Waste Management and charges a user fee to residential customers. Commercial customers and some condominiums pay for dumpster service directly to the franchisee.

	Fiscal Year 2012	Fiscal Year 2011	Dollar Change	Percent Change
REVENUES:				
Charges for services	\$ 1,998,786	\$ 2,102,649	\$ (103,863)	-4.94%
Miscellaneous	54,189	47,505	6,684	14.07%
Intergovernmental revenues	<u>472</u>	<u>-</u>	<u>472</u>	100.00%
	<u>\$ 2,053,447</u>	<u>\$ 2,150,154</u>	<u>\$ (96,707)</u>	-4.50%
EXPENDITURES:				
Physical environment	\$ 2,095,938	\$ 2,274,916	\$ (178,978)	-7.87%
Transfers out	<u>55,000</u>	<u>53,984</u>	<u>1,016</u>	1.88%
	<u>\$ 2,150,938</u>	<u>\$ 2,328,900</u>	<u>\$ (177,962)</u>	-7.64%

Charges for services are governed by the rates adopted by the City and offset by rebates to residents who vacation at least three months, with the rebate capped at six months per year. Garbage fees were lowered for fiscal year 2012, and as a result, revenues were lower than the prior year. Continued participation in the City's vacation rebate program also contributed to the decline in revenues. The fund currently has a healthy reserve balance that can be used to keep resident costs as low as possible. The garbage and trash fund balance as of September 30, 2012 is \$ 520,338, committed to continued viable operation of the City's trash disposal function.

A decrease in waste disposal fees resulted in the lowering of the contract rates with the City's trash services provider, Waste Management, and therefore, expenditures were lower in fiscal year 2012. The City began to implement a new recycling program through a grant from Broward County. The grant amount was \$ 161,217; however the City only spent \$ 473 on program promotion in fiscal year 2012, with the remainder to be spent in fiscal year 2013.

**CITY OF LIGHTHOUSE POINT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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There was a budget amendment in the garbage and trash fund that reflected the receipt of the recycling grant award. A summary of the changes to the original revenue and expenditure budget is as follows:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Dollar Change</u>	<u>Percent Change</u>
REVENUES:				
Charges for services	\$ 2,220,000	\$ 2,220,000	\$ -	-
Intergovernmental	-	161,700	161,700	100.00%
Miscellaneous	45,000	45,000	-	-
Allocation of fund balance	<u>55,000</u>	<u>55,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,320,000</u>	<u>\$ 2,481,700</u>	<u>\$ 161,700</u>	6.97
EXPENDITURES:				
Physical environment	\$ 2,265,000	\$ 2,426,700	\$ 161,700	7.14%
Transfers out	<u>55,000</u>	<u>55,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,320,000</u>	<u>\$ 2,481,700</u>	<u>\$ 161,700</u>	6.97%

Public Safety Fund:

The public safety fund records the transactions of Federal and State forfeiture funds. Expenditures are appropriated on an as needed basis rather than one annual appropriation like the City's other operating funds. There are Federal and State restrictions on the use of these monies and balances are shown in the financial statements as restricted. The funds are typically utilized for capital purchases and to supplement operational needs, including training and overtime. Fiscal year 2012 saw a decrease in the receipt of fines and forfeitures. The most significant expenditures in the current fiscal year included the purchase of replacement computers, thirty-five portable radios, and ruggedized portable computers for use in patrol units. Additionally, the City began an expansion of the license plate recognition system, with the intent of adding eighteen cameras to the existing infrastructure.

	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>Change</u>
REVENUES:				
Fines and forfeitures	\$ 5,603	\$ 10,289	\$ (4,686)	-45.54%
Miscellaneous	<u>9,073</u>	<u>11,608</u>	<u>(2,535)</u>	-21.84%
	<u>\$ 14,676</u>	<u>\$ 21,897</u>	<u>\$ (7,221)</u>	-32.98%
EXPENDITURES:				
Public safety	\$ 104,945	\$ 70,024	\$ 34,921	49.87%
Capital outlay	<u>178,978</u>	<u>12,701</u>	<u>166,277</u>	1309.16%
	<u>\$ 283,923</u>	<u>\$ 82,725</u>	<u>\$ 201,198</u>	243.21%

All expenditures in the Public Safety Fund were approved by the City Commission. Because the appropriations are considered on an as needed basis, no original vs. final comparison is provided. The public safety fund balance as of September 30, 2012 is \$ 2,656,131, restricted for future public safety costs and initiatives.

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Tennis Center Fund:

The tennis center fund accounts for the activities of the City's tennis facility. While it is considered a nonmajor fund, the tennis center fund is an annually appropriated operating fund.

	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2011</u>	<u>Dollar Change</u>	<u>Percent Change</u>
REVENUES:				
Charges for services	\$ 74,581	\$ 66,378	\$ 8,203	12.36%
Miscellaneous	1,000	1,533	(533)	-34.77%
Transfers in	<u>98,000</u>	<u>86,970</u>	<u>11,030</u>	12.68%
	<u>\$ 173,581</u>	<u>\$ 154,881</u>	<u>\$ 18,700</u>	12.07%
EXPENDITURES:				
Culture/Recreation	<u>\$ 160,728</u>	<u>\$ 159,556</u>	<u>\$ 1,172</u>	0.73%
	<u>\$ 160,728</u>	<u>\$ 159,556</u>	<u>\$ 1,172</u>	0.73%

For the current fiscal year, the City increased the general fund transfer to \$98,000, which resulted in a surplus of \$ 12,855. Notwithstanding this subsidy from the general fund, membership revenues were up over the prior fiscal year, due to increased use of the facility. Expenditures were generally unchanged when compared with the prior year. The tennis center fund balance as of September 30, 2012 is \$ 6,331, committed for operations and maintenance of the City's tennis center facility.

One budget amendment was approved to cover additional costs for watering the clay tennis courts, and a summary of changes to the original budget is as follows:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Dollar Change</u>	<u>Percent Change</u>
REVENUES:				
Charges for services	\$ 61,400	\$ 66,400	\$ 5,000	8.14
Transfers in	<u>98,000</u>	<u>98,000</u>	<u>-</u>	-
	<u>\$ 159,400</u>	<u>\$ 164,400</u>	<u>\$ 5,000</u>	3.14
EXPENDITURES:				
Culture/recreation	<u>\$ 159,305</u>	<u>\$ 164,305</u>	<u>\$ 5,000</u>	3.14%
	<u>\$ 159,305</u>	<u>\$ 164,305</u>	<u>\$ 5,000</u>	3.14%

**CITY OF LIGHTHOUSE POINT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Debt Service Fund:

The debt service fund accounts for the repayment of long term debt issued by the City. The expenditures are based upon the original amortization schedules. The ad valorem revenue increased slightly in fiscal year 2012 due to a minor increase in the millage rate, to meet debt service requirements. There were no changes in the budget for this fund.

	Fiscal Year <u>2012</u>	Fiscal Year <u>2011</u>	Dollar Change	Percent Change
REVENUES:				
Ad valorem taxes	\$ 429,546	\$ 416,953	\$ 12,593	3.02%
Miscellaneous	59	168	(109)	-64.88%
Transfers in and other sources	<u>3,685,000</u>	<u>53,097</u>	<u>3,631,903</u>	6840.13%
	<u>\$ 4,114,605</u>	<u>\$ 470,218</u>	<u>\$ 3,644,387</u>	775.04%
EXPENDITURES:				
Debt service	\$ 501,742	\$ 463,950	\$ 37,792	8.15%
Other financing sources	<u>3,665,000</u>	<u>-</u>	<u>3,665,000</u>	100.00%
	<u>\$ 4,166,742</u>	<u>\$ 463,950</u>	<u>\$ 3,702,792</u>	798.10%

During the current fiscal year, the City refunded its General Obligation Bonds Series 2002 by issuing a note payable, maturing in August 2022. Although this refunding transaction skews the revenue and expenditure amounts for fiscal year 2012, it had no net effect on fund balance. The debt service fund balance as of September 30, 2012 is \$ 4,226, restricted for repayment of debt service obligations.

Stormwater Fund

The stormwater fund was established in fiscal year 2010. The purpose of the fund is to provide resources for stormwater management capital improvements and significant maintenance of stormwater infrastructure that had been funded in past years by grants. Such grant dollars have diminished over time and are now insufficient to meet the City's needs. The primary source of revenue is a stormwater special assessment that is now a non-ad valorem special assessment on the annual property tax bill, shown as stormwater fees in the table below. A consultant study was used to determine the benefit for individual properties of the City's stormwater management program. As the stormwater management and collection system is aging, the City is continuing to build a fund balance for probable major stormwater improvements in the future. The stormwater fund balance as of September 30, 2012 is \$ 670,701, committed to future capital improvement projects.

	Fiscal Year <u>2012</u>	Fiscal Year <u>2011</u>	Dollar Change	Percent Change
REVENUES:				
Stormwater fees	\$ 265,587	\$ 266,948	\$ (1,361)	-0.51%
Miscellaneous	<u>1,846</u>	<u>1,412</u>	<u>434</u>	30.74%
	<u>\$ 267,433</u>	<u>\$ 268,360</u>	<u>\$ (927)</u>	-0.35%
EXPENDITURES:				
Physical environment	<u>\$ 25,397</u>	<u>\$ 11,939</u>	<u>\$ 13,458</u>	112.72%

**CITY OF LIGHTHOUSE POINT, FLORIDA
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Infrastructure Fund:

The infrastructure fund was established by the City Commission to carryout general capital improvement projects and has been primarily funded with transfers from the general fund either from original budget appropriations or automatic transfers of remaining balances in infrastructure capital outlay accounts within the general fund at year end. The infrastructure fund balance as of September 30, 2012 is \$ 535,427, committed to future capital improvement projects. The following table is summarizes the fund activity for fiscal year 2012.

	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2011</u>	<u>Dollar Change</u>	<u>Percent Change</u>
REVENUES:				
Miscellaneous	\$ <u>1,688</u>	\$ <u>2,791</u>	\$ <u>(1,103)</u>	-39.52%
	\$ <u><u>1,688</u></u>	\$ <u><u>2,791</u></u>	\$ <u><u>(1,103)</u></u>	-39.52%
EXPENDITURES:				
Physical environment	\$ <u>47,973</u>	\$ <u>254,878</u>	\$ <u>(206,905)</u>	-81.18%
	\$ <u><u>47,973</u></u>	\$ <u><u>254,878</u></u>	\$ <u><u>(206,905)</u></u>	-81.18%

Appropriations are approved on a project by project basis. The City has not made transfers to this fund in the current and last fiscal year, as a measure to conserve general fund resources. Additionally, the City has cut back on funding of capital improvement projects or made use of grant funding where available. As a result of these measures, there has been minimal activity in this fund for the fiscal year ended September 30, 2012. Miscellaneous revenue, which is solely comprised of interest earnings, saw a decline due to continued unfavorable economic conditions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Lighthouse Point's investment in capital assets for its governmental activities as of September 30, 2012 amounts to \$ 19,557,433 (net of accumulated depreciation). This investment includes land, buildings and improvements, equipment and fixtures, vehicles, and infrastructure. Major capital asset acquisitions or improvements during the fiscal year included the completion of the Green Technology Sports Field Lighting Project (\$113,762), replacement of a fire rescue unit (\$ 126,675) and replacement of 35 police radios (\$ 117,745). Major reductions include the trade-in of a fire rescue unit, auction of replaced computers, and trade-in of portable radios for replacements.

Capital assets (net of accumulated depreciation)

	<u>2012</u>	<u>2011</u>
Capital assets:		
Buildings and land improvements	\$ 6,754,556	\$ 6,759,337
Land	7,040,140	7,040,140
Infrastructure	4,717,187	4,788,625
Equipment and fixtures	494,704	506,697
Vehicles	548,096	509,992
Construction in progress	<u>2,750</u>	<u>113,763</u>
Total capital assets	\$ <u><u>19,557,433</u></u>	\$ <u><u>19,718,554</u></u>

**CITY OF LIGHTHOUSE POINT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012**

Additional data about the City's capital assets can be found in Note G on pages 44-45.

Long-Term Debt:

At the end of the fiscal year, the City had total debt outstanding of \$ 5,409,685. A general fund pledge to appropriate supports the capital leases, while ad valorem taxes provide the revenue stream for the repayment of general obligation bonds, which were refunded through a capital lease issue during fiscal year 2012. Compensated absences are paid out upon termination based upon City policy and labor agreements. The City assumed a new capital lease that funded the purchase of a fire rescue unit.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities:				
General obligation bonds	\$ 3,955,000	\$ -	\$ 3,955,000	\$ -
Notes payable	-	3,685,000	1,000	3,684,000
Capital leases	371,386	126,675	169,609	328,452
Compensated absences	<u>1,469,092</u>	<u>20,988</u>	<u>92,847</u>	<u>1,397,233</u>
	<u>\$ 5,795,478</u>	<u>\$ 3,832,663</u>	<u>\$ 4,218,456</u>	<u>\$ 5,409,685</u>

Additional information about the City's long-term debt can be found in Note H on pages 46 and 47.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The State of Florida, by constitution, does not have a personal income tax and operates primarily through funds generated from sales, gasoline, and corporate income taxes. Local governments are not permitted to levy income taxes either and rely on property tax and a limited number of other taxes on utilities and gasoline as well as local business taxes and franchise fees to support delivery of municipal services. The City of Lighthouse Point has continued to preserve fund balance by carefully using its resources and limiting non-essential expenditures where possible.

The General Fund budget for fiscal year 2013 was approved at the level of \$ 12,333,036, which represents a decrease of \$ 81,856 (less than 1%) under the final budget for fiscal year 2012. The operating millage rate has been set at 3.5893 mills, equal to the rate for the prior fiscal year. Since taxable values increased, using the same millage rate resulted in an increase in the ad valorem levy for fiscal year 2013. Additionally, the City appropriated \$ 525,228 for spending in the 2013 fiscal year budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Lighthouse Point for all those with an interest in the City's finances. Questions concerning any of the information provided herein or requests for additional financial information should be addressed to the Finance Department, City of Lighthouse Point, 2200 N.E. 38th Street, Lighthouse Point, Florida 33064

BASIC FINANCIAL STATEMENTS

CITY OF LIGHTHOUSE POINT, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2012

		Governmental Activities
ASSETS:		
Cash and cash equivalents	\$	4,330,849
Investments		6,530,769
Accounts receivable		401,413
Due from other governments		347,372
Prepays and other assets		64,938
Deferred financing costs		19,667
Capital assets:		
Nondepreciable		7,042,890
Depreciable, net		12,514,543
		31,252,441
Total assets		31,252,441
 LIABILITIES:		
Current liabilities:		
Accounts payable		402,463
Accrued payroll and related taxes		99,280
Accrued interest payable		12,195
Deposits		22,400
Licenses collected in advance		50,402
Unearned revenues		176,707
Other liabilities		1,984
Noncurrent liabilities:		
Due within one year		581,714
Due in more than one year		4,827,971
Litigation payable		20,000
Other postemployment benefit obligation liability		168,000
		6,363,116
Total liabilities		6,363,116
 NET ASSETS:		
Invested in capital assets, net of related debt		15,540,755
Restricted for:		
Debt service		4,226
Law enforcement trust		2,656,131
Unrestricted		6,688,213
		24,889,325
Total net assets	\$	24,889,325

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

CITY OF LIGHTHOUSE POINT, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2012

	Program Revenues				Net Revenues (Expenses) and Change in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
FUNCTIONS/PROGRAMS:					
Governmental activities:					
General government	\$ 1,320,586	\$ 30,614	\$ -	\$ -	\$ (1,289,972)
Public safety	8,903,618	1,858,897	61,197	8,370	(6,975,154)
Physical environment	3,626,791	2,264,373	7,800	-	(1,354,618)
Transportation	40,788	-	6,570	-	(34,218)
Culture/recreation	1,115,321	136,784	17,845	147,615	(813,077)
Interest expense	186,464	-	-	-	(186,464)
	<u>\$ 15,193,568</u>	<u>\$ 4,290,668</u>	<u>\$ 93,412</u>	<u>\$ 155,985</u>	<u>(10,653,503)</u>
Total governmental activities					
General revenues:					
Taxes:					
Ad-valorem taxes					6,120,388
Franchise taxes					825,196
Utility service taxes					2,184,080
Intergovernmental revenues (unrestricted)					1,089,223
Miscellaneous					284,239
					<u>10,503,126</u>
					(150,377)
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CITY OF LIGHTHOUSE POINT, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2012

	Major Governmental	
	General Fund	Garbage and Trash Fund
ASSETS:		
Cash and cash equivalents	\$ 788	\$ 269,174
Investments	6,506,808	-
Due from other funds	-	584,115
Accounts receivable	381,158	-
Due from other governments	347,026	-
Prepaid expenditures	64,938	-
	<u>7,300,718</u>	<u>853,289</u>
Total assets	\$ <u>7,300,718</u>	\$ <u>853,289</u>
 LIABILITIES AND FUND BALANCES:		
Liabilities:		
Accounts payable	\$ 213,225	\$ 171,734
Accrued payroll and related taxes	97,973	-
Due to other funds	573,180	-
Deposits	22,400	-
Licenses collected in advance	50,402	-
Deferred revenue	388,331	161,217
Other liabilities	1,460	-
	<u>1,346,971</u>	<u>332,951</u>
Total liabilities	1,346,971	332,951
 Fund balances:		
Nonspendable	64,938	-
Restricted	-	-
Committed	1,889,680	520,338
Assigned	3,750,000	-
Unassigned	249,129	-
	<u>5,953,747</u>	<u>520,338</u>
Total fund balances	5,953,747	520,338
Total liabilities and fund balances	\$ <u>7,300,718</u>	\$ <u>853,289</u>

