

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF LIGHTHOUSE POINT, FLORIDA
FOR THE YEAR ENDED
SEPTEMBER 30, 2005



Prepared By:
Finance Department

Terry Sharp
Finance Director

CITY OF LIGHTHOUSE POINT, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2005

TABLE OF CONTENTS

	<u>PAGES</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i-v
Government Finance Officers Association Certificate of Achievement	vi
City Governmental Structure	vii
List of Principal Officials	viii
FINANCIAL SECTION	
Independent Auditors' Report	1-2
Management's Discussion and Analysis (Not covered by Independent Auditors' Report)	3-13
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Funds Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	20
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Garbage and Trash Fund	21
Statement of Fiduciary Net Assets - Pension and Other Employee Benefit Trust Funds	22
Statement of Changes in Fiduciary Net Assets - Pension and Other Employee Benefit Trust Funds	23
Notes to Basic Financial Statements	24-43

CITY OF LIGHTHOUSE POINT, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2005
 (continued)

TABLE OF CONTENTS

	<u>PAGES</u>
OTHER SUPPLEMENTARY INFORMATION	
Budgetary Schedules:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	44-48
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Tennis Center Fund	49
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	50
OTHER FINANCIAL INFORMATION	
Combining Financial Statements:	
Combining Balance Sheet - Nonmajor Governmental Funds	51
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	52
Combining Statement of Fiduciary Net Assets	53-54
Combining Statement of Changes in Fiduciary Net Assets - Pension and Other Employee Benefit Trust Funds	55-56
Capital Assets Used in the Operation of Governmental Funds - Comparative Schedule by Source	57
Capital Assets Used in the Operation of Governmental Funds - Schedule of Function and Activity	58-59
Capital Assets Used in the Operation of Governmental Funds - Schedule of Changes by Function and Activity	60
Comparative Schedule of General Long-Term Debt	61
Debt Service Requirements	
Vehicle Lease Purchase - Series 2002	62
General Obligation Bonds - Series 2002	63
Vehicle Lease Purchase - Series 2003	64

**CITY OF LIGHTHOUSE POINT, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2005
 (continued)**

TABLE OF CONTENTS

	<u>PAGES</u>
Vehicle Lease Purchase - Series 2004	65
Vehicle Lease Purchase - Series 2005	66
STATISTICAL SECTION (NOT COVERED BY INDEPENDENT AUDITORS' REPORT)	
Table 1 - General Governmental Expenditures by Function	67-68
Table 2 - General Governmental Expenditures by Department	69-70
Table 3 - General Governmental Revenues by Source	71-72
Table 4 - Property Tax Levies and Collections	73-74
Table 5 - Assessed Value of Taxable Property	75
Table 6 - Property Tax Rates - Direct and Overlapping Governments	76-77
Table 7 - Ratio of Net Debt to Assessed Value and Net Debt Per Capita	78-79
Table 8 - Computation of Legal Debt Margin	80
Table 9 - Computation of Direct and Overlapping Debt	81
Table 10 - Ratio of Annual Debt Service Expenditures to General Expenditures	82
Table 11 - Property Value and Construction	83
Table 12 - Principal Taxpayers	84
Table 13 - Demographics and Miscellaneous Statistics	85
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 <u>Government Auditing Standards</u>	86-87
Independent Auditors' Report to City Management	88-89

INTRODUCTORY SECTION



City of Lighthouse Point, Florida

www.lighthousepoint.com

2200 N.E. 38th Street • Lighthouse Point, FL 33064 • Phone (954) 943-6500 • Fax (954)784-3446

April 10, 2006

Mayor: Fred Schorr
Commission President: Susie E. Gordon
Commission Vice President: Chip LaMarca
Commissioner: Thomas A. Hasis
Commissioner: Sandy Johnson
Commissioner: Michael S. Long

**RE: CITY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT -
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

Dear Mayor and Commissioners:

This letter transmits the Comprehensive Annual Financial Report for the year ended September 30, 2005 for your review and consideration. This report has been prepared by the City's Finance Department. Although the financial statements were audited by independent certified public accountants, the responsibility for the accuracy, completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the information, as presented, fairly sets forth the City's financial position in all material respects. We have included the elements required by the Governmental Accounting Standards Board, the State of Florida and the Government Finance Officers Association of the United States and Canada to result in a comprehensive report that should provide readers with a general understanding of the City's operations and financial activity.

This Comprehensive Annual Financial Report is comprised of three major sections:

1. **Introductory Section** - This section introduces the reader to the report and includes the table of contents, this transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting for last year's report, a list of principal officials and the City governmental structure.
2. **Financial Section** - This section consists of the Independent Auditors' Report, Management's Discussion and Analysis, the Basic Financial Statements consisting of both the Government-wide and Fund Financial Statements and related notes, and the Combining Statements. In addition, required supplementary information including budgetary schedules and other financial information related to capital assets and debt.

3. **Statistical Section** - This section contains nonaccounting data, including social and economic data, financial trends and the fiscal capacity of the City.

THE FINANCIAL REPORTING ENTITY

This report includes all funds of the City in accordance with Statement No. 14 of the Governmental Accounting Standards Board entitled "The Financial Reporting Entity". 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 Broward County, the North Broward Hospital District, the Hillsboro Inlet District and other special districts do levy and collect taxes on property within the corporate limits, they do not represent component units of Lighthouse Point and therefore no financial information about those entities is included in the City's financial statements. The City of Lighthouse Point is a municipality providing those services generally associated with cities including police, fire protection, emergency medical services, recreation, public works, public library, building and land development regulation, and a community bus service. Public utilities are provided by other jurisdictions.

The city operates under a strong mayor form of government with a five-member Commission that sets policy and adopts the City's budget and levies taxes. The City was incorporated in 1956.

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 part of the County. Compared to the rest of the County, the residents are on average a bit older and better educated with a twenty percent higher median household income. The City has experienced double-digit growth in its property tax base over the last few years. With much of its property accessible to ocean waters under the beam of the Hillsboro Lighthouse, the City anticipates continued appreciation of property values and redevelopment of residential property. Approximately forty acres of parks and mini-parks and eighteen miles of waterways offer ample open space.

MAJOR INITIATIVES

The City's major initiatives is fiscal year 2005 focused on capital improvements and quality of life issues.

During the fiscal year, the City awarded bids for two major capital improvements: the renovation of a former private school into a new police facility and the construction of a new bridge on Lighthouse Drive over the North Grand Canal. The former project began with the acquisition of the school site adjacent to City Hall and the plans to renovate the structure into a new Police headquarters. While the site was purchased with General Obligation Bonds approved by the voters in 2002, the renovation is funded with General Fund and Police Confiscation Funds. Opening of the new facility is scheduled for Summer 2006.

The new bridge on Lighthouse Drive over the North Grand Canal is critical to the linking of the north and south ends of the City. Lighthouse Drive serves as the main street of the City. The bridge is currently under construction and is slated to open in 2006. Funding has been provided through General Fund resources.

The City's noncapital initiatives in fiscal year 2005 centered on quality of life issues such as screening of construction sites, landscaping along fences and walls, and sign ordinance issues. The residents of Lighthouse Point have high expectations for the appearance of their community and the City strives to meet those expectations.

FINANCIAL INFORMATION

Management of the City 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 City's finances and assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires management to make estimates and judgments. All internal control evaluations occur within the above framework. We believe the City has established 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 reservations of fund balances on September 30, 2005.

Employee Retirement System

The City offers four defined contribution plans that are maintained for employee retirement for General Employees, Firefighters hired prior to October 1, 2003, Police Officers hired prior to October 1, 2003, and Management Employees. Additionally, a defined benefit pension plan was established on October 1, 2003 for all police officers and firefighters. The financial highlights of the last two years for these plans are as follows:

Retirement Plan	<u>2005</u>	<u>2004</u>
City Contributions		
General Employees	\$ 135,322	\$ 117,237
Firefighters	34,627	33,870
Police Officers	48,359	41,488
Management Employees	106,053	106,746
Defined Benefit - Police and Fire	<u>326,139</u>	<u>299,082</u>
Total	\$ <u>650,500</u>	\$ <u>598,423</u>

	<u>2005</u>	<u>2004</u>
Net Changes		
General Employees	\$ 162,115	\$ (47,834)
Firefighters	(75,388)	(72,822)
Police Officers	369,080	(746,021)
Management Employees	323,976	(472,162)
Defined Benefit - Police and Fire	<u>735,082</u>	<u>2,180,682</u>
Total	\$ <u>1,514,865</u>	\$ <u>841,843</u>
Net Assets		
General Employees	\$ 2,155,093	\$ 1,992,978
Firefighters	2,739,432	2,814,820
Police Officers	3,673,996	3,304,916
Management Employees	3,199,713	2,875,737
Defined Benefit - Police and Fire	<u>2,916,583</u>	<u>2,180,682</u>
Total	\$ <u>14,684,817</u>	\$ <u>13,169,133</u>

Cash Management and Investments

The majority of the cash not immediately needed for operations is deposited into a pooled investment account. The City's investment policy places most importance on the security of the investment and secondarily upon the rate of the return. Almost all these investments are with the State of Florida Board of Administration (SBA) Local Government Surplus Funds Trust Fund, as authorized by Florida Statute 166.261. The SBA rate for the year ended September 30, 2005 was 2.74%. Minor investment amounts have been placed with Florida Municipal Investment Trust and Wachovia Securities.

Third party administrators manage the assets of the City's pension plans. The defined contribution plans as well as voluntary employee contributed deferred compensation and health savings plans are administered by the International City Management Association Retirement Corporation. The Florida Municipal Pension Trust manages the assets of the defined benefit police and fire pension plan.

Debt Administration

The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the City's debt position to municipal management, citizens and investors. At the present time, the City has \$ 5,505,000 bonded debt and \$ 318,517 of lease purchase debt. The City's total net outstanding debt is \$ 5,798,786. This represents a ratio of net debt to assessed value of 0.38 and net debt per capita of 547.73.

Risk Management

The City places all insurance risk less nominal deductibles in the hands of commercial carriers. The City has determined that the potential savings of a self-insured program is worth the potential risks for a municipality of this size.

OTHER INFORMATION

The reader is encouraged to review Management's Discussion and Analysis beginning on page 3. That section provides a summary of report highlights and analysis of the financial statements.

Independent Audit

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. The report of Keefe, McCullough & Co., LLP, Certified Public Accountants, (Pages 1 and 2 of this report) contains their opinion as to the fair presentation of the City's financial statements. The City continues to receive an unqualified opinion.

Awards

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, 2004. This was the eleventh consecutive year that the City has achieved this recognition. The Certificate is valid for a period of one year only. We believe that this current report continues to meet the requirements of this peer review program and it will be submitted to the GFOA for evaluation.

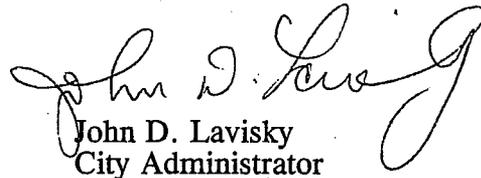
Acknowledgments

The preparation of this report could not have been accomplished without the efforts of the entire staff of the City who in one way or another have contributed to the financial operations or the protection of assets. The report reflects the priority that the Mayor and Commission place upon financial management and clear reporting of the City's financial condition.

Respectfully submitted,



Terry Sharp
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, 2004

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.



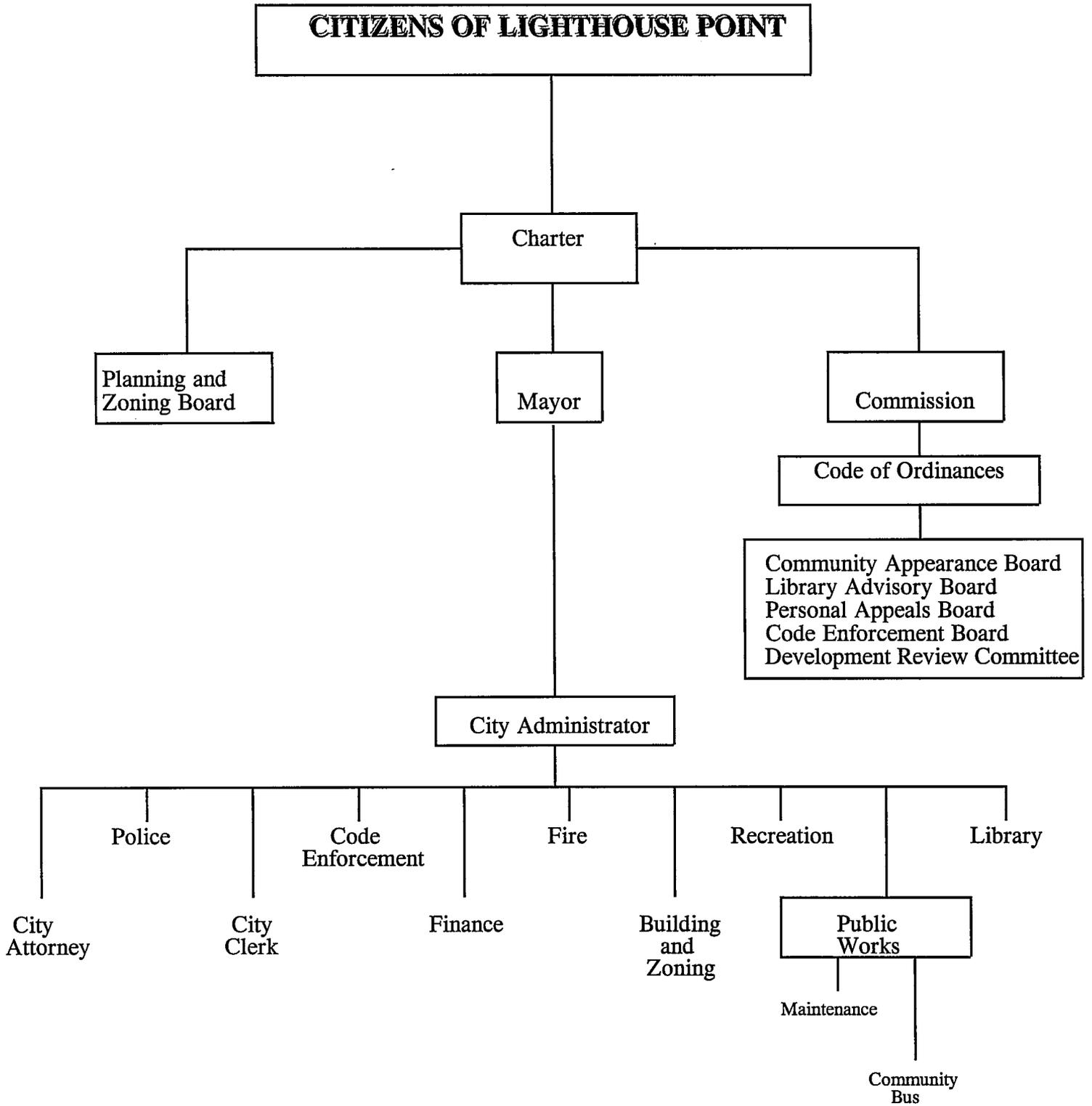
Carla E. Perry

President

Jeffrey R. Emer

Executive Director

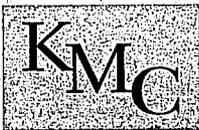
CITY OF LIGHTHOUSE POINT, FLORIDA
CITY GOVERNMENTAL STRUCTURE
 September 30, 2005



CITY OF LIGHTHOUSE POINT, FLORIDA
LIST OF PRINCIPAL OFFICIALS
September 30, 2005

Mayor	Fred Schorr
Commission President	Susie E. Gordon
Commission Vice President	Michael S. Long
Commissioner	Sandy Johnson
Commissioner	Chip LaMarca
Commissioner	Jane McLaughlin
City Administrator	John Lavisky
City Attorney	Michael Cirullo
City Clerk	Carol Landau
Police Chief	Ross Licata
Fire Chief	T. David Harlow
Public Works Director	Arthur Graham
Library Director	Doreen Gauthier
Recreation Director	John Trudel
Finance Director	Terry Sharp

FINANCIAL SECTION



KEEFE, McCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

JOHN R. KEEFE, C.P.A.
JOHN E. McCULLOUGH, C.P.A. (RETIRED)
THOMAS T. CARPENTER, C.P.A.
PAUL B. SNEIDER, C.P.A. (RETIRED)
STEVEN H. WOODS, C.P.A.
DAVID T. WILLIAMS, C.P.A.

JOSEPH D. LEO, C.P.A.
WILLIAM G. BENSON, C.P.A.
BRIAN D. PINNELL, C.P.A. (RETIRED)
KENNETH G. SMITH, C.P.A.
LOUIS R. PROIETTO, C.P.A.
CYNTHIA L. CALVERT, C.P.A.

CHARLES K. RUMPF, C.P.A.
ISRAEL J. GOMEZ, C.P.A.

JAMES R. LARAWAY, C.P.A.
ROSS S. GOTTHOFFER, C.P.A.

6550 NORTH FEDERAL HIGHWAY
SUITE 410
FORT LAUDERDALE, FLORIDA 33308
(954) 771-0896
FAX: (954) 938-9353
E-MAIL: kmc@kmc CPA.com

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 as of and for the year ended September 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Lighthouse Point's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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.

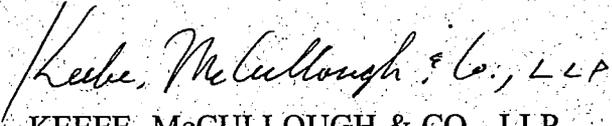
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of Lighthouse Point, Florida at September 30, 2005, and the respective changes in financial position, 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 April 10, 2006, on our consideration of the City of Lighthouse Point'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.