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

<u>Funds</u>		
<u>Public Safety Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,658,907	\$ 1,401,980	\$ 4,330,849
-	23,961	6,530,769
-	-	584,115
-	20,255	401,413
-	346	347,372
-	-	64,938
<u>\$ 2,658,907</u>	<u>\$ 1,446,542</u>	<u>\$ 12,259,456</u>
\$ 2,776	\$ 14,728	\$ 402,463
-	1,307	99,280
-	10,935	584,115
-	-	22,400
-	-	50,402
-	-	549,548
-	524	1,984
<u>2,776</u>	<u>27,494</u>	<u>1,710,192</u>
-	-	64,938
2,656,131	4,226	2,660,357
-	1,414,822	3,824,840
-	-	3,750,000
-	-	249,129
<u>2,656,131</u>	<u>1,419,048</u>	<u>10,549,264</u>
\$ <u>2,658,907</u>	\$ <u>1,446,542</u>	\$ <u>12,259,456</u>

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

CITY OF LIGHTHOUSE POINT, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
September 30, 2012

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS,
PAGE 22 \$ 10,549,264

Amounts reported for governmental activities in the
Statement of Net Assets are difference because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in
the funds:

The cost of capital assets is	\$ 26,650,951	
Accumulated depreciation is	<u>(7,093,518)</u>	19,557,433

Because the focus of governmental funds is on short-term
financing, some assets will not be available to pay current-
period expenditures. Those assets (for example, receivables)
are offset by deferred revenue in the governmental funds,
and thus are not included in fund balance:

Adjustment of deferred revenue	372,841
--------------------------------	---------

Financing costs related to the issuance of long-term debt
are expended by governmental funds in the fund financial
statements; under full accrual accounting these amounts are
treated as an asset and amortized over the life of the debt. 19,667

Long-term liabilities, including leases and bonds payable
are not due and payable in the current period and
therefore are not reported in the funds:

Debt	(4,012,452)	
Compensated absences payable	(1,397,233)	
Accrued interest payable	(12,195)	
Other postemployment benefit obligation liability	(168,000)	
Litigation payable	<u>(20,000)</u>	<u>(5,609,880)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 19 \$ 24,889,325

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

CITY OF LIGHTHOUSE POINT, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2012

	Major Governmental	
	General Fund	Garbage and Trash Fund
REVENUES:		
Ad valorem taxes	\$ 5,690,842	\$ -
Franchise taxes	905,559	-
Utility service taxes	2,138,837	-
Licenses and permits	635,114	-
Intergovernmental revenues	1,328,503	472
Charges for services	922,384	1,998,786
Fines and forfeitures	383,575	-
Miscellaneous	118,204	54,189
	12,123,018	2,053,447
EXPENDITURES:		
Current:		
General government	1,307,179	-
Public safety	8,473,845	-
Physical environment	1,275,076	2,095,938
Transportation	40,807	-
Culture/recreation	818,496	-
Capital outlay	338,677	-
Debt service:		
Principal	169,611	-
Interest	12,032	-
Other	-	-
	12,435,723	2,095,938
Excess (deficiency) of revenues over expenditures	(312,705)	(42,491)
OTHER FINANCING SOURCES (USES):		
Issuance of debt - notes payable	-	-
Issuance of debt - capital leases	126,675	-
Transfers in	55,000	-
Transfers out	(125,000)	(55,000)
Payment to fiscal agent	-	-
	56,675	(55,000)
Net change in fund balance	(256,030)	(97,491)
FUND BALANCES AT BEGINNING OF YEAR	6,209,777	617,829
FUND BALANCES AT ENDING OF YEAR	\$ 5,953,747	\$ 520,338

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

<u>Funds</u>		
Public Safety Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 429,546	\$ 6,120,388
-	-	905,559
-	-	2,138,837
-	-	635,114
-	-	1,328,975
-	345,206	3,266,376
5,603	-	389,178
9,073	96,248	277,714
<u>14,676</u>	<u>871,000</u>	<u>15,062,141</u>
-	-	1,307,179
104,945	-	8,578,790
-	99,195	3,470,209
-	-	40,807
-	219,073	1,037,569
178,978	16,865	534,520
-	291,000	460,611
-	190,742	202,774
-	20,000	20,000
<u>283,923</u>	<u>836,875</u>	<u>15,652,459</u>
<u>(269,247)</u>	<u>34,125</u>	<u>(590,318)</u>
-	3,685,000	3,685,000
-	-	126,675
-	125,000	180,000
-	-	(180,000)
-	(3,665,000)	(3,665,000)
<u>-</u>	<u>145,000</u>	<u>146,675</u>
<u>(269,247)</u>	<u>179,125</u>	<u>(443,643)</u>
<u>2,925,378</u>	<u>1,239,923</u>	<u>10,992,907</u>
<u>\$ 2,656,131</u>	<u>\$ 1,419,048</u>	<u>\$ 10,549,264</u>

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

CITY OF LIGHTHOUSE POINT, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2012

NET CHANGES IN FUND BALANCES - TOTAL
GOVERNMENTAL FUNDS, PAGE 25 \$ (443,643)

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

Governmental funds report capital outlays as
expenditures. However, in the statement of activities,
the cost of those assets is depreciated over their
estimated useful lives:

Expenditures for capital assets	\$ 534,520	
Less current year provision for depreciation	<u>(687,409)</u>	(152,889)

The net effect of various miscellaneous transactions
involving capital assets (trade-ins, retirements) is
to decrease net assets. (8,232)

Revenues in the statement of activities that do not
provide current financial resources are not reported
as revenue in the governmental funds. (10,718)

Debt proceeds provide current financial resources to
governmental funds, but issuing debt increases long-term
liabilities in the statement of net assets. Repayment
of debt principal is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities
in the statement of net assets:

Bond issuance costs	20,000	
Debt proceeds	(3,811,675)	
Principal payments	<u>4,125,609</u>	333,934

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
governmental funds:

Provision for amortization of deferred financing costs	(333)	
Change in accrued interest payable	16,645	
Change in compensated absences payable	71,859	
Change in litigation payable	55,000	
Change in other postemployment benefit obligation liability	<u>(12,000)</u>	<u>131,171</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL
ACTIVITIES, PAGE 20 \$ (150,377)

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

CITY OF LIGHTHOUSE POINT, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2012

	Budgeted amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Ad valorem taxes	\$ 5,682,470	\$ 5,682,470	\$ 5,690,842	\$ 8,372
Franchise fees	967,000	967,000	905,559	(61,441)
Utility service taxes	2,016,050	2,016,050	2,138,837	122,787
Licenses and permits	469,500	569,500	635,114	65,614
Intergovernmental revenues	1,102,100	1,102,100	1,328,503	226,403
Charges for services	876,625	876,625	922,384	45,759
Fines and forfeitures	56,600	257,000	383,575	126,575
Miscellaneous	61,000	61,000	118,204	57,204
Allocation of fund balance	719,435	719,435	-	(719,435)
Total revenues	11,950,780	12,251,180	12,123,018	(128,162)
EXPENDITURES:				
Current:				
General government	1,255,280	1,309,319	1,307,179	2,140
Public safety	8,336,832	8,463,064	8,473,845	(10,781)
Physical environment	1,213,162	1,259,370	1,275,076	(15,706)
Transportation	39,293	39,293	40,807	(1,514)
Culture/recreation	805,599	813,658	818,496	(4,838)
Capital outlay	30,422	424,646	338,677	85,969
Debt service:				
Principal	177,797	171,297	169,611	1,686
Interest	13,145	13,145	12,032	1,113
Total expenditures	11,871,530	12,493,792	12,435,723	58,069
Excess of revenues over expenditures	79,250	(242,612)	(312,705)	(70,093)
OTHER FINANCING SOURCES (USES):				
Transfers in	55,000	55,000	55,000	-
Transfers out	(134,250)	(134,250)	(125,000)	9,250
Capital lease proceeds	-	-	126,675	126,675
Total other financing sources (uses)	(79,250)	(79,250)	56,675	135,925
Net change in fund balance	-	(321,862)	(256,030)	65,832
FUND BALANCE AT BEGINNING OF YEAR	6,209,777	6,209,777	6,209,777	-
FUND BALANCE AT END OF YEAR	\$ 6,209,777	\$ 5,887,915	\$ 5,953,747	\$ 65,832

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

CITY OF LIGHTHOUSE POINT, FLORIDA
SPECIAL REVENUE - GARBAGE AND TRASH FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2012

	Budgeted amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental revenues:				
County grant	\$ -	\$ 161,700	\$ 472	\$ (161,228)
Charges for services:				
Garbage/solid waste fees	2,220,000	2,220,000	1,998,786	(221,214)
Miscellaneous:				
Recycling proceeds	25,000	25,000	52,630	27,630
Interest income	20,000	20,000	1,559	(18,441)
Total miscellaneous	45,000	45,000	54,189	9,189
Allocation of fund balance	55,000	55,000	-	(55,000)
Total revenues	2,320,000	2,481,700	2,053,447	(373,253)
EXPENDITURES:				
Trash collection:				
Operating expenditures	2,265,000	2,426,700	2,095,938	330,762
Total expenditures	2,265,000	2,426,700	2,095,938	330,762
OTHER FINANCING SOURCES (USES):				
Transfers out	(55,000)	(55,000)	(55,000)	-
Total other financing sources (uses)	(55,000)	(55,000)	(55,000)	-
Net change in fund balance	-	-	(97,491)	(42,491)
FUND BALANCE AT BEGINNING OF YEAR	617,829	617,829	617,829	-
FUND BALANCE AT END OF YEAR	\$ 617,829	\$ 617,829	\$ 520,338	\$ (42,491)

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

CITY OF LIGHTHOUSE POINT, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
September 30, 2012

ASSETS:

Investments:

U.S. stock funds	\$	9,938,905
Money market funds		9,064,633
Bond funds		5,797,992
Balanced funds		5,128,222
International stock funds		1,490,876
Specialty funds		262,543
		31,683,171

Total		31,683,171
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Participant loans receivables		306,277
		306,277

Total assets		31,989,448
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LIABILITIES

-

NET ASSETS:

Held in trust for pension and other benefits	\$	31,989,448
		31,989,448

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

CITY OF LIGHTHOUSE POINT, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
For the Year Ended September 30, 2012

ADDITIONS:

Contributions:

City	\$	1,131,041
Employees		<u>1,090,652</u>

Total contributions		<u>2,221,693</u>
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Investment earnings and expenses:

Interest, dividends and investment value changes	3,877,924
Investment expense	<u>(216,834)</u>

Net investment earnings	<u>3,661,090</u>
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Total additions	<u>5,882,783</u>
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DEDUCTIONS:

Benefits paid	<u>572,750</u>
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Total deductions	<u>572,750</u>
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Change in net assets	5,310,033
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NET ASSETS HELD IN TRUST FOR PENSION
AND OTHER BENEFITS:

At Beginning of the Year	<u>26,679,415</u>
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At End of the Year	\$ <u><u>31,989,448</u></u>
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The accompanying notes to financial statements are an integral part of these statements.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies is presented to assist the reader in interpreting the basic financial statements and other data in this report. The basic financial statements of the City of Lighthouse Point, Florida (the "City") have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant accounting policies relied upon for this report.

Financial Reporting entity:

The City of Lighthouse Point, Florida is located in Broward County and was incorporated in 1956. The Charter of the City was approved at referendum on June 11, 1957. The City operates under the Mayor/Commission form of government with the Mayor serving as the chief executive officer and five commissioners setting policy. The City provides the following services as authorized by its Charter: general government, public safety, physical environment, transportation, and culture/recreation. As required by GAAP, these financial statements present the City of Lighthouse Point (the primary government).

The criteria used for including component units consist of identification of legally separate organizations for which the elected officials of the City are financially accountable. This criterion also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon this review, there were no component units or related organizations of the City.

Government-Wide and Fund Financial Statements:

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements, as well as the notes to the financial statements. Both the government-wide and fund financial statements distinguish between governmental and business-type activities.

The government-wide financial statements include a statement of net assets and a statement of activities. These statements report on the government as a whole and provide a financial picture of the entire government. Fiduciary Funds of the government are not included in this presentation since these resources are not available for funding general government programs.

The statement of net assets reports all financial and capital resources of the City's governmental and business-type activities. Governmental activities, which generally are supported by taxes, intergovernmental revenues, and other nonexchange revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The City has only governmental activities for the fiscal year ended September 30, 2012.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those expenses 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 or segment, and fines and forfeitures and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that are not directly related to program revenue are reported as general revenue, including all taxes levied by the City as well as those shared by the State of Florida.

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 enterprise funds are reported as separate columns in the fund financial statements. The City has only governmental and fiduciary funds for the fiscal year ended September 30, 2012.

Measurement focus and basis of accounting:

Measurement focus is commonly used to describe the types of transactions and events that are reported in a fund's operating statement. Basis of accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements and relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements report information on all of the nonfiduciary activities of the government. Interfund services provided and used are not eliminated in the process of consolidation. The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting as prescribed by GASB. 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this perspective, generally only current assets and liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in current assets. 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 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property taxes, franchise taxes, licenses, 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. Grants for capital improvements are posted when earned rather than when they are received because generally the funds are reimbursements for expenditures. All other revenue items are considered to be measurable and available only when cash is received by the government.

As a result of the differences in measurement focus and basis of accounting, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The fund financial statements offer an emphasis upon the more significant sub funds within the governmental category and these are referred to as major funds. The City reports the following major governmental funds:

General Fund - The general fund is the principal operating fund of the City and is used to account for all financial transactions except those that are required to be accounted for in another fund.

Garbage and Trash Fund - This fund accounts for revenues and expenditures associated with the collection and disposal of residential refuse as performed by a private contractor.

Public Safety Fund - This fund is used to account for the receipt and expenditure of Federal and State forfeitures stemming from the Police Department's participation in anti-crime task forces. The City received over \$ 3 million in Federal forfeitures in fiscal year 2007/2008 which has provided significant resources for public safety improvements for the next several years.

The City also reports on nonmajor funds within the governmental fund category including the Tennis Center Fund, Infrastructure Fund, Special Purpose Fund, Stormwater Fund, and the Debt Service Fund. The Special Purpose fund is comprised of locally generated resources for recreation support, environmental projects, cultural support, the general obligation bond construction projects, and other capital projects. Additionally, the City presents the Pension Trust Fund as a fiduciary fund, which accounts for the activities of the various pension plans provided to City employees.

The accrual basis of accounting is followed in the Pension Trust Fund. Under this method of accounting, additions are recognized in the accounting period in which they are earned and deductions are recognized in the period in which they are incurred. The Pension Trust Fund is accounted for using the economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the statement of fiduciary net assets.

CITY OF LIGHTHOUSE POINT, FLORIDA
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, liabilities, and net assets or fund balance:

1. Cash and cash equivalents: Cash and cash equivalents include cash on hand, demand deposits, and highly liquid investments with a maturity of three months or less when purchased.
2. Accounts receivable: Accounts receivable consist of amounts due for services rendered. Management believes all accounts to be fully collectible; therefore, no allowance for doubtful accounts has been provided for in the accompanying financial statements.
3. Investments: All City investments are stated at fair value. Operating funds have been invested in a pooled arrangement. Interest income from pooled cash and investments is allocated on the basis of each individual fund's proportionate share of the investment pool.
4. Capital assets: Capital assets, which include land, construction in progress, buildings and land improvements, equipment and fixtures, vehicles, and infrastructure, are reported in the governmental activities column in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$ 500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized such as landscaping or road paving. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the City are depreciated using the straight-line method over their estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Buildings and land improvements	10-50
Equipment and fixtures	5-20
Vehicles	3-20
Infrastructure	10-50

5. Compensated absences: City employees earn vacation, sick and compensatory leave in varying amounts based upon their length of service and hours worked. Upon separation in good standing, employees receive full reimbursement for accumulated vacation and compensatory hours. Payments for sick leave vary by bargaining unit, years of service, and age. The liability due beyond one year for these compensated absences is recorded as long-term debt in the government-wide statement of net assets. The current portion of this obligation is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absences payable from expendable available financial resources and only if they have matured.
6. Deferred and unearned revenue: Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Unearned revenues at the government-wide level arise only when the City receives resources before it has a legal claim to them.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Long-term obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. The long-term debt consists primarily of bonds, leases and accrued compensated absences payable. In the fund financial statements, debt proceeds are reported as other financing sources. Issue costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.
8. Net assets: Net assets of the government-wide financial statements are categorized as invested in capital assets net of related debt, restricted, or unrestricted. The first category represents capital assets, less accumulated depreciation and net of any outstanding debt associated with the acquisition, construction or improvement of those assets. Restricted net assets represent net assets that are restricted by requirements of bond indentures of other externally imposed constraints. Unrestricted net assets represent the net assets of the City that are not restricted for any project or purpose.
9. Fund equity: In the fund financial statements, governmental funds report fund balance amounts in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which was first effective with the City's fiscal year 2011 financial report. Under these guidelines, the breakdown includes nonspendable and spendable fund balances. In order to conform to the new accounting standard, on November 8, 2011, the City adopted resolution 1834 establishing the formal policy by which fund equity is classified in the financial statements.

Nonspendable includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be converted to cash (such as inventories and prepaid amounts).

Spendable balances are placed into four distinct categories by GASB, including restricted, committed, assigned, or unassigned. For the City, the categories are presented as follows:

Nonspendable: For the City, nonspendable for the reported fiscal year is comprised exclusively of prepaid insurance premiums.