City of Lighthouse Point, Florida

The management's discussion and analysis and budgetary comparison information on pages 3 through 13 and 44 through 50 are not a required part of the basic financial statements but are supplementary information required by generally accepted accounting principles in the United States of America. We have applied certain limited procedures which consist principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Lighthouse Point, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.


KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
April 10, 2006

MANAGEMENT DISCUSSION AND ANALYSIS

(NOT COVERED BY INDEPENDENT AUDITORS' REPORT)



Honorable Mayor and
Members of the City Commission
Residents of the City of Lighthouse Point

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Lighthouse Point offers readers of the basic financial statements this overview and analysis of the financial activities for the fiscal year ended September 30, 2005. Readers are encouraged to consider the information presented here in conjunction with the additional information provided in the transmittal letter on pages i through v at the beginning of this report as well as the financial statements and notes to financial statements that follow.

FINANCIAL HIGHLIGHTS

The following are highlights of financial activity for the fiscal year ending September 30, 2005:

- The City's total assets exceeded its liabilities by \$ 13,703,383. The entire amount was derived from governmental fund activities. Of this amount, \$ 3,432,485 (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 \$ 14,207,377, including \$ 3,175,096 for program related services. Expenditures for all governmental activities were \$ 12,479,991.
- At the close of the current fiscal year, the City of Lighthouse Point's governmental funds reported combined ending fund balances of \$ 7,188,870, an increase of \$ 1,023,721. The primary source of this increase is a continued strong economy which has yielded additional revenue from property taxes, building permits, and state-shared revenue.
- At the end of the current fiscal year, the unreserved fund balance for the General Fund was \$ 2,255,668 or approximately 21 percent of total General Fund expenditures.
- The total value of the City's governmental cash and investments at September 30, 2005 was approximately \$ 6,691,275. With adjustments by the Federal Reserve, interest rates gradually increased over the past year.

Honorable Mayor
Members of the City Commission
Residents of the City of Lighthouse Point, Florida

OVERVIEW OF FINANCIAL STATEMENTS

This is the second fiscal year for which the City is reporting under the GASB 34 reporting model. Management's Discussion and Analysis is designed to give the reader an overview of government-wide financial statements, refocused fund statements, expanded notes to the financial statements, and expanded supplemental information.

The basic financial statements consist of government-wide statements that offer a summary of financial activity and specific fund statements that present more detailed information.

The government-wide statements on pages 14 and 15 include the statement of net assets and the statement of activities. They are designed to provide a broad overview of the City's financial position as a whole, similar to private sector financial statements. The statement of net assets shows the total assets and liabilities for the City, the difference represents the net assets. The change in net assets over time may be an indicator of the City's financial health.

The statement of activities presents information showing how the City'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, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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, public safety, physical environment and culture and recreation. The City of Lighthouse Point is the primary government and has no component units to report (see pages 14 and 15) for the government-wide financial statements. These statements do not include the fiduciary funds such as the Employee Pension Plan because those resources cannot be used for the City's activities.

The City of Lighthouse Point uses fund accounting to track the sources and uses of resources for specific purposes. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The City of Lighthouse Point categorizes funds as governmental funds and fiduciary funds.

Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements are distinguishable from the government-wide statements by its focus on near-term inflows and outflows of spendable resources and 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.

The narrower focus is useful in comparing information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers gain a better understanding of the long-term impact of the near-term financing decisions. The governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balance provides a reconciliation to facilitate this comparison.

The City of Lighthouse Point maintains six funds of the governmental type. Three are considered to be nonmajor. All are combined into a single presentation. Individual fund data is presented in the combining statements (pages 51-52).

Honorable Mayor
 Members of the City Commission
 Residents of the City of Lighthouse Point, Florida

The Fiduciary Fund (pages 22 and 23), that is not included in the government-wide statements, is presented in this section, and presents the City's employee retirement system.

Each year the City adopts an annual appropriated budget for its General Fund, Tennis Center Fund, Garbage and Trash Fund and its Debt Service Fund. This report includes budgetary comparison statements and schedules for each of the funds to demonstrate compliance with the budget.

The governmental fund financial statements are found on pages 16 through 19 of this report.

Notes to financial statements. The notes provide additional information that is necessary to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 24 through 43 of this report.

Other information. This report also presents certain other supplementary information. The combining statements in connection with nonmajor governmental funds are presented before the other supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of City of Lighthouse Point, assets exceeded liabilities by \$ 13,703,383 at the close of the fiscal year. The table below summarizes Lighthouse Point's net assets for the fiscal year ended September 30, 2005 compared to September 30, 2004.

The largest portion of the City's net assets (54.7%) reflects its investment in capital assets (land, buildings, improvements other than buildings, machinery and equipment and infrastructure) less any related outstanding debt used to acquire those assets (approximately \$ 6.0 million). The City of Lighthouse Point uses the capital assets to provide services to the residents; therefore, these assets are not available for future spending. However, since these capital assets cannot be used to liquidate the liabilities, the City must provide other sources for repayment of debt.

City of Lighthouse Point, Florida Net Assets

	<u>2005</u>	<u>2004</u>
Current and other assets	\$ 8,278,094	\$ 13,301,995
Capital assets	<u>13,002,567</u>	<u>12,663,964</u>
Total assets	<u>21,280,661</u>	<u>25,965,959</u>
Long-term liabilities outstanding	6,804,336	7,115,734
Other liabilities	<u>772,942</u>	<u>6,874,228</u>
Total liabilities	<u>7,577,278</u>	<u>13,989,962</u>
Net assets:		
Invested in capital assets, net of related debt	7,497,567	6,923,964
Restricted	2,773,331	2,391,806
Unrestricted	<u>3,432,485</u>	<u>2,660,227</u>
Total net assets	\$ <u>13,703,383</u>	\$ <u>11,975,997</u>

Honorable Mayor
 Members of the City Commission
 Residents of the City of Lighthouse Point, Florida

A portion of net assets, approximately 20% represents resources that are subject to external restrictions on how they may be used. The remaining balances of unrestricted net assets (\$ 3,432,485) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Lighthouse Point is able to report positive balances in both categories of net assets; in government as a whole as well as its governmental activities. The reader should note that current assets and other liabilities have been recorded differently than in the prior year. Budgeted ad valorem taxes for the upcoming fiscal year have not been shown as either accounts receivable or deferred revenue.

Governmental activities:

Governmental activities increased the City of Lighthouse Point's net assets by \$ 1,727,386. The activity accounted for all the total growth in the net assets of the City. Key elements of the change are described below:

City of Lighthouse Point, Florida
 Change in Net Assets
 September 30

	<u>2005</u>	<u>2004</u>
REVENUES:		
Program revenues:		
Charges for services	\$ 2,546,397	\$ 2,341,386
Operating grants and contributions	336,822	391,655
Capital grants and contributions	291,877	55,029
General revenues:		
Ad-valorem taxes	5,762,042	5,259,301
Other taxes and fees	2,622,026	2,549,728
Intergovernmental revenues	1,235,660	1,132,499
Miscellaneous	1,412,553	1,156,473
Donation of park land	<u> --</u>	<u>3,578,070</u>
Total revenues	<u>14,207,377</u>	<u>16,464,141</u>
EXPENSES:		
General government	1,171,742	1,259,380
Public safety	6,738,436	6,307,172
Physical environment	3,186,329	2,807,414
Transportation	51,022	50,684
Culture and recreation	1,091,936	1,027,757
Debt service	<u>240,526</u>	<u>247,274</u>
Total expenses	<u>12,479,991</u>	<u>11,699,681</u>
Change in net assets	1,727,386	4,764,460
NET ASSETS AT BEGINNING OF YEAR	<u>11,975,997</u>	<u>7,211,537</u>
NET ASSETS AT END OF YEAR \$	<u>13,703,383</u>	<u>\$ 11,975,997</u>

The most significant increases in revenue were ad valorem taxes (\$ 502,741), charges for services (\$ 205,011), and miscellaneous (\$ 256,080) which were attributable to code violations.

Honorable Mayor
 Members of the City Commission
 Residents of the City of Lighthouse Point, Florida

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.

Governmental funds: The focus of the City's governmental funds is to provide information on 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 fiscal year 2005, the City of Lighthouse Point's governmental funds reported combined ending fund balances of \$ 7,188,870. Approximately 67% of the fund balance constitutes unreserved fund balance, or \$ 4,816,093 that is available for spending at the City's discretion. The remainder is reserved indicating it is not available for new spending because it is already committed and liquidate contracts and purchase orders of the period.

The General Fund is the chief operating fund of the City of Lighthouse Point. At the end of the fiscal year, unreserved and undesignated fund balance of the General Fund was \$ 2,255,668. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund expenditures. Unreserved and undesignated fund balance represents 21% of the total General Fund expenditures, while total fund balance represents 25.5% of the same amount.

The key factors responsible for the increase in the fund balance of the City of Lighthouse Point are:

- Continued growth in the ad valorem valuation after establishing the millage rate for the year
- Continued recovery in the state-wide economy resulting in favorable increases in franchise fees, utility taxes and intergovernmental revenue sources.
- Continued attention to expenses, resulting in cost savings in all departments.

General Fund

The following table summarizes the General Fund's revenues and expenditures compared with the prior year:

<u>Revenues</u>	<u>Fiscal Year 2005</u>	<u>Fiscal Year 2004</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Ad Valorem	\$ 5,300,242	\$ 4,786,960	\$ 513,282	10.72
Franchise fees	788,445	787,205	1,240	0.16
Utility service taxes	1,785,206	1,757,313	27,893	1.59
Licenses and permits	814,855	652,083	162,772	24.96
Intergovernmental revenues	1,853,807	1,574,915	278,892	17.71
Charges for services	377,657	344,901	32,756	9.50
Fines and forfeitures	286,456	39,413	247,043	626.81
Miscellaneous	584,274	513,479	70,795	13.79
Other sources	<u>190,664</u>	<u>195,400</u>	<u>(4,736)</u>	(2.42)
	\$ <u>11,981,606</u>	\$ <u>10,651,669</u>	\$ <u>1,329,937</u>	12.49

Honorable Mayor
 Members of the City Commission
 Residents of the City of Lighthouse Point, Florida

<u>Expenditures</u>	<u>Fiscal Year 2005</u>	<u>Fiscal Year 2004</u>	<u>Dollar Change</u>	<u>Percent Change</u>
General government	\$ 1,116,493	\$ 1,216,751	\$ (100,258)	(8.24)
Public safety	6,672,551	6,178,766	493,785	7.99
Physical environment	1,852,783	1,494,006	358,777	24.01
Transportation	52,573	50,595	1,978	3.91
Culture/Recreation	802,580	747,676	54,904	7.34
Debt service	161,665	207,642	(45,977)	(22.14)
Other uses	<u>1,384,586</u>	<u>300,931</u>	<u>1,083,655</u>	360.10
	\$ <u>12,043,031</u>	\$ <u>10,196,367</u>	\$ <u>1,846,864</u>	18.11

The General Fund original budget for fiscal year 2006 has been approved in the amount of \$ 11,580,115 which represents an increase of \$ 379,564 or 3.38% over the final budget of \$ 11,200,551 for fiscal year 2005. The operating millage rate has been established at 3.5630, which represents the fifth consecutive year the rate has been reduced.

The City's assessed value after exemptions of approximately \$ 1.537 billion represented an increase of 11.54% from the previous year. This represents the fourth consecutive year of double digit growth in the City's tax base; the prior two-year's growth rates were 15.90% and 13.52%. Although there is a heavy reliance on property taxes to fund general government operations, the City's conservative policy regarding property taxes is to keep increases, when required, to a minimum. For the current year, ad valorem revenues increased by \$ 513,282 as a result of the continued growth in the City's tax base. The Commission decreased its operating rate by 1.00% from 3.6107 to 3.5746 for 2004-2005. This represents the third consecutive rate decrease and the lowest rate since 1993-1994 when the rate was 3.3875.

Expenditures increased significantly as the Commission authorized use of contingencies (shown as transfers out) for the renovation of the former school site as the new police headquarters and for the replacement of the bridge over the North Grand Canal on Lighthouse Drive. Per Commission policy, balances in infrastructure accounts are transferred at year end to special revenue funds. The City will also be receiving \$ 104,014 in grants from the Federal Emergency Management Agency and the State of Florida for recovery from Hurricane Katrina. Other grants accounted for approximately \$ 300,000 in increased resources and spending over the original General Fund budget. The reader is referred to pages 42-43 for a list of grants received and expended. The increase in fines is attributable to \$ 200,000 in accounts receivable for one code enforcement case.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were significant changes to the City's original budget. The changes are summarized as follows:

<u>Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Ad Valorem	\$ 5,308,500	\$ 5,308,500	\$ --	--
Franchise fees	790,100	798,100	8,000	1.00
Utility Service taxes	1,773,000	1,773,000	--	--
Licenses and permits	599,350	629,350	30,000	5.00
Intergovernmental revenue	1,331,264	1,580,264	249,000	18.70
Charges for services	301,000	331,000	30,000	9.97
Fines and forfeitures	30,300	70,300	40,000	132.01
Miscellaneous	501,700	565,700	64,000	12.76
Other sources	151,900	196,900	45,000	29.63
Fund balance change	--	<u>1,332,023</u>	<u>1,332,023</u>	100.00
	\$ <u>10,787,114</u>	\$ <u>12,585,137</u>	\$ <u>1,798,023</u>	16.67

Honorable Mayor
 Members of the City Commission
 Residents of the City of Lighthouse Point, Florida

<u>Expenditures</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Dollar Change</u>	<u>Percent Change</u>
General government	\$ 1,225,012	\$ 1,161,296	\$ (63,716)	(5.20)
Public safety	6,486,471	6,665,386	178,915	2.76
Physical environment	1,656,598	2,338,038	681,440	41.13
Transportation	53,459	53,459	--	--
Culture/Recreation	784,799	819,498	34,699	4.42
Debt service	152,874	162,874	10,000	6.54
Other uses	<u>427,901</u>	<u>1,384,586</u>	<u>956,685</u>	223.58
	\$ <u>10,787,114</u>	\$ <u>12,585,137</u>	\$ <u>1,798,023</u>	16.67

Tennis Center

The Tennis Center liquidated the remaining portion of fund balance accumulated in prior fiscal years. Additionally, revenues (court fees and memberships) were down 10% compared to fiscal year 2004 while expenditures were 4.4% higher for the same period. The City will be exploring options to address the negative fund balance in the Tennis Center as part of the budget process for fiscal year 2007.

<u>Revenues</u>	<u>Fiscal Year 2005</u>	<u>Fiscal Year 2004</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Charges for services	\$ 55,329	\$ 61,427	\$ (6,098)	(9.93)
Miscellaneous	3,503	4,024	(521)	(12.95)
Transfers in	<u>86,969</u>	<u>86,969</u>	<u>--</u>	--
	\$ <u>145,801</u>	\$ <u>152,420</u>	\$ <u>(6,619)</u>	(4.34)

Expenditures

Culture/Recreation	\$ 166,450	\$ 159,459	\$ 6,991	4.38
Debt Service	<u>2,550</u>	<u>2,550</u>	<u>--</u>	--
	\$ <u>169,000</u>	\$ <u>162,009</u>	\$ <u>6,991</u>	4.32

<u>Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Charges for services	\$ 72,011	\$ 72,011	\$ --	--
Miscellaneous	200	200	--	--
Transfer in	86,969	86,969	--	--
Fund balance change	<u>6,826</u>	<u>6,826</u>	<u>--</u>	--
	\$ <u>166,006</u>	\$ <u>166,006</u>	\$ <u>--</u>	--

Honorable Mayor
 Members of the City Commission
 Residents of the City of Lighthouse Point, Florida

<u>Expenditures</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Culture/Recreation	\$ 163,340	\$ 163,244	\$ 96	0.10
Debt Service	<u>2,666</u>	<u>2,762</u>	<u>(96)</u>	(3.50)
	\$ <u>166,006</u>	\$ <u>166,006</u>	\$ <u>--</u>	--

Garbage and Trash Fund

The City contracts for refuse collection service and charges a user fee to residential customers. Expenditures for the service were stable in fiscal year 2005 but transfers out were increased due to City needs for sidewalks and the availability of refunds from the Broward County Resource Recovery Board. The refund relates to the refinancing of the bonded debt for the County Incinerator. The City received \$ 123,000 in such refunds in fiscal year 2005 and \$ 23,500 was authorized for sidewalk repairs. The remaining amount has been retained in the Garbage and Trash Fund. Recycling proceeds were also higher in fiscal year 2005 and contributed to overall increase in fund balance of \$ 186,000.