Restricted: Includes general obligation debt service and public safety fund balance, which is comprised of Federal and State fines and forfeitures.

Committed: Includes all amounts that can be used only for specific purposes pursuant to constraints imposed by City Commission motion, including all encumbrances, except for the public safety fund, minimum contingency amounts established by City Commission policy, fund balance designated for the following fiscal year's budget as part of budget adoption, and all non-general fund balances (except for restricted balances discussed earlier).

Assigned: This classification includes amounts that are constrained by the Mayor or his designee and, for this report, includes \$ 2.5 million for hurricane recovery and \$ 1.25 million for emergency bridge replacement.

Unassigned: This category includes any fund balance remaining after calculating the previous reporting categories.

CITY OF LIGHTHOUSE POINT, FLORIDA
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Other policies:

1. Use of estimates: The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
2. Encumbrances: Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds for which an annual budget is adopted. However, encumbrances are also utilized in other funds, where appropriations are approved by the City Commission on an as needed basis, to formally recognize commitments of City resources. Encumbrances outstanding at year end are reported as committed fund balance and they do not constitute expenditures or liabilities. At September 30, 2012, encumbrances outstanding are as follows:

General Fund	\$	77,431
Special Purpose Fund:		
Environmental		5,000
Garbage and Trash Fund		140,000
Total	\$	222,431

3. Subsequent events: These include events have been evaluated by management through March 27, 2013, which is the date the financial statements were available to be issued.

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and budgetary accounting:

The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. During April, each City department prepares their budget requests for the upcoming fiscal year and reviews the status of their budget for the current fiscal year.
2. At the end of May, the Mayor, as the City's Chief Executive Officer, submits his proposed budget to the City Commission for consideration. The budget includes proposed expenditures and the estimated sources of financing.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

3. Traditionally, the Commission conducts a budget workshop in June and in accordance with State Statute approves a preliminary property tax millage in July for notification to all taxpayers in August. Two public hearings are required in September before adoption of the tax rate and budget appropriations for the fiscal year beginning October 1. The budget is adopted by ordinance. Property taxes are payable from November 1 to March 31 and become delinquent on April 1.
4. Appropriations which are neither expended, encumbered nor specifically designated to be carried over lapse at the end of the fiscal year. Remaining appropriated balances in infrastructure accounts in the General Fund are transferred to the Infrastructure Fund for future investment in infrastructure per City policy.
5. The City prepares and adopts annual operating budgets for the general fund, tennis center fund, garbage and trash fund, stormwater fund and debt service fund. The budgets are adopted on a basis consistent with GAAP. Budgeted amounts are as originally adopted, or as amended by the City Commission or the Mayor. Legislative amendments are for any changes that exceed \$ 1,000 within each character of expenditure (personal services, operating expenditures, capital outlay, debt service, and transfers). Amendments are required when projected expenditures are anticipated to exceed budgeted appropriations at the character level. The original General Fund budget was amended during the year to provide for \$ 300,400 of supplemental appropriations in addition to the \$ 321,862 in encumbrances automatically added to the fiscal year 2011/2012 appropriations. The budget was increased to provide for costs associated with termination pay for retiring employees, purchase of Community Development software, and other technology expenditures. Funding for the increased expenditures came from building permit fees and code fines.

NOTE C - PROPERTY TAX

Assessed property values are established by the Broward County Property Appraiser at just values, and the valuation date is January 1st preceding the start of the fiscal year. Property taxes are adopted as part of the budget process in September for the upcoming fiscal year. Payments are due November 1 with discounts of one to four percent if paid prior to March 1 of the following calendar year. All unpaid taxes on real and personal property become delinquent on April 1 and bear interest of eighteen percent from this date. Property is liened for unpaid taxes on June 1 of the year following the year in which the taxes were levied, and continues to accrue interest until a tax sale certificate is sold at auction.

The assessed value of property at January 1, 2011, upon which the 2011-2012 levy was based, was approximately \$ 1,648,795,869. The Broward County Revenue Collector bills and collects all property taxes for the City.

The City is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to \$ 10 per \$ 1,000 of assessed valuation (10 mills) for general governmental services. In addition, unlimited amounts may be levied for the payment of principal and interest on general obligation bonds if approved by the voters. The operating tax rate to finance general government services for the year ended September 30, 2012 was \$ 3.5893 per \$ 1,000 and \$ 0.2709 per \$ 1,000 for debt service.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE D - DEPOSITS AND INVESTMENTS

Governmental Funds

Deposits:

The City's deposits must be placed with financial institutions that are qualified as public depositories in compliance with Florida Statutes Chapter 280. As of September 30, 2012, all non-interest bearing deposits are fully insured by the Federal Deposit Insurance Corporation and interest bearing deposits are insured up to \$ 250,000. Monies deposited in amounts greater than the insurance coverage are covered by the participation of the bank in the Florida Security for Public Deposits Act. 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.

At September 30, 2012, the carrying amount of the City's deposits was \$ 4,330,849 and the bank balance was \$ 4,395,655.

Investments:

The City's investment policy (Ordinance 782) permits investment or reinvestment of the City's funds, in excess of those required to meet current expenses to be paid within sixty days, primarily in: 1) the Local Government Surplus Funds Trust Fund; 2) Money Market Funds; 3) Interest-bearing time deposits or savings accounts in qualified public depositories as defined in F.S. 280.02; 4) United States Treasury obligations; 5) Federal agencies and instrumentalities; 6) Repurchase agreements; 7) Commercial paper; and 8) Investment-grade bonds. Additionally, the City has established a maximum maturity of five years on any investment instruments.

Total governmental fund investments at September 30, 2012 were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>		
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>
Mutual funds	\$ 3,954,579	\$ 3,581,314	\$ 373,265	\$ -
Certificates of deposit	1,750,805	1,750,805	-	-
Money market funds	769,126	769,126	-	-
Local government investment pool	56,259	-	56,259	-
Total	\$ 6,530,769	\$ 6,101,245	\$ 429,524	\$ -

Interest rate risk:

The City's investment policy is designed to minimize the risk that the fair value of securities in the portfolio will fall due to changes in general interest rates, by investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and by structuring the investment portfolio so that securities do not have to be sold prior to maturity to meet cash flow requirements. Protection of principal is paramount in the City's investment policy.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE D - DEPOSITS AND INVESTMENTS (continued)

Credit risk:

The City's investment policy specifically sets parameters to minimize the City's credit risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions and broker/dealers with which the City will do business, and diversifying the investment portfolio so that potential losses on individual securities will be minimized.

Disclosure by Investment Type:

The Local Government Investment Pool is managed by the Florida State Board of Administration (SBA). Oversight of the pool is the responsibility of the Board of Trustees consisting of the Governor, the State's Chief Financial Officer, and the Attorney General. At September 30, 2012, the City held \$ 1,140 in Fund A and \$ 55,119 in Fund B. The SBA will not invest in instruments of foreign banks unless they have capital, surplus, and undivided profits of over \$ 100,000,000. The City is seeking to minimize its exposure by reducing its investments with the SBA.

- Fund A (Florida PRIME) is considered a SEC 2a7-like fund. The City owns a share of the pool, not the underlying securities. The current Standard and Poor's rating is AAAM. The weighted average days-to-maturity is 39 days. The Florida PRIME was not exposed to any foreign currency risk during the fiscal year ended September 30, 2012. The fair value of the position in the pool is equal to the value of the pool shares.
- Fund B does not meet the requirements of a SEC 2a7-like fund. Therefore, the amount shown as the fair value of the City's share of the pool has been discounted by unrealized losses in the securities held in the portfolio. Fund B is not rated by any nationally recognized statistical rating agency. The weighted average life (based on expected future cash flows) of Fund B at September 30, 2012 is estimated at 4.08 years. However, because Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding the weighted average life. This investment type as a percentage of the total portfolio is less than 1%.

The City has invested in mutual funds with three different financial institutions:

- The Florida Municipal Investment Trust (FMIvT) is a local government investment pool which offers both fixed income and equity portfolios. As of September 30, 2012, the City had invested in three of the fixed income portfolios, with a total investment of approximately \$ 1.4 million. The City owns shares in this investment pool and the specific portfolios, not the individual securities held within each portfolio. There is no foreign currency risk with these funds. The following is a breakdown of the City's investments in the FMIvt:
 - 0-2 Year High Quality Bond Fund – rated AAAs/S1 by Standard & Poor's with effective duration of 0.83 and weighted average maturity of 0.83 years.
 - 1-3 Year High Quality Bond Fund – rated AAA/V2 by Fitch with effective duration of 1.64 and weighted average maturity of 1.67 years.
 - Intermediate High Quality Bond Fund – rated AAA/V3 by Fitch with effective duration of 3.16 and weighted average maturity of 3.30 years.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE D - DEPOSITS AND INVESTMENTS (continued)

- At September 30, 2012, the City had invested in two mutual funds managed by Dreyfus: the Government Prime Cash Management Fund and the Treasury Prime Cash Management Fund. These funds invest in United States Government securities. The yield from these funds may vary, although they haven't in the past year, and is not fixed for a specific period. A sharp and unexpected rise in interest rates could cause the share price to drop below a dollar. However, the extremely short maturities of the securities held in the portfolio reduce the potential for price fluctuation. All the collateral is backed by the U.S. Treasury or the full faith and credit of the U.S. Government. The guarantee is for the timely payment of interest and principal when held to maturity. Many types of U.S. Government securities trade actively outside the United States, so their price may rise and fall as changes in global economic conditions affect the demand for these securities. The City may redeem its shares in either fund within 24 hours based upon the current share price. At September 30, 2012, the total balance of the investment was approximately \$ 1 million.
- The City held investment in the Federated Government Ultra Short Fund at fiscal year-end. Similar to the Dreyfus portfolios described above, the Federated portfolio is comprised of U.S. Government and its agencies securities with the same interest and credit risks. The City may redeem its shares within 24 hours based upon the current share price so the investment is very liquid. Interest is paid to the City monthly. At September 30, 2012, the total investment balance in the Federated Government Ultra Short Fund was approximately \$ 1.5 million.

At September 30, 2012, the City had invested in both certificates of deposit (CD) and a public depository money market account with Florida Shores Bank. The CD amounts, interest rates, and maturity dates are as follows: 1) \$ 500,000 with a fixed interest rate of 1.0% annually, maturing on October 14, 2012; and 2) \$ 750,000 with a fixed interest rate of 0.75% annually, maturing on February 22, 2013. The City's money market account with Florida Shores had an ending balance of \$ 302,966 at September 30, 2012. Interest rates fluctuate on the money market account based upon market and economic conditions.

The City also held funds with Bank United, in both a certificate of deposit (CD) and public depository money market account at year end. The CD had a balance at September 30, 2012 of \$ 500,805, earning 1% annually and a maturity date of November 2, 2012. The City's money market account with Bank United had an ending balance of \$ 5,089 at September 30, 2012. Interest rates fluctuate based upon market and economic conditions.

The City also has a public depository money market with TD Bank, which had an ending balance of \$ 461,071 at September 30, 2012. As with the other money market accounts, interest rates fluctuate on the money market account based upon market and economic conditions.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE D - DEPOSITS AND INVESTMENTS (continued)

Fiduciary Funds

The City has seven different pension plans included in the fiduciary funds. Four plans operate under the Internal Revenue Service (IRS) 401(a) parameters, one plan serves as the City's IRS 457 deferred compensation plan, and one is a retirement health savings plan. All six of these plans are administered by the International City Management Association Retirement Corporation (ICMA-RC). Employees select from a varied group of mutual funds including domestic equities, fixed income, international, and cash management portfolios. Additionally, the City has a defined benefit pension plan for police officers and firefighters who were hired after October 1, 2003 or employees who were chosen to convert from the 401a plan at that time. The defined benefit plan is managed by the Florida League of Cities and overseen by the Police and Fire Pension Board. Total fiduciary fund investments as of September 30, 2012 were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>		
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>
U.S. Stock Funds	\$ 9,938,905	\$ -	\$ 9,938,905	\$ -
Money Market Funds	9,064,633	276,275	8,788,358	-
Bond Funds	5,797,992	-	5,797,992	-
Balanced Funds	5,128,222	-	5,128,222	-
International Stock Funds	1,490,876	-	1,490,876	-
Specialty funds	262,543	-	262,543	-
Total	\$ <u>31,683,171</u>	\$ <u>276,275</u>	\$ <u>31,406,896</u>	\$ <u>-</u>

Interest rate risk:

To mitigate its exposure to losses in fair value, the City's fiduciary funds are invested in a well-diversified and balanced portfolio. The overall focus is on long-term growth given that the funds are for employee retirement purposes. For the defined benefit plan, the investment plan is 40% in fixed income high quality bond funds and 60% in equities. The bond fund carries a Fitch Rating of AA/V4 with a weighted average maturity of 5.42 years.

Credit risk:

The plan administrators handle selection of individual securities. Employees select from model portfolios offered by the Vantage Trust Company for the 401(a), 457, and retirement health savings plan. The portfolio for the defined benefit plan is overseen by a Board of Trustees of the Florida Municipal Investment Trust comprised of local elected officials. Performance is monitored by the Asset Consulting Group of St. Louis, Missouri. The Trust places no limit on the amount that may be invested in an individual issue of the United States Treasury or any United States Agency. No one issuer holds 5% or more of the fiduciary fund portfolio.

Foreign currency risk:

The ICMA-RC funds could be exposed to foreign currency risk to the extent a participant has chosen to invest in international stock funds. It is the employee who has made that choice and bears the risk based upon concentration in that particular investment.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE E - INTERFUND TRANSACTIONS

The City uses a pooled cash arrangement and at any point in time some funds may carry a higher balance of cash and provide resources to other funds that carry a negative balance. Those funds requiring cash at year end are shown with a payable amount. Those funds with available cash to be loaned out are shown with a receivable amount.

Interfund receivables and payables at September 30, 2012 were as follows:

Fund	Receivable	Payable
Major Funds:		
General fund	\$ -	\$ 573,180
Garbage and trash fund	584,115	-
Nonmajor Funds:		
Debt service fund	-	1,053
Tennis center fund	-	7,096
Special purpose fund	-	2,786
Total	\$ <u>584,115</u>	\$ <u>584,115</u>

Interfund transfers during the year were as follows:

Fund	Transfer In	Transfer Out
Budgeted Funds:		
Major Funds:		
General fund	\$ 55,000	\$ 125,000
Garbage and trash fund	-	55,000
Nonmajor Funds:		
Tennis center fund	98,000	-
Total budgeted funds	<u>153,000</u>	<u>180,000</u>
Nonbudgeted Funds:		
Nonmajor Funds:		
Special purpose fund	27,000	-
Total nonbudgeted funds	<u>27,000</u>	<u>-</u>
Total	\$ <u>180,000</u>	\$ <u>180,000</u>

Interfund transfers allow for appropriate allocation of resources when one fund is providing resources for another or a project calls for multiple sources of funds. These balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are actually made.

CITY OF LIGHTHOUSE POINT, FLORIDA
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2012

NOTE E - INTERFUND TRANSACTIONS

In fiscal year 2012, the General Fund transferred \$ 125,000 to other funds including \$ 98,000 for the Tennis Center budgeted subsidy for facility operations and \$ 27,000 to the Special Purpose Fund for the City's Keeper Day and Lighthouse A'Glow celebrations. Additionally, the Garbage and Trash Fund transferred \$ 55,000 to the General Fund for administrative cost allocation.

NOTE F - SPECIAL REVENUE FUNDS

The City has six special revenue funds. The Garbage and Trash Fund is budgeted and designed to account for revenues and expenditures associated with the collection and disposal of residential refuse. The Tennis Center Fund is budgeted and accounts for the operation of the City's recreational facility at Frank McDonough Park. The Public Safety Fund is appropriated as needed and accounts for Federal forfeitures, State forfeitures and other fine revenues restricted by law. The Infrastructure Fund is also appropriated as needed and accounts for capital improvement projects that are funded with transfers from the General Fund or on occasion grant dollars. The Stormwater Fund provides for funding of stormwater management projects, is budgeted, and is funded by a special assessment to benefiting properties.

The Special Purpose Fund actually represents a number of special purposes accounted for within individual sub funds. These special purpose subfunds account for transactions from specific revenue sources as required by law or administrative regulations. This fund is also budgeted on an as needed by the City Commission. The special purpose fund maintains an internal allocation of the intended purposes of its fund balance.

As of September 30, 2012, the following allocation of fund balance for all of the Special Purpose sub funds is as follows:

Recreational Support:	
Keeper Days for annual city anniversary	\$ 8,161
Sponsor fees for recreation programs	5,628
LHP A'Glow for annual holiday celebration	2,472
Playground 2007 for park development	1,025
DeGroff park	30
Total	17,316
Environmental:	
Waterway cleanup and protection	128,550
Beautification improvements in the City	16,732
Total	145,282

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE F - SPECIAL REVENUE FUNDS (continued)

Cultural Support:		
Library	20,318	
Senior outreach	1,546	
Historical committee	121	
	<u>21,985</u>	
Total	<u>21,985</u>	
Bond fund	<u>16,175</u>	
Capital projects fund	<u>1,605</u>	
Total special purpose fund	<u>\$ 202,363</u>	

As reflected above, the projects of the Bond Construction Fund, which accounted for the proceeds of the 2002 General Obligation Bond issue (\$ 6,190,000), have been completed. The balance reflects invested residual bond funds that are being held by the State Board of Administration in Fund B until maturity. As the Fund B investments mature, the remaining funds are transferred to the Debt Service Fund to retire outstanding debt. Likewise, the Capital Projects Fund represents other major capital improvement projects funded with non-bond resources that have been completed. The small remaining balance is reserved for future improvements.

NOTE G - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2012 was as follows:

	Balance October 1, 2011	Increases	Decreases	Transfers	Balance September 30, 2012
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 7,040,140	\$ -	\$ -	\$ -	\$ 7,040,140
Construction in progress	<u>113,763</u>	<u>2,750</u>	<u>-</u>	<u>(113,763)</u>	<u>2,750</u>
Total capital assets, not being depreciated	<u>7,153,903</u>	<u>2,750</u>	<u>-</u>	<u>(113,763)</u>	<u>7,042,890</u>
Capital assets, being depreciated					
Buildings and land improvements	9,935,301	155,138	-	113,763	10,204,202
Equipment and fixtures	2,250,242	201,281	99,081	-	2,352,442
Infrastructure	5,136,446	-	-	-	5,136,446
Vehicles	<u>1,833,654</u>	<u>175,351</u>	<u>94,034</u>	<u>-</u>	<u>1,914,971</u>
Total capital assets being depreciated	<u>19,155,643</u>	<u>531,770</u>	<u>193,115</u>	<u>113,763</u>	<u>19,608,061</u>
Total assets	<u>26,309,546</u>	<u>534,520</u>	<u>193,115</u>	<u>-</u>	<u>26,650,951</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE G - CAPITAL ASSETS (continued)

	Balance October 1, 2011	Increases	Decreases	Transfers	Balance September 30, 2012
Less accumulated depreciation for:					
Buildings and land improvements	3,175,964	273,682	-	-	3,449,646
Equipment and fixtures	1,743,545	213,274	99,081	-	1,857,738
Infrastructure	347,821	71,438	-	-	419,259
Vehicles	<u>1,323,662</u>	<u>129,015</u>	<u>85,802</u>	<u>-</u>	<u>1,366,875</u>
Total accumulated depreciation	<u>6,590,992</u>	<u>687,409</u>	<u>184,883</u>	<u>-</u>	<u>7,093,518</u>
Total capital assets, being depreciated, net	<u>12,564,651</u>	<u>(155,639)</u>	<u>8,232</u>	<u>113,763</u>	<u>12,514,543</u>
Governmental activities, capital assets, net	\$ <u>19,718,554</u>	\$ <u>(152,889)</u>	\$ <u>8,232</u>	\$ <u>-</u>	\$ <u>19,557,433</u>
Total governmental activities, capital assets, net	\$ 19,718,554	\$ (152,889)	\$ 8,232	\$ -	\$ 19,557,433
Related debt	4,326,386	3,811,675	4,125,609	-	4,012,452
Debt service reserve	<u>56,363</u>	<u>-</u>	<u>52,137</u>	<u>-</u>	<u>4,226</u>
Invested in capital assets, net of related debt	\$ <u>15,335,805</u>	\$ <u>(3,964,564)</u>	\$ <u>(4,169,514)</u>	\$ <u>-</u>	\$ <u>15,540,755</u>

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

Governmental activities:	
General government	\$ 77,908
Public safety	313,828
Physical environment	148,024
Transportation	45
Culture and recreation	<u>147,604</u>
Total depreciation expense - governmental activities	\$ <u>687,409</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE H - LONG-TERM DEBT

The following is a summary of the changes in the long-term debt of the City for the year ended September 30, 2012:

	<u>Balance October 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2012</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds, notes and capital lease payable:					
General obligation bonds	\$ 3,955,000	\$ -	\$ 3,955,000	\$ -	\$ -
Notes payable	-	3,685,000	1,000	3,684,000	336,778
Capital leases	<u>371,386</u>	<u>126,675</u>	<u>169,609</u>	<u>328,452</u>	<u>162,283</u>
Total bonds, notes, and capital leases payable	<u>4,326,386</u>	<u>3,811,675</u>	<u>4,125,609</u>	<u>4,012,452</u>	<u>499,061</u>
Other liabilities:					
Compensated absences payable	<u>1,469,092</u>	<u>20,988</u>	<u>92,847</u>	<u>1,397,233</u>	<u>82,653</u>
Total long-term liabilities	<u>\$ 5,795,478</u>	<u>\$ 3,832,663</u>	<u>\$ 4,218,456</u>	<u>\$ 5,409,685</u>	<u>\$ 581,714</u>

Because almost all employees are funded by the general fund, it is that fund that has predominately been used to liquidate the liability for compensated absences.

General Obligation Bonds:

On August 1, 2002 the City issued the Series 2002 General Obligation Bonds in the amount of \$ 6,190,000 in to pay for the repair, improvement and/or replacement of the City police and fire stations, library, stormwater system, bridges and streets. This debt consisted of serial bonds due annually on August 1st of each year through 2022. Interest, at rates ranging from 2.75% to 4.75%, was payable semi-annually on February 1 and August 1 of each year. The bonds were funded entirely by the debt service levy on taxable property in the City. During the fiscal year ended September 30, 2012, these bonds were refunded in favor of a lower interest rate. As a result of this refunding, the Series 2002 bonds are considered defeased and the liability has been removed from the statement of net assets. The refunding of the Series 2002 bonds reduces the City's debt service payments over the next ten years by \$ 548,169 with an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$ 472,847.

Notes Payable:

As was previously mentioned, the City's Series 2002 General Obligation Bonds were refunded during the fiscal year covered by this report. On May 4, 2012 the City issued a \$ 3,685,000 note payable to defease the 2002 bonds. The note bears interest at 1.97%, is payable semi-annually, and matures in August 2022. The outstanding principal balance as of September 30, 2012 is \$ 3,684,000. Principal and interest on the note is funded by the voter approved ad valorem tax, the rate of which for fiscal year 2011-12 was 0.2709.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE H - LONG-TERM DEBT (continued)

Annual debt service requirements to maturity for this note are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 336,778	\$ 70,941	\$ 407,719
2014	343,445	64,274	407,719
2015	350,244	57,475	407,719
2016	357,045	50,674	407,719
2017	364,247	43,472	407,719
2018-2022	1,932,241	106,353	2,038,594
	<u>\$ 3,684,000</u>	<u>\$ 393,189</u>	<u>\$ 4,077,189</u>

Capital leases:

As of September 30, 2012, the City had obligations under four separate lease purchase agreements. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments as of the lease inception. Annual debt service payments are funded by General Fund revenues. The carrying value of these assets is approximately \$ 595,200.

Series 2008: comprised of two leases; one issued in the amount of \$ 596,913 for a fire ladder truck and extrication equipment, and the other was \$ 84,000 for four police vehicles. The latter has been paid in full as of September 30, 2012.

Series 2009: lease purchase in the amount of \$ 47,341 provided for the acquisition of one police vehicle and one public works truck.

Series 2010: lease purchase in the amount of \$ 63,795 funded the replacement of three police cars.

Series 2012: lease purchase in the amount of \$ 126,675 funded the acquisition of a fire rescue unit.

The following schedule presents the future minimum lease payments under these capital leases, and the present net minimum lease payments at September 30, 2012.

<u>Year Ending September 30,</u>	<u>Series 2008</u>	<u>Series 2009</u>	<u>Series 2010</u>	<u>Series 2012</u>	<u>Total</u>
2013	110,469	9,477	16,779	32,832	169,557
2014	82,852	-	12,584	32,832	128,268
2015	-	-	-	32,832	32,832
2016	-	-	-	8,208	8,208
Total minimum lease payments	193,321	9,477	29,363	106,704	338,865
Less: amount representing interest	<u>6,419</u>	<u>160</u>	<u>708</u>	<u>3,126</u>	<u>10,413</u>
Present value of future minimum lease payments	<u>\$ 186,902</u>	<u>\$ 9,317</u>	<u>\$ 28,655</u>	<u>\$ 103,578</u>	<u>\$ 328,452</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2012

NOTE I - ACCOUNTS PAYABLE

Accounts payable at September 30, 2012 were as follows:

	Total Accounts Payable
Governmental activities:	
General fund	\$ 213,225
Garbage and trash fund	171,734
Public safety fund	2,776
Tennis center fund	5,097
Special purpose fund	9,631
Total governmental activities	\$ 402,463

NOTE J - PENSION PLAN

The City provides pension benefits for all its full-time employees through either a defined contribution or defined benefit plan. A summary of financial data can be found on pages 71-74.

The Florida Municipal Pension Trust Fund has an annual audit performed by an independent auditor. The audited financial statements can be obtained from the Florida League of Cities, Retirement Services Division, P.O. Box 1757, Tallahassee, Florida 32302. The International City Management Association – Retirement Corporation also publishes an annual financial report that can be obtained at ICMA-RC, 777 North Capitol Street NE, Washington, DC 20002-4240.

Municipal Employees' Retirement Fund - Defined Contribution:

In a defined contribution plan, benefits depend solely on amounts contributed to the defined contribution plan plus investment earnings. Employees are eligible to participate after completion of one year of continuous service and attainment of age 21. Additionally, police officers and firefighters employed by the City prior to October 2003 continue in the defined contribution plan if they did not convert to the defined benefit plan described later. In fiscal year 2012, the City made biweekly contributions to the defined contribution plan equal to 12.5% for general employees and 14% for fire, police and management employees of each participant's base salary. In addition, each participant was required to make the following contributions to the defined contribution plan: 3% of base salary for general employees, 8% of base salary for fire employees, and 6% of base salary for all other police and management employees. The defined contribution plans were established by City Resolution No. 681 in April 1988 for general employees, Resolution No. 841 in January 1993 for fire employees, and Resolution No. 993 in October 1997 for police officers and management employees. Amendments to the defined contribution plans can only be made by resolution.

Each participant's interest in their accrued benefits from employer contributions and associated investment earnings is vested 20% after three years of credited service and 20% for each additional year of service for the next four years. Employee contributions vest immediately. Contributions made by the City for the fiscal year ended September 30, 2012 are as follows:

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE J - PENSION PLAN (continued)

<u>Employee Classification</u>	<u>Covered Payroll</u>	<u>Required Contribution Amount</u>			<u>Percentage of Contributions to Total Covered Payroll</u>
		<u>City</u>	<u>Employee</u>	<u>Total</u>	
General Employees	\$ 1,434,623	\$ 179,329	\$ 43,039	\$ 222,368	15.50%
Firefighters	300,219	42,031	24,017	66,048	22.00%
Police Officers	84,366	11,811	5,062	16,873	20.00%
Management	856,662	119,933	51,399	171,332	20.00%
Total	\$ 2,675,870	\$ 353,104	\$ 123,517	\$ 476,621	17.81%

Plan membership at September 30, 2012, consisted of the following:

	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>Management</u>
Retirees and beneficiaries currently receiving benefits	4	2	4	7
Terminated members entitled to but not yet benefits	5	1	1	2
Current employees:				
Fully vested	25	12	11	8
Partially vested	10	-	-	1
Nonvested	-	-	-	1
Total current employees	35	12	11	10
Total membership	44	15	16	19

Investment summaries at September 30, 2012, are as follows:

<u>Investment Type</u>	<u>General Employees</u>	<u>Firefighters</u>	<u>Police Officers</u>	<u>Management Employees</u>
Money Market Funds	43%	39%	60%	45%
Balanced Funds	41%	37%	27%	20%
U.S. Stock Funds	11%	15%	12%	16%
Bond Funds	4%	4%	1%	14%
International Stock Funds	1%	3%	0%	3%
Specialty Funds	0%	2%	0%	2%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Fair Value of Investments	\$ 3,060,793	\$ 3,041,889	\$ 2,706,256	\$ 5,096,058

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE J - PENSION PLAN (continued)

All defined contribution (401a) plans provide for employee loans. Loans are limited to 50% of the employee's vested balance not to exceed \$ 50,000. Interest rates are based on prime plus 0.5%. As of September 30, 2012, participant loans outstanding amounted to \$ 306,277.

Municipal Employees' Retirement Fund - Defined Benefit:

Effective October 1, 2003, the City established a defined benefit pension plan for full-time police officers and firefighters. The defined benefit pension plan is a single-employer variety. In accordance with Ordinance 835, the defined benefit pension plan is mandatory for all new hires and optional for all police officers and firefighters employed on October 1, 2003. In fiscal year 2012, the City contributed 20.87% of employee base salaries and employees contributed 14.63%. All investments, totaling \$ 11,511,477 at September 30, 2012, are managed by the Florida League of Cities, Inc. in its Florida Municipal Investment Trust Fund. The plan has no past service costs because any employees who opt to purchase past service credits were required to do so at the actuarial computed value. The option to purchase past service with the City of Lighthouse Point expired in fiscal year 2009. As of September 30, 2012, the membership in the plan consists of 52 active participants, three retirees, and one former employee who is either vested or entitled to a refund of employee contributions. A separate audited GAAP-basis pension plan is completed annually and is available for review in the City's Finance Department.

An actuarial valuation was completed as of October 1, 2012 which reports a net pension asset of \$ 341,861.

The following information reflects the pension cost trend included in the latest completed valuation as of October 1, 2012:

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2007	\$ 371,520	100%	\$ 371,520	100%
2008	\$ 291,631	100%	\$ 291,631	100%
2009	\$ 283,521	100%	\$ 283,521	100%
2010	\$ 486,135	128%	\$ 486,135	128%
2011	\$ 567,294	134%	\$ 562,664	135%
2012	\$ 599,233	132%	\$ 587,925	135%

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

Valuation date	October 1, 2012
Actuarial cost method	Frozen initial liability cost method
Amortization method	Level-dollar amount, closed
Remaining amortization period	30 years
Asset valuation method	Five-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.75%
Individual salary increases*	5.58%

* Actuarial assumptions are as follows: 7% per annum for participants under age 35; 6% per annum for participants between 35 and 45 years of age; 5% per annum for participants between 45 and 55; and 4% per annum for those age 55 and older

CITY OF LIGHTHOUSE POINT, FLORIDA
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2012

NOTE J - PENSION PLAN (continued)

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

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a) / (c)
\$ 9,555,049	\$ 9,687,897	\$ 132,848	98.6%	\$ 3,108,447	4.27%

Deferred Compensation Plan:

Employees may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 as amended by Congress. The deferred compensation plan is available to all full-time employees of the City. Under the deferred compensation plan, employees may elect to defer a portion of their salaries and therefore defer paying taxes on such portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency subject to approval by the City.

The deferred compensation plan is administered by an unrelated independent plan administrator. Under the terms of the Internal Revenue Code Section 457, all deferred compensation and income attributable to the investment returns are held in trust by the City for the exclusive benefit of the participants and their beneficiaries. As part of its fiduciary role, the City has an obligation of due care in selecting the third party administrator, approving investments offered to participants, monitoring compliance with maximum contribution limits, catch-up provisions, and emergency withdrawals. The current plan administrator is the International City Management Association Retirement Corporation. In the opinion of the City's legal counsel, the City has acted in a prudent manner and is not liable for losses that may arise from the administration of the deferred compensation plan. Due to the level of fiduciary responsibility accepted by the City, the deferred compensation fund is presented as a Pension Trust Fund in the accompanying financial statements.

Retirement Health Saving Plan:

As a voluntary supplement to the employees' required pension trust funds, the City established by Resolution 2003-1298 a retirement health saving plan and trust for the exclusive benefit of plan participants and their beneficiaries. The retirement health saving plan is fully funded by employee pre-tax contributions. The account totaled \$ 260,609 at September 30, 2012 and is invested by the International City Management Association Retirement Corporation per the direction of each participant. Funds can only be withdrawn for medical expenses as approved by Internal Revenue Service regulations. Should funds not be expended, they revert back to the City plan. Based upon employee group commitments, the plan currently includes Fire Lieutenants, Police Department non-union employees, Administrative Secretaries and the Chief Clerk of the Police Department.

CITY OF LIGHTHOUSE POINT, FLORIDA
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2012

NOTE J - PENSION PLAN (continued)

Pension costs and contributions:

The pension costs and contributions for the current year and two preceding years are as follows:

<u>Pension Plan</u>	<u>Required Contributions (Including Members)</u>	<u>Contributions Made (100%)</u>	<u>Covered Payroll</u>	<u>% of Contributions to Covered Payroll</u>
General Employees - Defined Contribution				
2010	\$ 234,320	\$ 234,320	\$ 1,511,737	15.50%
2011	233,299	233,299	1,505,152	15.50%
2012	222,368	222,368	1,434,623	15.50%
Firefighter - Defined Contribution				
2010	61,608	61,608	280,036	22.00%
2011	66,594	66,594	302,698	22.00%
2012	66,048	66,048	300,219	22.00%
Police Officer - Defined Contribution				
2010	33,603	33,603	168,011	20.00%
2011	26,771	26,771	133,857	20.00%
2012	16,873	16,873	84,366	20.00%
Management - Defined Contribution				
2010	192,617	192,617	963,087	20.00%
2011	199,027	199,027	995,132	20.00%
2012	171,332	171,332	856,662	20.00%
Police/Fire Defined Benefit				
2010	1,029,010	1,029,010	3,334,052	30.86%
2011	1,296,643	1,296,643	3,673,081	35.30%
2012	1,323,276	1,323,276	3,727,532	35.50%
Retirement Health Savings				
2010	23,134	23,134	966,499	2.39%
2011	47,215	47,215	971,079	4.86%
2012	48,108	48,108	941,183	5.11%

The City has contributed 100% of the required contributions. The increased percentage contribution for the defined benefit plans in 2012 was based upon the actuarial valuation. Although the covered payroll for the retirement health savings plan decreased, the contribution amount increased due to somewhat lower covered payroll, and a higher amount of lump sum contributions upon retirement.