<u>Revenues</u>	<u>Fiscal Year 2005</u>	<u>Fiscal Year 2004</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Charges for services	\$ 1,297,520	\$ 1,282,860	\$ 14,660	1.14
Miscellaneous	<u>231,173</u>	<u>208,165</u>	<u>23,008</u>	11.05
	\$ <u>1,528,693</u>	\$ <u>1,491,025</u>	\$ <u>37,668</u>	2.53

Expenditures

Physical Environment	\$ 1,331,015	\$ 1,342,240	\$ (11,225)	(0.84)
Transfers out	<u>77,500</u>	<u>34,400</u>	<u>43,100</u>	125.29
	\$ <u>1,408,515</u>	\$ <u>1,376,640</u>	\$ <u>31,875</u>	2.32

<u>Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Charges for services	\$ 1,316,000	\$ 1,316,000	\$ --	--
Miscellaneous	72,000	72,000	--	--
Fund balance change	<u>65,600</u>	<u>32,100</u>	<u>(33,500)</u>	(104.36)
	\$ <u>1,453,600</u>	\$ <u>1,420,100</u>	\$ <u>(33,500)</u>	(2.36)

Expenditures

Physical Environment	\$ 1,376,100	\$ 1,376,100	\$ --	--
Transfer out	<u>44,000</u>	<u>77,500</u>	<u>33,500</u>	(43.23)
	\$ <u>1,420,100</u>	\$ <u>1,453,600</u>	\$ <u>33,500</u>	(2.30)

Honorable Mayor
 Members of the City Commission
 Residents of the City of Lighthouse Point, Florida

Debt Service Fund

The Debt Service Fund benefitted from the increase in interest rates which led to more than double the interest earnings of fiscal year 2004.

	<u>Fiscal Year 2005</u>	<u>Fiscal Year 2004</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<u>Revenues</u>				
Ad valorem taxes	\$ 461,800	\$ 472,341	\$ (10,541)	(2.23)
Miscellaneous	<u>5,466</u>	<u>2,488</u>	<u>2,978</u>	119.69
	\$ <u>467,266</u>	\$ <u>474,829</u>	\$ <u>(7,563)</u>	(1.59)

Expenditures

Debt Service	\$ <u>464,788</u>	\$ <u>466,412</u>	\$ <u>(1,624)</u>	(0.35)
	\$ <u>464,788</u>	\$ <u>466,412</u>	\$ <u>(1,624)</u>	(0.35)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<u>Revenues</u>				
Ad valorem taxes	\$ 462,500	\$ 462,500	\$ --	--
Miscellaneous	2,588	2,588	--	--
Fund balance change	--	--	--	--
	\$ <u>465,088</u>	\$ <u>465,088</u>	\$ <u>--</u>	--

Expenditures

Debt Service	\$ <u>465,088</u>	\$ <u>465,088</u>	\$ <u>--</u>	--
	\$ <u>465,088</u>	\$ <u>465,088</u>	\$ <u>--</u>	--

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, 2005 amounts to \$ 13,002,567 (net of accumulated depreciation). This investment includes land, buildings and improvements, equipment and fixtures, vehicles, and infrastructure.

Major capital assets events during the current fiscal year included the following:

- Increase in construction in progress for renovation of former school building as new police headquarters (\$ 403,146), preliminary costs for expansion of library (\$ 21,668), preliminary work for road improvements (\$ 19,220) and fire station renovations (\$ 8,843).

Honorable Mayor
 Members of the City Commission
 Residents of the City of Lighthouse Point, Florida

CAPITAL ASSETS

Capital assets for the year ended September 30, 2005, consisted of the following:

Governmental activities:

	<u>2005</u>	<u>2004</u>
Capital assets:		
Land	\$ 7,059,360	\$ 7,059,360
Buildings and land improvements	5,711,471	5,661,636
Equipment and fixtures	1,543,118	1,531,677
Vehicles	1,380,095	1,379,916
Infrastructure	666,345	600,595
Construction in progress	<u>553,763</u>	<u>100,886</u>
Total capital assets	\$ <u>16,914,152</u>	\$ <u>16,334,070</u>

Further data of the City of Lighthouse Point's capital assets can be found in Note I on pages 35-36.

Long-term debt. At the end of the fiscal year, the City had total debt outstanding of \$ 6,804,336. Ad valorem taxes provide the revenue stream for the repayment of bonds, while a General Fund pledge to budget supports the capital leases.

<u>Governmental activities:</u>	<u>Beginning</u> <u>Balance</u>		<u>Additions</u>		<u>Reductions</u>		<u>Ending</u> <u>Balance</u>
General obligation bonds	\$ 5,740,000	\$	--	\$	235,000	\$	5,505,000
Capital leases	372,019		101,664		140,651		333,032
Compensated absences	<u>1,000,715</u>		<u>17,283</u>		<u>51,694</u>		<u>966,304</u>
	\$ <u>7,112,734</u>	\$	<u>118,947</u>	\$	<u>427,345</u>	\$	<u>6,804,336</u>

Additional information on the City of Lighthouse Point's long-term debt can be found in Note J on pages 37-38.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The State of Florida, by constitution, does not have a state personal income tax and therefore the state operates primarily using sales, gasoline, and corporate income taxes. Local governments rely on property tax, and a limited variety of permitted other taxes such as utility taxes, sales and gasoline, and fees such as occupational license and franchise fees to support their governmental activities.

- Inflationary trends compare favorably to national rates.
- A 15% increase in taxable property valuation is indicated for the fiscal year 2005/2006.

Honorable Mayor
Members of the City Commission
Residents of the City of Lighthouse Point, Florida

- Since a large percentage of the City's residents are professionals, the outlook has always been optimistic with respect to unemployment statistics in the City compared to the state and the nation.
- The General Fund original budget for fiscal year 2006 has been approved in the amount of \$ 11,580,115, which represents an increase of \$ 379,564 or 3.3% over the final budget of \$ 11,200,551 for fiscal year 2005. The millage rate has been established at 3.563, which represents the fifth consecutive year the rate has been reduced.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Lighthouse Point's finances 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 Office of the Director of Finance, City of Lighthouse Point.

**BASIC
FINANCIAL STATEMENTS**

CITY OF LIGHTHOUSE POINT, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2005

	<u>Governmental Activities</u>
ASSETS:	
Cash	\$ 500,495
Investments	6,190,780
Accounts receivable	537,354
Due from other governments	736,902
Prepaid expenses	309,003
Other assets	3,560
Capital assets, depreciable (net)	5,389,444
Capital assets, nondepreciable	<u>7,613,123</u>
Total assets	<u>21,280,661</u>
LIABILITIES:	
Accounts payable	392,243
Retainage payable	22,732
Accrued payroll and related taxes	186,808
Accrued interest	38,514
Deposits	46,077
Licenses collected in advance	68,751
Deferred revenues	17,128
Other	689
Noncurrent liabilities	
Due within one year	433,465
Due in more than one year	<u>6,370,871</u>
Total liabilities	<u>7,577,278</u>
NET ASSETS:	
Invested in capital assets net of related debt	7,497,567
Restricted for:	
Capital projects	2,672,033
Debt service	24,731
Law enforcement trust	76,567
Unrestricted	<u>3,432,485</u>
Total net assets	<u>\$ 13,703,383</u>

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, 2005

	Program Revenues				
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>	
FUNCTIONS/PROGRAMS:					
Governmental activities:					
General government	\$ 1,171,742	\$ 94,712	\$ 11,260	\$ --	\$ (1,065,770)
Public safety	6,725,610	1,019,544	86,497	137,526	(5,482,043)
Physical environment	3,186,329	1,297,520	146,042	153,335	(1,589,432)
Transportation	51,022	--	42,570	--	(8,452)
Culture/recreation	1,091,936	134,621	50,453	1,016	(905,846)
Interest expense	<u>253,352</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(253,352)</u>
 Total governmental activities	 \$ <u>12,479,991</u>	 \$ <u>2,546,397</u>	 \$ <u>336,822</u>	 \$ <u>291,877</u>	 <u>(9,304,895)</u>
 General revenues:					
Taxes:					
					5,762,042
					838,136
					1,783,890
					1,235,660
					437,059
					<u>975,494</u>
					 11,032,281
					 1,727,386
					 11,975,997
					 \$ <u>13,703,383</u>

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

CITY OF LIGHTHOUSE POINT, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2005

	Major Governmental Funds					
	General Fund	Garbage and Trash Fund	Bond Construction Fund	Police Building Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:						
Cash	\$ 81,921	\$ 264,997	\$ --	\$ --	\$ 153,577	\$ 500,495
Investments	4,258,615	--	1,904,441	--	27,724	6,190,780
Due from other funds	--	--	--	1,446,736	1,205,795	2,652,531
Accounts receivable	528,175	5,835	--	--	3,344	537,354
Due from other governments	466,841	270,061	--	--	--	736,902
Prepaid expenses	309,003	--	--	--	--	309,003
Other assets	3,560	--	--	--	--	3,560
	<u>\$ 5,648,115</u>	<u>\$ 540,893</u>	<u>\$ 1,904,441</u>	<u>\$ 1,446,736</u>	<u>\$ 1,390,440</u>	<u>\$ 10,930,625</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts payable	\$ 144,559	\$ 107,897	\$ 11,037	\$ 118,414	\$ 10,336	\$ 392,243
Retainage payable	--	--	--	22,732	--	22,732
Accrued payroll and related taxes	184,271	--	--	--	2,537	186,808
Due to other funds	2,110,454	--	526,961	--	15,116	2,652,531
Deposits	46,077	--	--	--	--	46,077
Licenses collected in advance	68,751	--	--	--	--	68,751
Deferred revenue	371,749	--	--	--	175	371,924
Other	689	--	--	--	--	689
	<u>2,926,550</u>	<u>107,897</u>	<u>537,998</u>	<u>141,146</u>	<u>28,164</u>	<u>3,741,755</u>
Fund balances:						
Reserved for:						
Encumbrances	465,897	--	297,758	1,070,553	513,838	2,348,046
Debt service	--	--	--	--	24,731	24,731
Unreserved:						
Undesignated:						
General Fund	2,255,668	--	--	--	--	2,255,668
Special Revenue Funds	--	432,996	--	--	823,707	1,256,703
Capital Projects Fund	--	--	1,068,685	235,037	--	1,303,722
	<u>2,721,565</u>	<u>432,996</u>	<u>1,366,443</u>	<u>1,305,590</u>	<u>1,362,276</u>	<u>7,188,870</u>
Total liabilities and fund balances	<u>\$ 5,648,115</u>	<u>\$ 540,893</u>	<u>\$ 1,904,441</u>	<u>\$ 1,446,736</u>	<u>\$ 1,390,440</u>	<u>\$ 10,930,625</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, 2005

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE:

Total fund balance of governmental funds in the balance sheet, Page 16		\$ 7,188,870
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds:		
The cost of capital assets is	\$ 16,914,152	
Accumulated depreciation is	<u>(3,911,585)</u>	13,002,567
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 unearned revenue in the governmental funds, and thus are not included in fund balance.		
Adjustment of unearned revenue		354,796
Long-term liabilities, including leases, bonds payable, compensated absences and accrued interest, are not due and payable in the current period and therefore are not reported in the funds		<u>(6,842,850)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 15		\$ <u>13,703,383</u>

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
September 30, 2005

	Major Governmental Funds					Total Governmental Funds
	General Fund	Garbage and Trash Fund	Bond Construction Fund	Police Building Construction Fund	Nonmajor Governmental Funds	
REVENUES:						
Ad valorem taxes	\$ 5,300,242	\$ --	\$ --	\$ --	\$ 461,800	\$ 5,762,042
Franchise fees	788,445	--	--	--	--	788,445
Utility services taxes	1,785,206	--	--	--	--	1,785,206
Licenses and permits	814,855	--	--	--	--	814,855
Intergovernmental revenues	1,853,807	--	--	--	3,791	1,857,598
Charges for services	377,657	1,297,520	--	--	56,364	1,731,541
Fines and forfeitures	286,456	--	--	--	150,603	437,059
Miscellaneous	584,274	231,173	46,884	--	134,750	997,081
Total revenues	<u>11,790,942</u>	<u>1,528,693</u>	<u>46,884</u>	<u>--</u>	<u>807,308</u>	<u>14,173,827</u>
EXPENDITURES:						
Current:						
General government	1,112,111	--	--	--	--	1,112,111
Public safety	6,380,132	--	--	--	549	6,380,681
Physical environment	1,142,418	1,331,015	--	--	4,553	2,477,986
Transportation	52,573	--	--	--	--	52,573
Culture/recreation	636,719	--	--	--	238,286	875,005
Capital outlay	1,173,027	--	279,434	239,259	32,691	1,724,411
Debt service	161,665	--	--	--	467,338	629,003
Total expenditures	<u>10,658,645</u>	<u>1,331,015</u>	<u>279,434</u>	<u>239,259</u>	<u>743,417</u>	<u>13,251,770</u>
Excess (deficiency) of revenues over expenditures	<u>1,132,297</u>	<u>197,678</u>	<u>(232,550)</u>	<u>(239,259)</u>	<u>63,891</u>	<u>922,057</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	89,000	--	--	1,544,849	693,435	2,327,284
Transfers out	(1,384,586)	(77,500)	(255,698)	--	(609,500)	(2,327,284)
Capital leases	101,664	--	--	--	--	101,664
Total other financing sources (uses)	<u>(1,193,922)</u>	<u>(77,500)</u>	<u>(255,698)</u>	<u>1,544,849</u>	<u>83,935</u>	<u>101,664</u>
Net change in fund balance	(61,625)	120,178	(488,248)	1,305,590	147,826	1,023,721
FUND BALANCES - BEGINNING	<u>2,783,190</u>	<u>312,818</u>	<u>1,854,691</u>	<u>--</u>	<u>1,214,450</u>	<u>6,165,149</u>
FUND BALANCES - ENDING	\$ <u>2,721,565</u>	\$ <u>432,996</u>	\$ <u>1,366,443</u>	\$ <u>1,305,590</u>	\$ <u>1,362,276</u>	\$ <u>7,188,870</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, 2005

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS, PAGE 18 \$ 1,023,721

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

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

Expenditures for capital assets	\$ 800,802	
Less current year depreciation expense	<u>(453,734)</u>	347,068

The net effect of various miscellaneous transactions involving capital assets (trade-ins, retirements) is to decrease net assets. (8,466)

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

Miscellaneous revenues		55,138
------------------------	--	--------

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. This is the amount by which repayments exceed debt proceeds.

Debt proceeds	(101,664)	
Principal payments	<u>375,651</u>	273,987

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.

Change in interest payable	1,527	
Change in compensated absences payable	<u>34,411</u>	<u>35,938</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 15 \$ 1,727,386

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, 2005

	Budgeted amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Ad valorem taxes	\$ 5,308,500	\$ 5,308,500	\$ 5,300,242	\$ (8,258)
Franchise fees	790,100	798,100	788,445	(9,655)
Utility service taxes	1,773,000	1,773,000	1,785,206	12,206
Licenses and permits	599,350	629,350	814,855	185,505
Intergovernmental revenues	1,331,264	1,580,264	1,853,807	273,543
Charges for services	301,000	331,000	377,657	46,657
Fines and forfeitures	30,300	70,300	286,456	216,156
Miscellaneous	501,700	565,700	584,274	18,574
Total revenues	10,635,214	11,056,214	11,790,942	734,728
EXPENDITURES:				
Current				
General government	1,224,262	1,156,896	1,112,111	44,785
Public safety	6,369,465	6,367,140	6,380,132	(12,992)
Physical environment	1,049,415	1,140,455	1,142,418	(1,963)
Transportation	53,459	53,459	52,573	886
Culture/recreation	668,999	645,999	636,719	9,280
Capital outlay	840,739	1,673,728	1,173,027	500,701
Debt service	152,874	162,874	161,665	1,209
Total expenditures	10,359,213	11,200,551	10,658,645	541,906
Excess (deficiency) of revenues over expenditures	276,001	(144,337)	1,132,297	1,276,634
OTHER FINANCING SOURCES (USES):				
Transfers in	44,000	89,000	89,000	--
Transfers out	(427,901)	(1,384,586)	(1,384,586)	--
Capital leases	107,900	107,900	101,664	(6,236)
Total other financing sources (uses)	(276,001)	(1,187,686)	(1,193,922)	(6,236)
Net change in fund balances	--	(1,332,023)	(61,625)	1,270,398
FUND BALANCE - BEGINNING	2,783,190	2,783,190	2,783,190	--
FUND BALANCE - ENDING	\$ <u>2,783,190</u>	\$ <u>1,451,167</u>	\$ <u>2,721,565</u>	\$ <u>1,270,398</u>

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, 2005

	<u>Budgeted amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services				
Garbage/solid waste fees	\$ 1,316,000	\$ 1,316,000	\$ 1,297,520	\$ (18,480)
Miscellaneous				
Recycling proceeds	42,000	42,000	97,429	55,429
Refunded interest proceeds	30,000	30,000	123,373	93,373
Interest income	<u> --</u>	<u> --</u>	<u>10,371</u>	<u>10,371</u>
Total miscellaneous	<u>72,000</u>	<u>72,000</u>	<u>231,173</u>	<u>159,173</u>
Total revenues	1,388,000	1,388,000	1,528,693	140,693
EXPENDITURES				
Physical environment				
Trash collection				
Operating expenditures	<u>1,376,100</u>	<u>1,376,100</u>	<u>1,331,015</u>	<u>45,085</u>
Total expenditures	<u>1,376,100</u>	<u>1,376,100</u>	<u>1,331,015</u>	<u>45,085</u>
Excess of revenues over expenditures	11,900	11,900	197,678	185,778
OTHER FINANCING USES				
Transfers out	<u>(44,000)</u>	<u>(77,500)</u>	<u>(77,500)</u>	<u> --</u>
Net change in fund balance	(32,100)	(65,600)	120,178	185,778
FUND BALANCE - BEGINNING				
	<u>312,818</u>	<u>312,818</u>	<u>312,818</u>	<u> --</u>
FUND BALANCE - ENDING	\$ <u>280,718</u>	\$ <u>247,218</u>	\$ <u>432,996</u>	\$ <u>185,778</u>

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
For the Year Ended September 30, 2005

ASSETS:

Investments:	
Domestic equities	\$ 9,458,888
Government securities	1,224,965
Fixed income	7,127,694
International	367,166
Cash management	<u>219,327</u>
Total	<u>18,398,040</u>
Participant loans receivable	<u>370,066</u>
Total assets	18,768,106
 LIABILITIES	 <u> --</u>
 NET ASSETS	 \$ <u>18,768,106</u>

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, 2005

ADDITIONS:	
Contributions:	
City	\$ 650,500
Employees	<u>695,173</u>
Total contributions	<u>1,345,673</u>
Investment earnings:	
Interest, dividends and investment value changes	1,598,649
Less investment expense	<u>156,998</u>
Net investment earnings	<u>1,441,651</u>
Total additions	<u>2,787,324</u>
DEDUCTIONS:	
Benefits	291,324
Refund of contributions:	
Employees	<u>629,483</u>
Total deductions	<u>920,807</u>
Change in net assets	1,866,517
NET ASSETS - BEGINNING	<u>16,901,589</u>
NET ASSETS - ENDING	\$ <u>18,768,106</u>

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, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The City of Lighthouse Point, in the County of Broward, 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 and 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 consists of identification of legally separate organizations for which the elected officials of the City are financially accountable. This criteria 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 potential component units or related organizations of the City.