NOTE K - COMMITMENTS AND CONTINGENCIES

Litigation:

The City as a municipality is subject to lawsuits in the conduct of its business. The City has reviewed its outstanding litigation and recorded a \$ 20,000 contingent liability representing the potential payout as of September 30, 2012 in the Government-wide financial statements.

CITY OF LIGHTHOUSE POINT, FLORIDA
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2012

NOTE K - COMMITMENTS AND CONTINGENCIES (continued)

Risk management:

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City places all insurance risk, less nominal deductibles, in the hands of commercial carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Grants compliance:

The City receives financial assistance from federal, state and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. In accordance with OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the Florida Single Audit Act, the City was not required to conduct a "single audit" for Federal or State grants. The threshold for such audits is \$ 500,000 for either level of government. The City has included the expenditure of federal forfeitures under the federal grant section. The following summarizes grant activity for the year ended September 30, 2012:

<u>Grant</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Receivable</u>	<u>CFDA</u>
Federal Grants:				
Federal Forfeitures	\$ -	\$ 276,264	\$ -	16.922
Community Development				
Block Grant	13,452	17,845	4,393	14.218
Department of Agriculture	155,414	155,414	-	10.664
Department of Law Enforcement	2,765	2,765	-	16.738
Drug Enforcement Administration	6,121	6,121	-	n/a
Department of Justice	3,597	3,597	-	16.607
Total federal grants	<u>\$ 181,349</u>	<u>\$ 462,006</u>	<u>\$ 4,393</u>	
Local Grants:				
Marine Law Enforcement	\$ 33,600	\$ 47,754	\$ 14,154	n/a
Broward County	6,570	6,570	-	n/a
Broward Sheriff's Office	8,370	8,370	-	n/a
Urban Area Security Initiative	960	960	-	n/a
Total local grants	<u>\$ 49,500</u>	<u>\$ 63,654</u>	<u>\$ 14,154</u>	

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE L – OTHER POST-EMPLOYMENT BENEFITS

The City’s only post retirement benefit is offering retired employees the opportunity to retain the City’s health insurance coverage by paying the full premium paid by the City for active employees. For department directors only, employees who retire at age 62 with at least ten years of service receive the City health insurance until age 65 with the City paying the full premium for the retiree. At age 55 with at least ten years of service, a department director may receive 33% of the premium subsidy from the City. At present, one former director is receiving this benefit. Elected officials, who have served five years, are eligible to retain City health insurance at their own expense. All other employees may stay with the City’s health plan upon normal retirement but without any City contribution. An actuarial valuation was completed September 6, 2011 and reflects the most current estimate of the other post-employment benefit obligation liability. As of September 30, 2012, the net obligation was \$ 168,000. Consequently, the statement of net assets reflects this amount. The actuarial methods and assumptions are as follows:

Valuation date	June 1, 2011
Actuarial cost method	Projected unit credit
Amortization method	15-year open period; level-dollar payment
Investment return	4.00% per annum
Inflation	2.75% per annum
Healthcare cost trend	
Select rates	10.00% for fiscal year 2011/12 graded to 6.00% for fiscal year 2019/20
Ultimate rate	5.00% per annum

The net other post-employment benefit obligation outstanding as of September 30, 2012 is calculated as follows:

	As of September 30, 2012
Development of the Annual OPEB Cost	
1 ARC	\$ 47,000
2 Interest on the Net OPEB Obligation	6,000
3 Adjustment to the ARC	(13,000)
4 Total Annual OPEB Cost	<u>\$ 40,000</u>
Development of the Net OPEB Obligation	
1 Annual OPEB Cost	\$ 40,000
2 Employer Contributions	(27,000)
3 Interest on Employer Contributions	(1,000)
4 Increase in the Net OPEB Obligation	<u>12,000</u>
5 Net OPEB Obligation (beginning of year)	<u>156,000</u>
6 Net OPEB Obligation (end of year)	<u>\$ 168,000</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2012

NOTE L – OTHER POST EMPLOYMENT BENEFITS (continued)

The liabilities and costs used in the valuation studies were based on numerous assumptions concerning the cost of benefits to be provided in the future, the contributions expected to be made by retirees in the future, the incidence and level of benefit coverage in the future, and the future demographic experience of the current active employees of the City and current retirees and their covered dependents. The cost developed pursuant to GASB Statement 45 is only an estimate of the true cost of providing post-employment benefits. The basis for these benefits is authorized by the City Commission by resolution.

Three Year Trend Information

Fiscal Year	Annual Required Contribution	Percent Contributed	Net Other Post-employment Benefit Obligation
2009/2010	\$ 115,000	43%	\$ 141,000
2010/2011	\$ 46,000	54%	\$ 156,000
2011/2012	\$ 47,000	60%	\$ 168,000

The plan is not pre-funded and is therefore supported on a pay-as-you-go basis. For the latest actuarial valuation date of June 1, 2011, the actuarial accrued liability for benefits was \$ 295,000, and the actuarial value of assets was \$ 0, resulting in an unfunded actuarial accrued liability of \$ 295,000. The covered payroll was \$ 5,351,000 for fiscal year 2011, and the ratio of unfunded actuarial accrued liability to the covered payroll was 5.5%.

The schedule of funding progress for the other post-employment benefits is provided in the section immediately following these notes to the financial statements and includes multi-year trend information about the actuarial value of the plan assets relative to the actuarial accrued liability for benefits over time. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations also reflect a long-term perspective.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF LIGHTHOUSE POINT, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 FOR THE LAST SIX FISCAL YEARS
 POLICE AND FIRE DEFINED BENEFIT PENSION PLAN

Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded AAA (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
10/01/07	\$ 5,081,694	\$ 5,236,449	\$ 154,755	97.0%	\$ 2,782,471	5.6%
10/01/08	5,578,515	5,719,803	141,288	97.5%	2,441,440	5.8%
10/01/09	6,043,934	6,183,342	139,408	97.7%	2,572,144	5.4%
10/01/10	7,008,924	7,146,306	137,382	98.1%	2,718,225	5.1%
Not Applicable	N/A	N/A	N/A	N/A	N/A	N/A
10/01/12	9,555,049	9,687,897	132,848	98.6%	3,108,447	4.3%

CITY OF LIGHTHOUSE POINT, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER
AND EMPLOYEES
FOR THE LAST SIX FISCAL YEARS
POLICE AND FIRE DEFINED BENEFIT PENSION PLAN

Fiscal Year Ended	Member		Employer	
	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
09/30/2007	223,496	100%	371,520	100%
09/30/2008	285,782	100%	291,631	100%
09/30/2009	386,012	100%	490,822	100%
09/30/2010	637,229	100%	431,963	100%
09/30/2011	517,602	100%	738,370	100%
09/30/2012	545,338	100%	777,937	100%

CITY OF LIGHTHOUSE POINT, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 OTHER POST EMPLOYMENT BENEFITS

<u>Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAA (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
10/01/07	\$ -	\$ 174,769	\$ 174,769	0.0%	\$ 4,461,556	3.9%
10/01/08	-	636,000	636,000	0.0%	5,047,000	12.6%
06/01/11	-	295,000	295,000	0.0%	5,351,000	5.5%

NOTE: There was no valuation performed in fiscal year 2009 and 2010 because it was not required.

**OTHER SUPPLEMENTARY
INFORMATION**

CITY OF LIGHTHOUSE POINT, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Ad valorem taxes:				
Current	\$ 5,682,470	\$ 5,682,470	\$ 5,516,022	\$ (166,448)
Delinquent	-	-	174,820	174,820
	<u>5,682,470</u>	<u>5,682,470</u>	5,690,842	8,372
Franchise taxes:				
Electricity	850,000	850,000	865,227	15,227
Solid waste	117,000	117,000	40,332	(76,668)
	<u>967,000</u>	<u>967,000</u>	905,559	(61,441)
Utility service taxes:				
Electricity	925,000	925,000	957,895	32,895
Water	380,000	380,000	457,004	77,004
Gas	2,500	2,500	3,219	719
Propane	33,550	33,550	43,325	9,775
Communications services	675,000	675,000	677,394	2,394
	<u>2,016,050</u>	<u>2,016,050</u>	2,138,837	122,787
Licenses and permits:				
Business license tax	65,000	65,000	60,825	(4,175)
Building permits	180,000	215,000	216,498	1,498
Plumbing permits	30,000	70,000	71,000	1,000
Electrical permits	55,000	80,000	82,127	2,127
Other	139,500	139,500	204,664	65,164
	<u>469,500</u>	<u>569,500</u>	635,114	65,614
Intergovernmental revenues:				
State revenue sharing	260,000	260,000	270,699	10,699
Other state revenue sharing	-	-	38,304	38,304
Alcoholic beverage license	8,000	8,000	8,345	345
Gasoline tax	190,000	190,000	192,475	2,475
Half cent sales tax	550,000	550,000	568,716	18,716
Firefighters supplemental	9,600	9,600	12,420	2,820
Motor fuel rebate	4,500	4,500	5,217	717
County occupational license	10,000	10,000	1,477	(8,523)
Federal grants	35,000	35,000	23,171	(11,829)
State grants	-	-	158,179	158,179
Local grants	35,000	35,000	49,500	14,500
	<u>1,102,100</u>	<u>1,102,100</u>	1,328,503	226,403

Continued on next page

CITY OF LIGHTHOUSE POINT, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues (continued)				
Charges for services:				
Lien search fees	6,000	6,000	14,010	8,010
Zoning fees	1,000	1,000	15,916	14,916
Merchandise sales	25	25	1	(24)
Certification, copying, research	300	300	247	(53)
Accident reports	-	-	959	959
Fingerprinting fees	2,500	2,500	4,120	1,620
Alarm fees	6,000	6,000	6,298	298
Special detail fees	20,000	20,000	20,788	788
Fire inspection fees	20,000	20,000	21,200	1,200
Construction inspection fees	5,000	5,000	8,099	3,099
Other fees - fire	700	700	1,325	625
Ambulance fees	175,000	175,000	195,284	20,284
Special assessments - fire	568,000	568,000	576,532	8,532
Library fees	9,500	9,500	2,440	(7,060)
Photostat and other fees	600	600	1,192	592
Registration - recreation	11,000	11,000	9,695	(1,305)
Summer recreation fees	45,000	45,000	35,076	(9,924)
Other fees - city clerk	-	-	440	440
Other recreation fees	6,000	6,000	8,762	2,762
	<u>876,625</u>	<u>876,625</u>	<u>922,384</u>	<u>45,759</u>
Fines and forfeitures:				
Court fines	18,000	18,000	19,631	1,631
Library fines	1,000	1,000	874	(126)
Parking citations	2,600	2,600	3,520	920
Code enforcement fines	35,000	235,400	359,550	124,150
	<u>56,600</u>	<u>257,000</u>	<u>383,575</u>	<u>126,575</u>
Miscellaneous income:				
Interest income	35,000	35,000	31,467	(3,533)
Other	26,000	26,000	86,737	60,737
	<u>61,000</u>	<u>61,000</u>	<u>118,204</u>	<u>57,204</u>
Allocation of fund balance	<u>719,435</u>	<u>719,435</u>	<u>-</u>	<u>(719,435)</u>
Total revenues	<u>11,950,780</u>	<u>12,251,180</u>	<u>12,123,018</u>	<u>(128,162)</u>

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CITY OF LIGHTHOUSE POINT, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures:				
General government:				
Legislative - commission				
Personal services	41,484	36,484	36,284	200
Operating expenditures	36,256	42,295	29,615	12,680
	<u>77,740</u>	<u>78,779</u>	<u>65,899</u>	<u>12,880</u>
Executive - Mayor:				
Personal services	26,911	26,911	25,450	1,461
Operating expenditures	17,018	17,018	10,223	6,795
	<u>43,929</u>	<u>43,929</u>	<u>35,673</u>	<u>8,256</u>
Administration/finance:				
Personal services	591,251	586,251	574,271	11,980
Operating expenditures	84,809	82,809	93,504	(10,695)
Capital outlay	-	24,400	3,614	20,786
	<u>676,060</u>	<u>693,460</u>	<u>671,389</u>	<u>22,071</u>
City attorney:				
Operating expenditures	120,630	120,630	117,917	2,713
Support services:				
Personal services	83,190	76,190	98,906	(22,716)
Operating expenditures	253,731	320,731	321,009	(278)
	<u>336,921</u>	<u>396,921</u>	<u>419,915</u>	<u>(22,994)</u>
Total general government	1,255,280	1,333,719	1,310,793	22,926
Public safety:				
Police department:				
Personal services	4,343,090	4,455,790	4,428,435	27,355
Operating expenditures	240,216	255,720	283,323	(27,603)
Capital outlay	-	50,413	52,641	(2,228)
	<u>4,583,306</u>	<u>4,761,923</u>	<u>4,764,399</u>	<u>(2,476)</u>

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CITY OF LIGHTHOUSE POINT, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Public safety (continued)				
Fire department:				
Personal services	2,928,874	2,971,274	2,965,517	5,757
Operating expenditures	155,130	171,758	179,340	(7,582)
Capital outlay	9,750	138,425	141,284	(2,859)
	<u>3,093,754</u>	<u>3,281,457</u>	<u>3,286,141</u>	<u>(4,684)</u>
Building department:				
Personal services	203,982	135,482	132,754	2,728
Operating expenditures	248,250	282,250	289,130	(6,880)
Capital outlay	-	20,500	-	20,500
	<u>452,232</u>	<u>438,232</u>	<u>421,884</u>	<u>16,348</u>
Code enforcement:				
Personal services	200,040	172,340	172,732	(392)
Operating expenditures	17,250	18,450	22,614	(4,164)
Capital outlay	-	20,500	-	20,500
	<u>217,290</u>	<u>211,290</u>	<u>195,346</u>	<u>15,944</u>
Total public safety	8,346,582	8,692,902	8,667,770	25,132
Physical environment:				
Public works:				
Personal services	924,812	894,812	901,657	(6,845)
Operating expenditures	288,350	364,558	373,419	(8,861)
Capital outlay	672	9,355	-	9,355
	<u>1,213,834</u>	<u>1,268,725</u>	<u>1,275,076</u>	<u>(6,351)</u>
Total physical environment	1,213,834	1,268,725	1,275,076	(6,351)
Transportation:				
Community bus:				
Personal services	28,728	28,728	28,824	(96)
Operating expenditures	10,565	10,565	11,983	(1,418)
	<u>39,293</u>	<u>39,293</u>	<u>40,807</u>	<u>(1,514)</u>
Total transportation	39,293	39,293	40,807	(1,514)

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CITY OF LIGHTHOUSE POINT, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Culture/recreation:				
Library:				
Personal services	378,545	346,645	345,076	1,569
Operating expenditures	57,160	63,719	56,599	7,120
Capital outlay	-	-	-	-
	<u>435,705</u>	<u>410,364</u>	<u>401,675</u>	<u>8,689</u>
Recreation department:				
Personal services	252,119	261,819	261,964	(145)
Operating expenditures	117,775	141,475	154,857	(13,382)
Capital outlay	20,000	161,053	141,138	19,915
	<u>389,894</u>	<u>564,347</u>	<u>557,959</u>	<u>6,388</u>
Total culture/recreation	825,599	974,711	959,634	15,077
Debt service:				
Principal	177,797	171,297	169,611	1,686
Interest	13,145	13,145	12,032	1,113
	<u>190,942</u>	<u>184,442</u>	<u>181,643</u>	<u>2,799</u>
Total debt service	190,942	184,442	181,643	2,799
Total expenditures	<u>11,871,530</u>	<u>12,493,792</u>	<u>12,435,723</u>	<u>58,069</u>
Excess of revenues over expenditures	79,250	(242,612)	(312,705)	(70,093)
Other financing sources (uses):				
Transfers in	55,000	55,000	55,000	-
Transfers out	(134,250)	(134,250)	(125,000)	9,250
Capital lease proceeds	-	-	126,675	126,675
	<u>(79,250)</u>	<u>(79,250)</u>	<u>56,675</u>	<u>135,925</u>
Total other financing sources (uses)	(79,250)	(79,250)	56,675	135,925
Net change in fund balance	-	(321,862)	(256,030)	65,832
FUND BALANCE AT BEGINNING OF YEAR	<u>6,209,777</u>	<u>6,209,777</u>	<u>6,209,777</u>	-
FUND BALANCE AT END OF YEAR	<u>\$ 6,209,777</u>	<u>\$ 5,887,915</u>	<u>\$ 5,953,747</u>	<u>\$ 65,832</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
SPECIAL REVENUE - TENNIS CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services:				
Membership fees	\$ 48,000	53,000	\$ 64,733	\$ 11,733
Daily use fees	12,000	12,000	13,051	1,051
Revenue sharing	-	-	(3,458)	(3,458)
Lighting fees	1,400	1,400	255	(1,145)
	<u>61,400</u>	<u>66,400</u>	<u>74,581</u>	<u>8,181</u>
Miscellaneous:				
Interest income			-	-
Other	-	-	1,000	1,000
	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Total revenues	<u>61,400</u>	<u>66,400</u>	<u>75,581</u>	<u>9,181</u>
EXPENDITURES:				
Culture/recreation:				
Personal services	139,405	139,405	138,493	912
Operating expenditures	19,900	24,900	22,235	2,665
Total expenditures	<u>159,305</u>	<u>164,305</u>	<u>160,728</u>	<u>3,577</u>
Excess (deficiency) of revenues over expenditures	(97,905)	(97,905)	(85,147)	12,758
OTHER FINANCING SOURCES:				
Transfers in	98,000	98,000	98,000	-
Total other financing sources	<u>98,000</u>	<u>98,000</u>	<u>98,000</u>	<u>-</u>
Net change in fund balance	95	95	12,853	12,758
FUND BALANCE AT BEGINNING OF YEAR	<u>(6,522)</u>	<u>(6,522)</u>	<u>(6,522)</u>	<u>-</u>
FUND BALANCE (DEFICIT) AT END OF YEAR	<u>\$ (6,427)</u>	<u>\$ (6,427)</u>	<u>\$ 6,331</u>	<u>\$ 12,758</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
SPECIAL REVENUE - STORMWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services:				
Stormwater fees	\$ 300,000	300,000	\$ 265,587	\$ (34,413)
	<u>300,000</u>	<u>300,000</u>	<u>265,587</u>	<u>(34,413)</u>
Miscellaneous:				
Interest income	400	400	1,846	1,446
	<u>400</u>	<u>400</u>	<u>1,846</u>	<u>1,446</u>
Total revenues	<u>300,400</u>	<u>300,400</u>	<u>267,433</u>	<u>(32,967)</u>
EXPENDITURES:				
Physical environment:				
Operating expenditures	6,000	6,000	-	6,000
Capital outlay	294,400	294,400	25,397	269,003
	<u>300,400</u>	<u>300,400</u>	<u>25,397</u>	<u>275,003</u>
Total expenditures	<u>300,400</u>	<u>300,400</u>	<u>25,397</u>	<u>275,003</u>
Net change in fund balance	-	-	242,036	242,036
FUND BALANCE AT BEGINNING OF YEAR	<u>428,665</u>	<u>428,665</u>	<u>428,665</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 428,665</u>	<u>\$ 428,665</u>	<u>\$ 670,701</u>	<u>\$ 242,036</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Ad valorem taxes	\$ 425,750	\$ 425,750	\$ 429,546	\$ 3,796
Miscellaneous:				
Interest income	3,000	3,000	59	(2,941)
Allocation of fund balance	25,590	25,590	-	(25,590)
	<u>454,340</u>	<u>454,340</u>	<u>429,605</u>	<u>(24,735)</u>
Total revenues				
	<u>454,340</u>	<u>454,340</u>	<u>429,605</u>	<u>(24,735)</u>
EXPENDITURES:				
Debt service:				
Principal	290,000	290,000	291,000	(1,000)
Interest	173,040	173,040	190,742	(17,702)
Other	550	550	20,000	(19,450)
	<u>463,590</u>	<u>463,590</u>	<u>501,742</u>	<u>(38,152)</u>
Total expenditures				
	<u>463,590</u>	<u>463,590</u>	<u>501,742</u>	<u>(38,152)</u>
OTHER FINANCING SOURCES:				
Issuance of debt - notes payable	-	-	3,685,000	3,685,000
Transfers in	9,250	9,250	-	(9,250)
Payment to fiscal agent	-	-	(3,665,000)	(3,665,000)
	<u>9,250</u>	<u>9,250</u>	<u>20,000</u>	<u>10,750</u>
Total other financing sources				
	<u>9,250</u>	<u>9,250</u>	<u>20,000</u>	<u>10,750</u>
Net change in fund balance	-	-	(52,137)	(52,137)
FUND BALANCE AT BEGINNING OF YEAR	<u>50,623</u>	<u>50,623</u>	<u>56,363</u>	<u>5,740</u>
FUND BALANCE AT END OF YEAR	<u>\$ 50,623</u>	<u>\$ 50,623</u>	<u>\$ 4,226</u>	<u>\$ (46,397)</u>

**OTHER
FINANCIAL INFORMATION**

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Tennis Center Fund - This fund accounts for membership revenues and expenditures associated with the operation of the City's nine clay and four lighted courts located at Frank McDonough Park.

Infrastructure Fund - This fund accounts for improvements to storm drainage, bridges, seawalls, sidewalks, street paving, canals, buildings, and Commission projects.

Stormwater Fund - This fund was established in fiscal year 2009/2010 to provide resources for stormwater management capital improvements and significant maintenance of stormwater infrastructure that had been funded in past years by grants.

Special Purpose Fund - This fund represents a number of special purposes accounted for within individual sub funds. These special purposes account for transactions from specific revenue sources as required by law or administrative regulations. This fund is not budgeted on an annual basis like operating funds but rather appropriated on an as needed basis by the City Commission.

Debt Service Fund

Debt Service Fund - This fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The Debt Service Fund was initially established to finance and account for the payment of interest and principal on the \$ 6,190,000 General Obligation Bonds, Series 2002. During fiscal year 2012, the City issued a note payable in the amount of \$ 3,685,000 to defease the 2002 bonds. The note bears interest at 1.97%, is payable semi-annually, and matures in August 2022.

CITY OF LIGHTHOUSE POINT, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2012

	Special Revenue		
	Tennis Center Fund	Infrastructure Fund	Stormwater Fund
ASSETS:			
Cash and cash equivalents	\$ 100	\$ 535,427	\$ 670,634
Investments	-	-	-
Due from other funds	-	-	-
Accounts receivable	20,255	-	-
Due from other governments	-	-	67
	<u>20,355</u>	<u>535,427</u>	<u>670,701</u>
Total assets	\$ <u>20,355</u>	\$ <u>535,427</u>	\$ <u>670,701</u>
LIABILITIES AND FUND BALANCES:			
Accounts payable	\$ 5,097	\$ -	\$ -
Accrued payroll and related taxes	1,307	-	-
Due to other funds	7,096	-	-
Other liabilities	524	-	-
	<u>14,024</u>	<u>-</u>	<u>-</u>
Total liabilities	14,024	-	-
Fund balances:			
Restricted	-	-	-
Committed	6,331	535,427	670,701
Unassigned	-	-	-
	<u>6,331</u>	<u>535,427</u>	<u>670,701</u>
Total fund balances	6,331	535,427	670,701
Total liabilities and fund balances	\$ <u>20,355</u>	\$ <u>535,427</u>	\$ <u>670,701</u>

<u>Special Purpose Fund</u>	<u>Total</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 195,819	\$ 1,401,980	\$ -	\$ 1,401,980
18,961	18,961	5,000	23,961
-	-	-	-
-	20,255	-	20,255
-	67	279	346
<u>\$ 214,780</u>	<u>\$ 1,441,263</u>	<u>\$ 5,279</u>	<u>\$ 1,446,542</u>
\$ 9,631	\$ 14,728	\$ -	\$ 14,728
-	1,307	-	1,307
2,786	9,882	1,053	10,935
-	524	-	524
<u>12,417</u>	<u>26,441</u>	<u>1,053</u>	<u>27,494</u>
-	-	4,226	4,226
202,363	1,414,822	-	1,414,822
-	-	-	-
<u>202,363</u>	<u>1,414,822</u>	<u>4,226</u>	<u>1,419,048</u>
\$ <u>214,780</u>	\$ <u>1,441,263</u>	\$ <u>5,279</u>	\$ <u>1,446,542</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Fiscal Year Ended September 30, 2012

	Special Revenue		
	Tennis Center Fund	Infrastructure Fund	Stormwater Fund
REVENUES:			
Ad valorem taxes	\$ -	\$ -	\$ -
Charges for services	74,581	-	265,587
Miscellaneous	1,000	1,688	1,846
Total revenues	75,581	1,688	267,433
 EXPENDITURES:			
Current:			
Physical environment	-	47,973	25,397
Culture/recreation	160,728	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Other	-	-	-
	-	-	-
Total expenditures	160,728	47,973	25,397
Excess (deficiency) of revenues over expenditures	(85,147)	(46,285)	242,036
 OTHER FINANCING SOURCES:			
Issuance of debt - general obligation bonds	-	-	-
Transfers in	98,000	-	-
Payment of fiscal agent	-	-	-
	-	-	-
Total other financing sources	98,000	-	-
Net change in fund balance	12,853	(46,285)	242,036
 FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR			
	(6,522)	581,712	428,665
 FUND BALANCE AT END OF YEAR			
	\$ 6,331	\$ 535,427	\$ 670,701

<u>Special Purpose Fund</u>	<u>Total</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 429,546	\$ 429,546
5,038	345,206	-	345,206
<u>91,655</u>	<u>96,189</u>	<u>59</u>	<u>96,248</u>
<u>96,693</u>	<u>441,395</u>	<u>429,605</u>	<u>871,000</u>
25,825	99,195	-	99,195
58,345	219,073	-	219,073
16,865	16,865	-	16,865
-	-	291,000	291,000
-	-	190,742	190,742
<u>-</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
<u>101,035</u>	<u>335,133</u>	<u>501,742</u>	<u>836,875</u>
<u>(4,342)</u>	<u>106,262</u>	<u>(72,137)</u>	<u>34,125</u>
-	-	3,685,000	3,685,000
27,000	125,000	-	125,000
<u>-</u>	<u>-</u>	<u>(3,665,000)</u>	<u>(3,665,000)</u>
<u>27,000</u>	<u>125,000</u>	<u>20,000</u>	<u>145,000</u>
22,658	231,262	(52,137)	179,125
<u>179,705</u>	<u>1,183,560</u>	<u>56,363</u>	<u>1,239,923</u>
\$ <u><u>202,363</u></u>	\$ <u><u>1,414,822</u></u>	\$ <u><u>4,226</u></u>	\$ <u><u>1,419,048</u></u>

CITY OF LIGHTHOUSE POINT, FLORIDA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 September 30, 2012

	Defined Contribution Pension Plans				Total
	General	Fire	Police	Management	
ASSETS:					
Investments	\$ 3,060,793	\$ 3,041,889	\$ 2,706,256	\$ 5,096,058	\$ 13,904,996
Participant loans receivable	<u>149,281</u>	<u>54,578</u>	<u>76,685</u>	<u>25,733</u>	<u>306,277</u>
Total assets	3,210,074	3,096,467	2,782,941	5,121,791	14,211,273
LIABILITIES					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS:					
Held in trust for pension and other benefits	<u>\$ 3,210,074</u>	<u>\$ 3,096,467</u>	<u>\$ 2,782,941</u>	<u>\$ 5,121,791</u>	<u>\$ 14,211,273</u>

<u>Police and Fire Defined Benefit</u>	<u>Deferred Compensation</u>	<u>Retirement Health Savings Plan</u>	<u>Total</u>
\$ 11,511,477	\$ 6,006,089	\$ 260,609	\$ 31,683,171
<u>-</u>	<u>-</u>	<u>-</u>	<u>306,277</u>
11,511,477	6,006,089	260,609	31,989,448
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 11,511,477</u>	<u>\$ 6,006,089</u>	<u>\$ 260,609</u>	<u>\$ 31,989,448</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Fiscal year Ended September 30, 2012

	Defined Contribution Pension Plans				
	General	Fire	Police	Management	Total
ADDITIONS:					
Contributions					
City	\$ 179,329	\$ 42,031	\$ 11,811	\$ 119,933	\$ 353,104
Employees	43,039	24,017	5,062	51,399	123,517
Total contributions	<u>222,368</u>	<u>66,048</u>	<u>16,873</u>	<u>171,332</u>	<u>476,621</u>
Investment earnings (loss):					
Interest, dividend and investment value changes	347,388	392,859	290,355	547,190	1,577,792
Less investment expense	<u>29,838</u>	<u>29,136</u>	<u>26,434</u>	<u>49,617</u>	<u>135,025</u>
Net investment earnings (loss)	<u>317,550</u>	<u>363,723</u>	<u>263,921</u>	<u>497,573</u>	<u>1,442,767</u>
Total additions	<u>539,918</u>	<u>429,771</u>	<u>280,794</u>	<u>668,905</u>	<u>1,919,388</u>
DEDUCTIONS:					
Benefits paid	<u>84,119</u>	<u>37,726</u>	<u>40,232</u>	<u>116,119</u>	<u>278,196</u>
Total deductions	<u>84,119</u>	<u>37,726</u>	<u>40,232</u>	<u>116,119</u>	<u>278,196</u>
Change in net assets	455,799	392,045	240,562	552,786	1,641,192
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS:					
BEGINNING OF YEAR	<u>2,754,275</u>	<u>2,704,422</u>	<u>2,542,379</u>	<u>4,569,005</u>	<u>12,570,081</u>
END OF YEAR	<u>\$ 3,210,074</u>	<u>\$ 3,096,467</u>	<u>\$ 2,782,941</u>	<u>\$ 5,121,791</u>	<u>\$ 14,211,273</u>

<u>Police and Fire Defined Benefit</u>	<u>Deferred Compensation</u>	<u>Retirement Health Savings Plan</u>	<u>Total</u>
\$ 777,937	\$ -	\$ -	\$ 1,131,041
<u>545,338</u>	<u>373,689</u>	<u>48,108</u>	<u>1,090,652</u>
<u>1,323,275</u>	<u>373,689</u>	<u>48,108</u>	<u>2,221,693</u>
1,573,956	689,631	36,545	3,877,924
<u>21,969</u>	<u>57,529</u>	<u>2,311</u>	<u>216,834</u>
<u>1,551,987</u>	<u>632,102</u>	<u>34,234</u>	<u>3,661,090</u>
<u>2,875,262</u>	<u>1,005,791</u>	<u>82,342</u>	<u>5,882,783</u>
<u>113,682</u>	<u>161,621</u>	<u>19,251</u>	<u>572,750</u>
<u>113,682</u>	<u>161,621</u>	<u>19,251</u>	<u>572,750</u>
2,761,580	844,170	63,091	5,310,033
<u>8,749,897</u>	<u>5,161,919</u>	<u>197,518</u>	<u>26,679,415</u>
\$ <u><u>11,511,477</u></u>	\$ <u><u>6,006,089</u></u>	\$ <u><u>260,609</u></u>	\$ <u><u>31,989,448</u></u>

CITY OF LIGHTHOUSE POINT, FLORIDA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULE BY SOURCE
 September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Governmental funds capital assets:		
Land	\$ 7,040,140	\$ 7,040,140
Buildings and land improvements	10,204,202	9,935,301
Equipment and fixtures	2,352,442	2,250,242
Vehicles	1,914,971	1,833,654
Infrastructure	5,136,446	5,136,446
Construction in progress	<u>2,750</u>	<u>113,763</u>
Total governmental funds capital assets	\$ <u><u>26,650,951</u></u>	\$ <u><u>26,309,546</u></u>
Investment in governmental funds capital assets by source:		
General revenues	\$ 13,762,581	\$ 13,761,638
Special revenues	4,110,171	3,914,318
County grants	3,964,409	3,956,039
State grants	541,705	405,467
Federal grants	746,545	746,545
Donations	2,971,844	2,971,844
Confiscated	<u>553,696</u>	<u>553,695</u>
Total governmental funds capital assets	\$ <u><u>26,650,951</u></u>	\$ <u><u>26,309,546</u></u>

CITY OF LIGHTHOUSE POINT, FLORIDA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENT FUNDS
 SCHEDULE OF FUNCTION AND ACTIVITY
 September 30, 2012

	<u>Land</u>	<u>Buildings and Land Improvements</u>
General government:		
Legislative	\$ -	\$ -
Executive	-	-
Finance and administration	-	-
Other general government	<u>15,087</u>	<u>2,169,797</u>
Total general government	<u>15,087</u>	<u>2,169,797</u>
Public safety:		
Law enforcement	-	3,897,728
Fire control	6,215	579,719
Building department	-	-
Code enforcement	<u>-</u>	<u>-</u>
Total public safety	<u>6,215</u>	<u>4,477,447</u>
Physical environment:		
Maintenance	2,956,880	485,759
Transportation:		
Community bus	-	-
Culture/recreation:		
Library	-	1,200,867
Recreation	<u>4,061,958</u>	<u>1,870,332</u>
Total culture/recreation	<u>4,061,958</u>	<u>3,071,199</u>
Total governmental funds capital assets	<u>\$ 7,040,140</u>	<u>\$ 10,204,202</u>

<u>Equipment and Fixtures</u>	<u>Vehicles</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 24,469	\$ -	\$ -	\$ -	\$ 24,469
1,521	-	-	-	1,521
163,906	19,080	-	-	182,986
55,306	-	-	-	2,240,190
<u>245,202</u>	<u>19,080</u>	<u>-</u>	<u>-</u>	<u>2,449,166</u>
1,013,066	564,617	-	2,750	5,478,161
366,172	944,174	-	-	1,896,280
35,024	-	-	-	35,024
21,798	26,011	-	-	47,809
<u>1,436,060</u>	<u>1,534,802</u>	<u>-</u>	<u>2,750</u>	<u>7,457,274</u>
189,555	318,672	5,136,446	-	9,087,312
453	-	-	-	453
190,303	-	-	-	1,391,170
290,869	42,417	-	-	6,265,576
<u>481,172</u>	<u>42,417</u>	<u>-</u>	<u>-</u>	<u>7,656,746</u>
<u>\$ 2,352,442</u>	<u>\$ 1,914,971</u>	<u>\$ 5,136,446</u>	<u>\$ 2,750</u>	<u>\$ 26,650,951</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENT FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

For the Year Ended September 30, 2012

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
FUNCTION AND ACTIVITY:				
General government:				
Legislative	\$ 24,469	\$ -	\$ -	\$ 24,469
Executive	1,521	-	-	1,521
Finance and administration	179,373	3,613	-	182,986
Other general government	2,240,190	-	-	2,240,190
Total general government	2,445,553	3,613	-	2,449,166
Public safety:				
Law enforcement	5,363,055	231,619	113,686	5,480,988
Fire control	1,831,596	141,285	76,601	1,896,280
Building department	35,024	-	-	35,024
Code enforcement	47,809	-	-	47,809
Total public safety	7,277,484	372,904	190,287	7,460,101
Physical environment:				
Maintenance	9,087,312	-	-	9,087,312
Transportation:				
Community bus	453	-	-	453
Culture/recreation:				
Library	1,383,539	7,631	-	1,391,170
Recreation	6,115,205	264,134	113,763	6,265,576
Total cultural/recreation	7,498,744	271,765	113,763	7,656,746
Total	\$ 26,309,546	\$ 648,282	\$ 304,050	\$ 26,653,778

CITY OF LIGHTHOUSE POINT, FLORIDA
 COMPARATIVE SCHEDULE OF GENERAL LONG-TERM DEBT
 September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Amount available in debt service fund	\$ 4,226	\$ 56,363
Amount to be provided for the retirement of general long-term debt	<u>5,405,459</u>	<u>5,739,115</u>
Total	<u>\$ 5,409,685</u>	<u>\$ 5,795,478</u>
General long-term debt payable:		
General obligation bonds	\$ -	\$ 3,955,000
Notes payable	3,684,000	-
Capital leases	328,452	371,386
Accrued compensated absences	<u>1,397,233</u>	<u>1,469,092</u>
Total	<u>\$ 5,409,685</u>	<u>\$ 5,795,478</u>

STATISTICAL SECTION

(NOT COVERED BY INDEPENDENT AUDITORS' REPORT)

CITY OF LIGHTHOUSE POINT, FLORIDA
STATISTICAL SECTION
For the Year Ended September 30, 2012

This part of the City of Lighthouse Point'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	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	80-87
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	88-94
Debt Capacity These schedules contain 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.	95-100
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	101-102
Operating Information 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.	103-108

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

CITY OF LIGHTHOUSE POINT, FLORIDA
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2012</u>	Fiscal <u>2011</u>	<u>2010</u>
Governmental activities			
Invested in capital assets, net of related debt	\$ 15,540,755	\$ 15,392,168	\$ 15,316,538
Restricted	2,660,357	2,981,741	3,876,033
Unrestricted	<u>6,688,213</u>	<u>6,665,793</u>	<u>6,282,968</u>
 Total governmental activities net assets	 \$ <u>24,889,325</u>	 \$ <u>25,039,702</u>	 \$ <u>25,475,539</u>

Notes: The City has no business-type activities.