Basis of presentation:

Government-wide financial statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for the fiduciary fund. The statements distinguish between governmental and business-type activities (if any). Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. As of September 30, 2005, the City had no business-type activities.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Fund financial statements

The accounts of the City are organized on the basis of funds, each of which is considered and accounted for as a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary and fiduciary. As of September 30, 2005, the City had no proprietary funds. An emphasis is placed on major funds within the governmental category.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Special Revenue Fund accounts for revenues and expenditures associated with the collection and disposal of single family and multi-family refuse as performed by a private contractor.

Bond Construction Fund - This capital improvement fund was created to account for the proceeds of the General Obligation Bonds approved by voters and sold in 2002 for police, fire, library, and infrastructure improvements.

Police Building Construction Fund - This capital improvement fund was created in fiscal year 2005 to account for the renovation of a school facility into a new police facility.

Additionally, the government reports the following fund types:

Pension Trust Fund - The Pension Trust Fund accounts for the activities of the Lighthouse Point Retirement System which accumulates resources for pension benefit payments to qualified employees.

Measurement Focus and basis of accounting:

Government-wide financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the government. Fiduciary funds are excluded from the government-wide financial statements. The effect of interfund activity has been removed from these statements.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This differs from the manner in which governmental fund financial statements are prepared. Therefore, 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.

Fund financial statements

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, generally only current assets and current 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 net current assets.

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 on a flow of 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, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty 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.

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. All other revenue items are considered to be measurable and available only when cash is received by the government.

Use of estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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.

Accounts receivable:

Accounts receivable consist of amounts due for services. No allowance for doubtful accounts has been provided for in the accompanying financial statements.

Investments:

All City investments are stated at fair value. Interest income from pooled cash and investments is allocated on the basis of each individual fund's proportionate share of the investment pool.

Capital assets:

Capital assets, which include land, buildings, improvements other than buildings, machinery and equipment and infrastructure are reported in the governmental activities column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$ 200 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the government are depreciated using the straight-line method over their estimated useful lives:

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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. Encumbrances outstanding at year end are reported as reservations of fund balance since they do not constitute expenditures or liabilities. At September 30, 2005, encumbrances outstanding are as follows:

General Fund	\$	465,897
Tennis Center		2,430
Special Revenue		511,408
Bond Construction Fund		297,758
Police Building Construction Fund		<u>1,070,553</u>
	\$	<u>2,348,046</u>

Compensated absences:

City employees are granted vacation, sick and compensatory leave in varying amounts based on length of service. Upon separation in good standing, employees receive full reimbursement for accumulated vacation and compensatory hours. Payments for sick leave varies 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 absence liability payable from expendable available financial resources.

Deferred revenue:

Governmental funds report unearned 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.

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.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the fund financial statements, debt proceeds are reported as an other financing source. Issue costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Equity classifications:

Government-wide statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets - consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund statements

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to September 1, the Mayor submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance. Property taxes are payable from November 1 to March 31 and become delinquent on April 1.
4. Appropriations which are neither expended, encumbered or specifically designated to be carried over lapse at the end of the fiscal year.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2005

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

5. The City prepares and adopts a budget for the General Fund, Tennis Center Fund, Garbage and Trash Fund, and Debt Service Fund. The budgets are adopted on a basis consistent with generally accepted accounting principles. 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 \$ 1,798,023 of supplemental appropriations.

For two departments (Police and Fire), actual expenditures did exceed final amended budget amounts for personal services by immaterial amounts. The budget amounts were exceeded due to payroll paid after September 30, 2005 but attributable to work performed during fiscal year 2005. In the case of the Police Department, the final personal services budget was exceeded by \$ 28,136 or 0.9%. In the case of the Fire Department, the final personal services budget was exceeded by \$ 18,212 or 0.9% and is partially attributable to retroactive pay related to a union contract settlement after September 30, 2005. In the Tennis Center Fund, expenditures exceeded the budget by 2.0% due to payments made in October accrued back to September. Procedures have been modified to avoid these circumstances in the future.

NOTE C - PROPERTY TAX

Property taxes are levied and become a lien on real and personal property prior to September 30, and are payable 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 April 1 until a tax sale certificate is sold at auction.

Assessed values are established by the Broward County Property Appraiser at just values. The assessed value of property at January 1, 2004, upon which the 2004-2005 levy was based, was approximately \$ 1,536,602,273. The County 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 for general governmental services (other than the payment of principal and interest on general obligation long-term debt). In addition, unlimited amounts may be levied for the payment of principal and interest on general obligation long-term debt subject to a limitation on the amount of debt outstanding. The tax rate to finance general governmental services (other than the payment of principal and interest on general obligation long-term debt) for the year ended September 30, 2005 was 3.5746 per \$ 1,000.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2005

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. These deposits are insured by the Federal Deposit Insurance Corporation up to \$ 200,000, \$ 100,000 for demand deposits and \$ 100,000 for savings deposits. 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. At year end, the carrying amount of the City's deposits was \$ 500,495 and the bank balance was \$ 835,682. Accordingly, the bank balances are considered to be insured for risk disclosure purposes.

Investments:

The City has adopted an investment policy (Ordinance 782), which governs the investment of funds in excess of those required to meet current expenses to be paid within sixty days. The City is authorized to make investments in obligations of the United States government, Federal agencies, investment grade bonds, commercial paper, repurchase agreements, investment trusts and the local government surplus funds trust fund. The City has established a maximum maturity of five years on any investment instruments. A total of 91 percent of the City's portfolio was placed in the State of Florida Local Government Investment Pool with a value at year end of \$ 5,634,048. The City has two separate accounts with the State: one for operations and a second account for general obligation bond proceeds and the sinking fund for debt service. The remaining investments at September 30, 2005 were managed by the Florida Municipal Investment Trust and Wachovia Securities.

Total governmental funds investments as of September 30, 2005, were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>Investment Maturities (in years)</u>		
			<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
State Investment Pool	\$ 5,634,048	\$ 5,634,048	\$ --	\$ --	\$ --
Mutual Funds	282,250	--	282,250	--	--
Certificates of Deposit	148,570	107,987	40,583	--	--
Money Market Funds	<u>125,912</u>	<u>125,912</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total	\$ <u>6,190,780</u>	\$ <u>5,867,947</u>	\$ <u>322,833</u>	\$ <u>--</u>	\$ <u>--</u>

Interest Rate Risk

The City's investment policy is designed to minimize the risk that the market 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.
- Structuring the investment portfolio so that securities do not have to be sold prior to maturity to meet cash flow requirements

The State Investment Pool has an average maturity over the last five years of less than ninety days.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2005

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, broker/dealers, intermediaries, and advisors with which the City will do business
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized

No one issuer holds five percent or more of the City's portfolio. The Local Government Investment Pool had a diversified portfolio in itself in FY 2005 with 31 percent in commercial paper, 21 percent in Federal Agency Obligations, and 30 percent in liquidity notes. The remainder of the pool's portfolio is comprised of cash, certificates of deposit, floating or adjustable rate notes, and treasury bills. The bond mutual funds managed by the Florida Municipal Investment Trust are comprised entirely of securities with a Fitch rating of AAA.

Fiduciary Funds:

The City has seven different pension plans included in fiduciary funds. Four plans operate under the 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. 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 that is managed by the Florida League of Cities. The Florida Municipal Pension Trust Fund invests pension funds for 170 plans and 4,540 employees of counties, municipalities, special districts, school districts, and other governmental entities in Florida.