The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

Table 1

Year					
<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 14,921,902	\$ 14,713,746	\$ 13,755,926	\$ 10,101,398	\$ 7,497,567	\$ 6,923,964
4,529,846	5,112,882	1,021,484	1,701,725	2,773,331	2,391,806
<u>5,407,842</u>	<u>4,958,569</u>	<u>5,635,518</u>	<u>4,405,822</u>	<u>3,432,485</u>	<u>2,660,227</u>
<u>\$ 24,859,590</u>	<u>\$ 24,785,197</u>	<u>\$ 20,412,928</u>	<u>\$ 16,208,945</u>	<u>\$ 13,703,383</u>	<u>\$ 11,975,997</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
 CHANGES IN NET ASSETS
 LAST NINE FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

	2012	Fiscal 2011	2010
Expenses:			
Governmental activities:			
General government	\$ 1,320,586	\$ 1,370,967	\$ 1,363,611
Public safety	8,903,618	8,569,761	8,428,182
Physical environment	3,626,791	3,989,844	4,413,816
Transportation	40,788	40,474	39,679
Culture/recreation	1,115,321	1,201,806	1,166,238
Interest expense	186,464	197,849	215,231
Total governmental activities expenses	\$ 15,193,568	\$ 15,370,701	\$ 15,626,757
Program Revenues:			
Charges for services:			
General government	\$ 30,614	\$ 22,940	\$ 13,861
Public safety	1,858,897	1,609,068	1,363,035
Physical environment	2,264,373	2,369,597	2,487,291
Culture/recreation	136,784	142,928	139,700
Operating grants and contributions	93,412	222,371	188,259
Capital grants and contributions	155,985	102,386	261,156
Total governmental activities program revenues	\$ 4,540,065	\$ 4,469,290	\$ 4,453,302
Total governmental activities net expense	\$ 10,653,503	\$ 10,901,411	\$ 11,173,455
General Revenues and Change in Net assets:			
Taxes:			
Ad valorem taxes	\$ 6,120,388	\$ 6,138,909	\$ 6,945,061
Franchise taxes	825,196	929,559	970,558
Utility service taxes	2,184,080	2,135,681	2,116,737
Intergovernmental revenues	1,089,223	1,073,390	1,352,185
Miscellaneous	284,239	188,035	404,863
Special item, donation of park land	-	-	-
Total general revenues	\$ 10,503,126	\$ 10,465,574	\$ 11,789,404
Change in net assets	\$ (150,377)	\$ (435,837)	\$ 615,949

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

Table 2

		Year				
2009	2008	2007	2006	2005	2004	
\$ 1,440,339	\$ 1,491,969	\$ 1,140,397	\$ 1,107,630	\$ 1,171,742	\$ 1,259,380	
8,161,594	8,078,961	7,454,524	7,028,043	6,725,610	6,307,172	
4,776,528	4,007,031	3,909,260	5,948,269	3,186,329	2,807,414	
40,852	53,925	46,492	45,563	51,022	50,684	
1,141,223	1,258,251	1,138,481	1,048,900	1,091,936	1,027,757	
229,439	212,550	216,500	238,762	253,352	247,274	
<u>\$ 15,789,975</u>	<u>\$ 15,102,687</u>	<u>\$ 13,905,654</u>	<u>\$ 15,417,167</u>	<u>\$ 12,479,991</u>	<u>\$ 11,699,681</u>	
\$ 11,479	\$ 84,577	\$ 150,626	\$ 148,617.00	\$ 94,712	\$ 92,604	
1,256,534	1,392,705	1,759,972	1,592,243	1,456,603	1,034,492	
1,901,360	2,055,722	2,526,006	1,502,879	1,297,520	1,282,860	
142,078	146,133	151,540	139,381	134,621	133,723	
214,979	4,025,992	223,088	2,569,879	336,822	391,655	
369,768	349,741	1,327,828	222,861	291,877	55,029	
<u>\$ 3,896,198</u>	<u>\$ 8,054,870</u>	<u>\$ 6,139,060</u>	<u>\$ 6,175,860</u>	<u>\$ 3,612,155</u>	<u>\$ 2,990,363</u>	
<u>\$ 11,893,777</u>	<u>\$ 7,047,817</u>	<u>\$ 7,766,594</u>	<u>\$ 9,241,307</u>	<u>\$ 8,867,836</u>	<u>\$ 8,709,318</u>	
\$ 7,080,510	\$ 6,950,839	\$ 7,422,102	\$ 6,580,068	\$ 5,762,042	\$ 5,259,301	
1,011,721	1,015,706	1,058,761	961,067	838,136	792,957	
1,930,017	1,768,345	1,748,164	1,764,945	1,783,890	1,756,771	
1,276,444	1,143,836	1,204,632	1,256,336	1,235,660	1,132,499	
669,478	541,360	536,918	1,184,453	975,494	954,180	
-	-	-	-	-	3,578,070	
<u>\$ 11,968,170</u>	<u>\$ 11,420,086</u>	<u>\$ 11,970,577</u>	<u>\$ 11,746,869</u>	<u>\$ 10,595,222</u>	<u>\$ 13,473,778</u>	
<u>\$ 74,393</u>	<u>\$ 4,372,269</u>	<u>\$ 4,203,983</u>	<u>\$ 2,505,562</u>	<u>\$ 1,727,386</u>	<u>\$ 4,764,460</u>	

CITY OF LIGHTHOUSE POINT, FLORIDA
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Fund:				
Nonspendable	\$ 64,938	\$ 89,064	\$ 414,244	\$ 363,675
Restricted	-	-	-	-
Committed	1,889,680	2,245,350	2,028,184	1,208,392
Assigned	3,750,000	3,750,000	3,823,043	3,794,819
Unassigned	<u>249,129</u>	<u>125,363</u>	<u>142,563</u>	<u>183,131</u>
Total general fund	\$ <u>5,953,747</u>	\$ <u>6,209,777</u>	\$ <u>6,408,034</u>	\$ <u>5,550,017</u>
All Other Governmental Funds:				
Garbage and trash fund:				
Committed	\$ 520,338	\$ 617,829	\$ 796,675	\$ 861,392
Public safety fund:				
Restricted	2,656,131	2,925,378	2,984,981	3,290,715
Committed	-	-	1,225	-
Debt service fund:				
Restricted	4,226	56,363	50,095	43,319
Capital projects fund:				
Committed	-	-	-	-
Nonmajor funds:				
Committed	1,414,822	1,190,082	1,161,324	1,318,266
Unassigned	<u>-</u>	<u>(6,522)</u>	<u>(1,847)</u>	<u>-</u>
Total all other governmental funds	\$ <u>4,595,517</u>	\$ <u>4,783,130</u>	\$ <u>4,992,453</u>	\$ <u>5,513,692</u>

Table 3

Fiscal Year					
<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 393,116	\$ 66,154	\$ 67,943	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,258,087	1,310,452	1,395,358	1,229,257	1,127,986	1,099,157
2,569,115	2,136,490	709,956	465,897	210,341	43,273
344,758	75,902	796,400	1,026,411	1,444,863	1,185,458
<u>\$ 4,565,076</u>	<u>\$ 3,588,998</u>	<u>\$ 2,969,657</u>	<u>\$ 2,721,565</u>	<u>\$ 2,783,190</u>	<u>\$ 2,327,888</u>
\$ 1,121,534	\$ 1,047,626	\$ 432,996	\$ 432,996	\$ 312,818	\$ 198,433
3,269,697	144,927	53,274	66,483	506,944	339,716
132,081	12,151	12,663	10,084	7,918	6,748
45,163	78,022	51,716	24,731	22,253	13,836
10,903	786,384	1,429,294	2,672,033	1,854,691	5,084,759
1,790,913	1,813,554	1,813,308	1,260,978	677,335	563,942
-	-	-	-	-	-
<u>\$ 6,370,291</u>	<u>\$ 3,882,664</u>	<u>\$ 3,793,251</u>	<u>\$ 4,467,305</u>	<u>\$ 3,381,959</u>	<u>\$ 6,207,434</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2012	2011	2010	2009
Revenues:				
Ad valorem taxes	\$ 6,120,388	\$ 6,138,909	\$ 6,945,061	\$ 7,080,510
Franchise fees	905,559	929,559	970,558	1,011,721
Utility service taxes	2,138,837	2,139,372	2,120,424	1,932,024
Licenses and permits	635,114	529,905	530,797	417,812
Intergovernmental revenues	1,328,975	1,398,147	1,455,493	1,587,770
Charges for services	3,266,376	3,367,355	3,473,090	2,893,639
Fines and forfeitures	389,178	247,273	346,107	273,421
Interest income	49,056	42,643	117,250	123,842
Miscellaneous	228,658	153,676	294,943	606,343
Total revenues	15,062,141	14,946,839	16,253,723	15,927,082
Expenditures:				
General government	1,307,179	1,291,841	1,284,206	1,285,048
Public safety	8,578,790	8,184,831	7,943,944	7,656,733
Physical environment	3,470,209	3,845,327	4,254,355	4,579,722
Transportation	40,807	40,365	39,662	43,198
Culture/recreation	1,037,569	1,061,719	1,013,857	1,009,842
Capital outlay	534,520	284,292	769,111	590,233
Debt service:				
Interest	202,774	199,025	217,673	229,641
Principal	460,611	446,369	457,481	451,335
Other	20,000	550	550	550
Total expenditures	15,652,459	15,354,319	15,980,839	15,846,302
Excess of revenues over (under) expenditures	(590,318)	(407,480)	272,884	80,780
Other Financing Sources (Uses):				
Insurance proceeds	-	-	-	-
Capital leases	126,675	-	63,795	47,562
Net proceeds of general obligation bonds	-	-	-	-
Net proceeds of notes payable	3,685,000	-	-	-
Payment to fiscal agent	(3,665,000)	-	-	-
Transfers in	180,000	221,051	118,564	306,017
Transfers out	(180,000)	(221,051)	(118,564)	(306,017)
Total other financing sources (uses)	146,675	-	63,795	47,562
Net change in fund balances	\$ (443,643)	\$ (407,480)	\$ 336,679	\$ 128,342
Debt service as a % of noncapital expenditures	4.4%	4.3%	4.4%	4.5%

Table 4

		Fiscal year									
		2008	2007	2006	2005	2004	2003				
\$	6,950,839	\$	7,422,102	\$	6,580,068	\$	5,762,042	\$	5,259,301	\$	4,812,054
	1,015,706		1,039,813		940,568		788,445		787,205		718,263
	1,763,939		1,747,964		1,761,194		1,785,206		1,757,313		1,748,939
	517,443		774,232		896,506		814,855		652,083		577,195
	2,249,872		2,762,796		4,051,484		1,857,598		1,584,915		1,569,825
	3,003,878		3,399,212		2,349,084		1,731,541		1,689,303		1,555,750
	3,427,513		414,700		137,530		437,059		202,293		197,636
	158,098		474,058		379,691		211,407		111,222		149,746
	424,998		541,190		851,267		785,674		853,609		628,338
	<u>19,512,286</u>		<u>18,576,067</u>		<u>17,947,392</u>		<u>14,173,827</u>		<u>12,897,244</u>		<u>11,957,746</u>
	1,186,532		1,375,913		1,189,441		1,112,111		1,190,309		1,166,165
	7,428,115		7,059,064		6,757,601		6,380,681		6,044,963		5,587,354
	4,233,546		3,831,248		5,116,482		2,477,986		2,426,329		2,084,729
	53,719		46,345		45,172		52,573		50,595		50,015
	1,016,718		1,027,277		973,317		875,005		796,813		783,114
	2,513,393		4,320,003		4,401,549		1,724,411		4,242,804		2,095,126
	222,993		217,256		231,707		239,503		248,797		242,102
	389,098		392,747		387,533		386,950		424,957		375,615
	5,300		300		813		2,550		2,850		2,962
	<u>17,049,414</u>		<u>18,270,153</u>		<u>19,103,615</u>		<u>13,251,770</u>		<u>15,428,417</u>		<u>12,387,182</u>
	<u>2,462,872</u>		<u>305,914</u>		<u>(1,156,223)</u>		<u>922,057</u>		<u>(2,531,173)</u>		<u>(429,436)</u>
	300,000		300,000		626,021		-		-		-
	700,833		102,840		104,240		101,664		161,000		215,000
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	481,463		1,015,020		1,242,569		2,327,284		335,331		375,565
	(481,463)		(1,015,020)		(1,242,569)		(2,327,284)		(335,331)		(375,565)
	<u>1,000,833</u>		<u>402,840</u>		<u>730,261</u>		<u>101,664</u>		<u>161,000</u>		<u>215,000</u>
\$	<u>3,463,705</u>	\$	<u>708,754</u>	\$	<u>(425,962)</u>	\$	<u>1,023,721</u>	\$	<u>(2,370,173)</u>	\$	<u>(214,436)</u>
	4.2%		4.4%		4.2%		5.4%		6.0%		6.0%

CITY OF LIGHTHOUSE POINT, FLORIDA
ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year	Tax Year	Real Property			Personal Property
		Residential	Commercial	Other	
2003	2002	\$ 1,462,284	\$ 96,216	\$ 9,086	\$ 28,325
2004	2003	1,747,754	101,156	12,330	26,563
2005	2004	2,019,789	106,128	13,925	26,914
2006	2005	2,414,460	119,104	16,761	26,353
2007	2006	2,977,383	133,053	17,824	25,499
2008	2007	3,142,495	152,286	18,307	26,707
2009	2008	2,830,154	158,127	22,048	25,537
2010	2009	2,269,144	161,598	22,154	24,775
2011	2010	1,853,180	151,486	23,355	22,922
2012	2011	1,897,551	144,278	22,972	23,332

Note: Other includes institutional, government, and miscellaneous property uses

Table 5

<u>Less: Exemptions</u>		<u>Total Taxable Assessed Value</u>	<u>City Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Net Assessed Value as a Percentage of Estimated Actual Value</u>
<u>Real Property</u>	<u>Personal Property</u>				
\$ 379,350	\$ 313	\$ 1,216,248	4.1308	\$ 1,595,911	76.21%
500,425	314	1,387,064	3.9669	1,887,803	73.48%
616,285	314	1,550,157	3.8860	2,166,756	71.54%
796,223	319	1,780,136	3.8387	2,576,678	69.09%
1,111,498	319	2,041,942	3.7823	3,153,759	64.75%
1,138,178	8	2,201,609	3.2934	3,339,795	65.92%
941,210	5,159	2,089,497	3.5142	3,035,867	68.83%
617,028	4,568	1,856,075	3.8825	2,477,671	74.91%
406,911	4,075	1,639,957	3.8825	2,050,943	79.96%
435,107	4,230	1,648,796	3.8602	2,088,133	78.96%

**CITY OF LIGHTHOUSE POINT, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year	City of Lighthouse Point			Broward County			School Board
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage
2002/03	3.7362	0.3946	4.1308	6.6685	0.6965	7.3650	8.5410
2003/04	3.6107	0.3562	3.9669	6.6065	0.5815	7.1880	8.1240
2004/05	3.5746	0.3114	3.8860	6.4831	0.5399	7.0230	8.0140
2005/06	3.5630	0.2757	3.8387	6.2942	0.4888	6.7830	7.8410
2006/07	3.5440	0.2383	3.7823	6.0661	-	6.0661	7.6790
2007/08	3.0887	0.2047	3.2934	4.8889	0.3979	5.2868	7.4770
2008/09	3.2822	0.2320	3.5142	4.8889	0.4256	5.3145	7.4170
2009/10	3.6188	0.2637	3.8825	4.8889	0.4256	5.3145	7.4310
2010/11	3.6188	0.2637	3.8825	5.1021	0.4509	5.5530	7.6310
2011/12	3.5893	0.2709	3.8602	5.1860	0.3670	5.5530	7.4180

Source: Broward County Property Appraiser

Table 6

School Board		Overlapping Rates					Total Direct and Overlapping Rate
Debt Service Millage	Total School Board Millage	Child Services Council	South Florida Water Management District	Florida Inland Navigation District	North Broward Hospital District	Hillsboro Inlet	
0.3415	8.8825	0.3316	0.6970	0.0385	2.4803	0.1170	24.0427
0.2936	8.4176	0.3920	0.6970	0.0385	2.5000	0.2490	23.4490
0.2555	8.2695	0.4231	0.6970	0.0385	2.4803	0.1845	23.0019
0.2213	8.0623	0.4231	0.6970	0.0385	2.1746	0.1845	22.2017
0.1897	7.8687	0.4073	0.6970	0.0385	1.8317	0.1170	20.8086
0.1714	7.6484	0.3572	0.6240	0.0345	1.6255	0.0860	18.9558
-	7.4170	0.3754	0.6240	0.0345	1.7059	0.0860	19.0715
-	7.4310	0.4243	0.6240	0.0345	1.7059	0.0860	19.5027
-	7.6310	0.4696	0.6240	0.0345	1.8750	0.0860	20.1556
-	7.4180	0.4789	0.4363	0.0345	1.8750	0.0860	19.7419

**CITY OF LIGHTHOUSE POINT, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	Fiscal Year 2012			Fiscal Year 2003		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Centro Heritage Venetian Isle	\$ 18,297,230	1	1.12%	\$ 14,006,180	1	1.15%
Beacon Light Partners LTD	10,123,340	2	0.62%	7,480,180	2	0.62%
Acheson, James C & Suzanne J.	7,768,430	3	0.47%	2,929,920	10	0.24%
Florida Power & Light Co.	5,525,513	4	0.34%	-		-
Grove Gateway LLC	5,021,300	5	0.31%	-		-
Bianculli, Louis R., Jr.	4,253,830	6	0.26%	-		-
First States Investors 5000A	3,900,320	7	0.24%	-		-
Acl Holdings LLC	3,756,125	8	0.23%	-		-
Leonard A. Foxman LIV TR	3,752,050	9	0.23%	-		-
Dunn, James R. & Ann Marie	3,576,440	10	0.22%	-		-
Sherwood Sheehan TR	-		-	5,948,860	3	0.49%
Silver Seas Hotel, Inc.	-		-	5,390,570	4	0.44%
Hollywood Pines, Inc.	-		-	4,749,030	5	0.39%
Vernon Scott Motors	-		-	4,336,460	6	0.36%
King Motor Company	-		-	4,226,950	7	0.35%
J.H. and T.M. Verillo	-		-	3,260,410	8	0.27%
Prentiss A. and Debra Freeman	-		-	2,986,860	9	0.25%
Total	\$ 65,974,578		4.04%	\$ 55,315,420		4.56%

Source: Broward County Revenue Collector

CITY OF LIGHTHOUSE POINT, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year		
	Gross Levy	Discount	Net Levy
2003	\$ 4,965,096	\$ 160,237	\$ 4,804,859
2004	5,438,248	172,723	5,265,525
2005	5,972,826	209,048	5,763,778
2006	6,797,975	291,858	6,506,117
2007	7,704,041	330,278	7,373,763
2008	7,251,082	310,816	6,940,266
2009	7,368,624	316,056	7,052,568
2010	7,208,468	309,283	6,899,185
2011	6,380,071	273,740	6,106,331
2012	6,382,448	273,944	6,108,504

Notes: Florida Statutes provide for up to a 4% discount for timely payment of property taxes.

Collections in subsequent years include prior year's collections, corrections, and penalties. A new appraiser placed renewed emphasis on tax compliance in fiscal year 2006.

Fiscal year 2003 reflects initial year of levy for general obligation bond debt service.

Source: Broward County Property Appraiser

Table 8

Collected within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
Amount	Percentage of Levy		Amount	Percentage of Levy
\$ 4,807,030	96.82%	\$ 5,024	\$ 4,812,054	96.92%
5,259,949	96.72%	(648)	5,259,301	96.71%
5,758,072	96.40%	214,754	5,972,826	100.00%
6,358,133	93.53%	257,066	6,615,199	97.31%
7,165,036	93.00%	11,477	7,176,513	93.15%
6,939,363	95.70%	311,719	7,251,082	100.00%
6,627,949	89.95%	98,399	6,726,348	91.28%
6,846,662	94.98%	212,441	7,059,103	97.93%
5,926,606	92.89%	188,496	6,115,102	92.89%
5,931,892	92.94%	-	5,931,892	92.94%

CITY OF LIGHTHOUSE POINT, FLORIDA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Total Primary Government
	General Obligation Bonds	Capital Leases	Notes Payable	
2003	5,970,000	408,124	-	6,378,124
2004	5,740,000	372,019	-	6,112,019
2005	5,505,000	333,032	-	5,838,032
2006	5,265,000	296,534	-	5,561,534
2007	5,020,000	263,558	-	5,283,558
2008	4,765,000	805,281	-	5,570,281
2009	4,505,000	661,440	-	5,166,440
2010	4,235,000	537,755	-	4,772,755
2011	3,955,000	371,386	-	4,326,386
2012	-	328,452	3,684,000	4,012,452

Sources: Per capita personal income provided by the Bureau of Economic Analysis, U.S. Department of Commerce (<http://www.bea.gov>).

Note: Per capita personal income is representative of Miami/Ft. Lauderdale/Pompano Beach metropolitan area.

The City had no notes payable prior to fiscal year 2012. The 2012 notes were issued to refund the 2002 General Obligation Bonds.

<u>Per Capita Personal Income</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
33,945	1.73%	550
36,337	1.55%	530
38,692	1.39%	508
41,863	1.22%	485
43,600	1.11%	461
44,515	1.14%	435
42,764	1.10%	409
41,591	1.05%	387
43,072	0.97%	382
N/A	N/A	350

CITY OF LIGHTHOUSE POINT, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Taxable Value</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2003	\$ 5,970,000	\$ 1,213,593,931	0.49%	\$ 550
2004	5,740,000	1,370,906,078	0.42%	530
2005	5,505,000	1,536,602,273	0.36%	508
2006	5,265,000	1,769,803,806	0.30%	485
2007	5,020,000	2,026,591,173	0.25%	461
2008	4,765,000	2,187,108,778	0.22%	435
2009	4,505,000	2,076,613,016	0.22%	409
2010	4,235,000	1,843,382,439	0.23%	387
2011	3,955,000	1,631,901,386	0.24%	382
2012	-	1,648,795,869	0.00%	350

Source: Broward County Property Appraiser's Office

Note: The City issued General Obligation Bonds in 2002, which were refunded in fiscal year 2012 with a promissory note.

CITY OF LIGHTHOUSE POINT, FLORIDA
 DIRECT AND OVERLAPPING ACTIVITIES DEBT
 As of September 30, 2012

Jurisdiction	Net Debt Outstanding	Estimate Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Broward County	\$ 322,785,000	1.31%	\$ 4,228,484
Subtotal, overlapping debt			<u>4,228,484</u>
City direct debt			<u>4,012,452</u>
Total direct and overlapping debt			<u>\$ 8,240,936</u>

Sources: Debt outstanding data provided by each governmental unit.

The estimated percentage applicable is derived using taxable value data provided by the Broward County Property Appraiser, Form DR-403. That percentage is multiplied by the total County debt outstanding.

Note: The City Charter does not establish a legal debt margin nor does the Florida Statutes impose a limit.

CITY OF LIGHTHOUSE POINT, FLORIDA
LEGAL DEBT MARGIN INFORMATION
September 30, 2012

The City Charter does not set a debt margin.

CITY OF LIGHTHOUSE POINT, FLORIDA
PLEDGED REVENUE COVERAGE
September 30, 2012

The City does not have any pledged revenue.

**CITY OF LIGHTHOUSE POINT, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Calendar Year	Population	School Enrollment	Unemployment Rate	Personal Income	
				Total	Per Capita
2003	10,857	266,272	6.0%	368,540,865	33,945
2004	10,836	271,339	5.8%	393,747,732	36,337
2005	10,836	272,691	5.1%	419,266,512	38,692
2006	10,857	270,935	4.2%	454,506,591	41,863
2007	10,899	262,616	3.6%	475,196,400	43,600
2008	10,964	258,905	4.1%	488,062,460	44,515
2009	11,020	255,738	6.0%	471,259,280	42,764
2010	10,955	255,203	10.0%	455,629,405	41,591
2011	10,344	256,872	11.5%	445,536,768	43,072
2012	10,536	258,803	9.0%	N/A	N/A

Sources: School enrollment data provided by the School Board of Broward County.
Unemployment rates provided by the U.S. Department of Labor, Bureau of Labor Statistics
Personal income data provided by the Bureau of Economic Analysis, U.S. Department of Commerce

Notes: School Enrollment data is County-wide.

Per capita personal income and unemployment rates are representative of Miami / Ft. Lauderdale / Pompano Beach metropolitan area.

CITY OF LIGHTHOUSE POINT, FLORIDA
PRINCIPAL EMPLOYERS
September 30, 2012

Information about the employers within the City of Lighthouse Point is not readily available. Due to the limited commercial base in the City, most employed residents work outside of the City limits. Lighthouse Point is part of a larger metropolitan area with many employers and does not rely upon the viability of a few employers.

**CITY OF LIGHTHOUSE POINT, FLORIDA
NUMBER OF EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2012	2011		2010		2009	
	FTE	Full- Time	Part- Time	Full- Time	Part- Time	Full- Time	Part- Time
General government:							
Finance and Administration	5.00	5	-	5	-	5	-
Subtotal	5.00	5	-	5	-	5	-
Public Safety:							
Police	43.00	41	3	42	4	42	3
Fire	27.00	27	-	27	-	27	-
Building	3.00	3	-	3	-	3	-
Code Enforcement	3.00	2	1	2	2	2	2
Subtotal	76.00	73	4	74	6	74	5
Public Works	12.00	14	-	15	-	15	-
Transportation	0.81	-	3	-	2	-	2
Culture/Recreation:							
Library	4.50	4	1	3	1	3	1
Recreation	7.14	4	23	4	23	4	23
Subtotal	11.64	8	24	7	24	7	24
Total authorized employees	105.45	100	31	101	32	101	31

Note: Reporting staffing as Full-Time Equivalent (FTE) beginning with FY 2012. FTE not available for prior fiscal years.

Table 16

2008		2007		2006		2005		2004		2003	
Full-Time	Part-Time										
6	-	6	-	7	-	7	-	7	-	7	-
6	-	6	-	7	-	7	-	7	-	7	-
43	4	43	4	42	4	42	4	41	5	41	5
27	-	27	-	27	-	27	-	27	-	27	-
3	-	3	-	3	-	3	-	4	-	4	-
2	2	3	1	2	2	2	2	2	2	2	-
75	6	76	5	74	6	74	6	74	7	74	5
17	-	17	-	16	-	16	-	16	-	16	-
-	3	-	3	-	2	-	2	-	2	-	2
3	5	4	4	4	4	4	4	4	3	4	3
4	23	4	23	4	23	4	23	4	22	4	22
7	28	8	27	8	27	8	27	8	25	8	25
105	37	107	35	105	35	105	35	105	34	105	32

CITY OF LIGHTHOUSE POINT, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General government:				
Square miles	2.49	2.49	2.49	2.49
Elections				
Registered voters	7,894	7,622	7,771	7,578
Votes cast in last election	2,639	2,614	2,614	2,614
Lien searches processed	440	346	361	246
Business licenses issued	462	481	500	509
Ordinances prepared and adopted	9	8	4	5
Resolutions prepared and adopted	57	50	61	60
Commission minutes prepared adopted	26	28	24	28
Agenda packets prepared	26	24	24	24
Public safety:				
Police				
Stations	1	1	1	1
Uniformed employees	33	33	33	35
Calls-for-service handled	8,330	7,986	7,925	8,387
Traffic accidents handled	324	362	339	314
Traffic citations/warnings issued	2,299	2,530	2,086	4,308
Fire				
Stations	1	1	1	1
Uniformed employees	26	26	26	26
Incidents responded to	1,297	1,293	1,242	1,202
Building				
Permits issued	1,548	2,322	2,288	1,801
Value of construction	\$ 25,131,177	\$ 19,231,270	\$ 18,457,987	\$ 14,663,933
Physical environment				
Miles of streets	41.12	41.12	41.12	41.12
Miles of waterways	18.00	18.00	18.00	18.00
Culture/Recreation				
Library				
Books in collection	42,227	41,662	37,721	38,756
Circulation	42,681	59,759	71,910	70,693
Volunteer hours	10,166	8,600	8,250	8,600
Recreation				
Facilities				
Al Fletcher Park acreage	0.50	0.50	0.50	0.50
Dan Witt Park acreage	6.00	6.00	6.00	6.00
DeGroff Park acreage	4.60	4.60	4.60	4.60
Exchange Club park acreage	14.00	14.00	14.00	14.00
Frank McDonough Park acreage	6.10	6.10	6.10	6.10
Tennis Center	1	1	1	1

Notes: Library was closed for expansion during fiscal year 2007.

Library circulation dropped when the City changed to a fee-for-service library for non-residents (adults over the age of 14 years) as of July 1, 2011.

Table 17

2008	2007	2006	2005	2004	2003
2.49	2.49	2.49	2.49	2.49	2.49
7,540	7,317	7,841	8,353	8,222	8,222
2,614	2,614	2,614	2,614	3,274	3,274
207	263	278	N/A	N/A	N/A
502	522	546	N/A	N/A	N/A
6	10	8	N/A	N/A	N/A
59	61	73	N/A	N/A	N/A
31	27	27	29	N/A	N/A
28	28	27	29	N/A	N/A
1	1	1	1	1	1
35	33	34	34	33	32
9,122	8,806	8,251	N/A	N/A	N/A
384	422	414	N/A	N/A	N/A
4,485	4,248	3,768	N/A	N/A	N/A
1	1	1	1	1	1
26	26	26	26	26	26
1,246	1,241	1,226	1,454	1,196	1,587
1,444	1,667	1,945	1,535	1,497	1,580
\$ 22,612,828	\$ 36,002,643	\$ 43,886,924	\$ 37,657,625	\$ 35,664,875	\$ 35,965,191
41.12	41.12	41.12	41.12	41.12	41.12
18.00	18.00	18.00	18.00	18.00	18.00
36,507	42,220	46,223	44,056	42,485	47,125
57,996	N/A	50,691	57,875	58,171	53,442
8,600	N/A	8,672	8,500	8,500	8,200
0.50	0.50	0.50	0.50	0.50	0.50
6.00	6.00	6.00	6.00	6.00	6.00
4.60	4.60	4.60	4.60	4.60	4.60
14.00	14.00	14.00	14.00	14.00	14.00
6.10	6.10	6.10	6.10	6.10	6.10
1	1	1	1	1	1

**CITY OF LIGHTHOUSE POINT, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS**

<u>Function/Program</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities:				
General government				
Miles of streets	41.12	41.12	41.12	41.12
Square feet of buildings	55,208	55,208	55,208	55,208
Public safety:				
Number of police stations	1	1	1	1
Number of fire stations	1	1	1	1
Culture/Recreation:				
Libraries	1	1	1	1
Acres of parks	31	31	31	31
Number of parks	5	5	5	5

* Data not available from City departments

Source: City Departments
Building Square Footage - Maximus, Inc. completed during 2006

Table 18

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
41.12 55,208	41.12 55,208	41.12 55,208	41.12 *	41.12 *	41.12 *
1 1	1 1	1 1	1 1	1 1	1 1
1 31 5	1 31 5	1 31 5	1 31 5	1 31 5	1 31 5

OTHER REPORTS OF INDEPENDENT AUDITORS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report to City Management



INDEPENDENT AUDITORS' 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 City Commissioners
City of Lighthouse Point, Florida
Lighthouse Point, Florida

We have audited the basic financial statements of the City of Lighthouse Point, Florida (the "City") as of and for the year ended September 30, 2012, and have issued our report thereon dated March 27, 2013. 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. We did not audit the financial statements of the Police and Fire Defined Benefit Pension Trust Fund, as described in our report on the City's basic financial statements. This report does not include the results of the other auditors' 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

Management of the City of Lighthouse Point, Florida is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 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 City's basic financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

City of Lighthouse Point, Florida

Compliance and Other Matters

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

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

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
March 27, 2013



INDEPENDENT AUDITORS' REPORT TO CITY MANAGEMENT

To the Honorable Mayor and City Commissioners
City of Lighthouse Point, Florida
Lighthouse Point, Florida

We have audited the basic financial statements of City of Lighthouse Point, Florida (the "City") as of and for the year ended September 30, 2012, and have issued our report thereon dated March 27, 2013.

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 the *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' 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*. Disclosures in that report, which is dated March 27, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

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 significant findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit include a review of the provisions of Section 218.415., Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that City complied with Section 218.415., Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

City of Lighthouse Point, Florida

Section 10.554(1)(i)5., Rules of Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., 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 was established in 1957 under the provision of Chapter 57-1534 of the laws of the State of Florida. The City does not have any component units.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement must be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for City for the fiscal year ended September 30, 2012, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2012. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
March 27, 2013