Total fiduciary funds investments as of September 30, 2005 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>More than 10</u>
Domestic Equities	\$ 9,383,122	\$ --	\$ 9,383,122	\$ --	\$ --
Fixed income	8,208,786	--	8,208,784	--	--
International	645,137	--	645,138	--	--
Cash Management	<u>160,995</u>	<u>--</u>	<u>160,996</u>	<u>--</u>	<u>--</u>
Total	\$ <u>18,398,040</u>	\$ <u>--</u>	\$ <u>18,398,040</u>	\$ <u>--</u>	\$ <u>--</u>

Interest Rate Risk

To mitigate its exposure to losses in fair value resulting from rising interest rates, 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 broad market high quality bond portfolio comprised 38% of the investment pool with a weighted average maturity of 5.7 years.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2005

NOTE D - DEPOSITS AND INVESTMENTS (continued)

Credit Risk

The plan administrators handle selection of individual securities. The defined benefit plan is overseen by a Board of Trustees comprised of local elected officials and performance is monitored by the Asset Consulting Group of St. Louis, Missouri. For the other pension plans, employees choose from 27 different portfolios offered by the Vantage Trust Company. No one issuer holds five percent or more of the fiduciary fund's portfolio.

NOTE E - INTERFUND TRANSACTIONS

Interfund receivables and payables at September 30, 2005 were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ --	\$ 2,110,454
Special Revenue Funds		
Tennis Center Fund	--	12,118
Special Purpose Funds	1,205,795	--
Debt Service Fund	--	2,998
Bond Construction Fund	--	526,961
Police Building Construction Fund	<u>1,446,736</u>	<u>--</u>
Total	\$ <u>2,652,531</u>	\$ <u>2,652,531</u>

Interfund transfers during the year were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 89,000	\$ 1,384,586
Special Revenue Funds		
Tennis Center Fund	86,969	--
Garbage and Trash Fund	<u>--</u>	<u>77,500</u>
Total budgeted funds	175,969	1,462,086
Bond Construction Fund	--	255,698
Police Building Construction Fund	1,544,849	--
Special Revenue Funds		
Special Purpose Funds	<u>606,466</u>	<u>609,500</u>
Total	\$ <u>2,327,284</u>	\$ <u>2,327,284</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 (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems and (3) payments between funds are actually made.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2005

NOTE E - INTERFUND TRANSACTIONS (continued)

In fiscal year 2005, the General Fund received \$ 89,000 in transfers from other funds including \$ 77,500 from the Garbage and Trash Fund (\$ 44,000 originally budgeted and an additional \$ 33,500 appropriated through budget amendment). The source of this transfer is the savings from Broward County bond refinancing related to the refuse-to-energy project. Additionally, \$ 9,500 was transferred from the Infrastructure Fund and \$ 2,000 from the Bond Fund both through budget amendments. The budget amendments were related to an expanded sidewalk replacement contract approved during the year. Transfers out of the General Fund include budgeted subsidies for the Tennis Center \$ 86,969, the Infrastructure Fund for street paving \$ 100,000, and the Recreation Support Fund for "Lighthouse A'Glow" holiday celebration and "Keeper's Day" City birthday event \$ 30,000. Additionally, the City Commission amended the budget to fund the replacement of a bridge on Lighthouse Drive over the North Grand Canal with \$ 285,000 and completion of the new police building renovation with \$ 691,151, both from General Fund contingencies. Finally, the City's standing policy is to transfer unexpended balances from General Fund infrastructure accounts to a special revenue infrastructure at year end. For fiscal year 2005, the transfer amounted to \$ 191,466.

The Tennis Center Fund reflects the General Fund subsidy of \$ 86,969. The Garbage and Trash Fund reflects the \$ 77,500 transferred to the General Fund.

The Bond Construction Fund in fiscal year 2005 transferred \$ 255,698 out to other funds for capital improvements. A total of \$ 253,698 was comprised of interest earnings, salvage and rental revenue and was transferred to the Police Building Construction Fund. A total of \$ 2,000 was transferred from the bond sidewalk account to the General Fund sidewalk account to cover a portion of the sidewalk replacement contract.

The Police Building Construction Fund was funded entirely from transfers coming from other City funds. The \$ 253,698 is described in the paragraph above. The General Fund transferred \$ 691,151 primarily from contingencies and the Public Safety Fund transferred \$ 600,000 from Federal and State forfeitures.

The Special Revenue Funds transfer in of \$ 415,000 is related to the bridge project and the \$ 609,500 transfer out represents the Public Safety Fund contribution to the new Police building.

NOTE F - SPECIAL REVENUE FUNDS

The City has three 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 single family and multi-family refuse. The Tennis Center Fund is budgeted and designed to account for revenues (primarily membership fees) and expenditures associated with the operation of the City's nine clay and four lighted courts. The Special Purpose Fund is established to account for the proceeds of nineteen specific revenue sources or to finance specified activities as required by law or administrative regulations. This fund is not budgeted.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2005

NOTE F - SPECIAL REVENUE FUNDS (continued)

The Special Purpose Fund maintains an internal allocation of the intended purposes of its fund balance. As of September 30, 2005, it had the following allocation:

Recreation Support			
Sponsor fees for recreation programs	\$	2,366	
Playground 2000 for park development		347	
Keeper Days for annual city anniversary celebration		33,247	
LHP A'Glow for annual holiday celebration		<u>1,247</u>	\$ 37,207
Infrastructure			
Drainage replacement		21,187	
Seawalls		123,964	
Sidewalks		9,659	
Street paving		432,793	
Bridges		6,597	
Canal maintenance		21,691	
Commission projects		<u>33,432</u>	649,323
Environmental			
Beautification improvements in the City		14,619	
Waterway cleanup and protection		<u>41,264</u>	55,883
Cultural Support			
Library donation for City programs		20,865	
Historical committee for preserving City artifacts		<u>3,762</u>	24,627
Public Safety			
Cardiopulmonary Resuscitation training		593	
Contraband - State forfeitures		728	
Contraband - Federal forfeitures		65,755	
Police education		<u>9,491</u>	<u>76,567</u>
			<u>\$ 843,607</u>

NOTE G - DEBT SERVICE FUND

The Debt Service Fund has been established to finance and account for the payment of interest and principal on the \$ 6,190,000 General Obligation Bonds, Series 2002. This debt consists of serial bonds due annually on August 1st of each year through 2022. Interest, at rates ranging from 2.75% to 4.75%, is payable semi-annually on February 1 and August 1 of each year. The debt is payable solely from a voter approved Ad Valorem Tax. The rate established for the year ended September 30, 2005 was .3114 per \$ 1,000.

NOTE H - CAPITAL PROJECTS FUNDS

The City has established two capital projects funds. The Bond Construction Fund accounts for the \$ 6,190,000 in bonds to finance various capital improvement projects outlined in the table on the next page. The Police Building Construction Fund was established to track the revenues and expenditures related to the renovation of the new police facility.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2005

NOTE H - CAPITAL PROJECTS FUNDS (continued)

On March 12, 2002, the qualified electors of the City at an election called for by the City authorized the City to issue up to \$ 6,190,000 in bonds to finance various projects. At the Bond Referendum, approximately 64.7% of the qualified electors of the City casting ballots voted in favor of issuing general obligation bonds to finance the projects. The various components of the project and the estimated cost of each component are as follows:

<u>Bond Projects</u>	<u>Project Authorizations</u>	<u>Expended</u>	<u>Encumbered</u>
New police station and fire station and library upgrades	\$ 3,182,000	\$ 2,936,440	\$ 295,758
Traffic calming and community enhancements	1,570,000	534,238	2,000
Bridge repairs	228,000	201,937	--
Stormwater upgrades	655,000	454,361	--
Street paving	<u>400,000</u>	<u>388,628</u>	<u>--</u>
Total project costs	\$ <u>6,035,000</u>	\$ <u>4,515,604</u>	\$ <u>297,758</u>

Police Building Construction Fund

<u>Project</u>	<u>Project Authorizations</u>	<u>Expended</u>	<u>Encumbered</u>
Police Station	\$ <u>1,544,849</u>	\$ <u>239,259</u>	\$ <u>1,070,553</u>
Total project costs	\$ <u>1,544,849</u>	\$ <u>239,259</u>	\$ <u>1,070,553</u>

NOTE I - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2005, was as follows:

	<u>Balance October 1, 2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2005</u>
Governmental Activities: Capital assets, not being depreciated:				
Land	\$ 7,059,360	\$ --	\$ --	\$ 7,059,360
Construction in progress	<u>100,886</u>	<u>452,877</u>	<u>--</u>	<u>553,763</u>
Total capital assets, not being depreciated	<u>7,160,246</u>	<u>452,877</u>	<u>--</u>	<u>7,613,123</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2005

NOTE I - CAPITAL ASSETS (continued)

Governmental Activities:	Balance October 1, <u>2004</u>	<u>Increases</u>	<u>Decreases</u>	Balance September 30, <u>2005</u>
Capital assets, being depreciated:				
Buildings and land improvements	5,661,636	71,907	22,072	5,711,471
Equipment and fixtures	1,531,677	110,600	99,159	1,543,118
Vehicles	1,379,916	99,668	99,489	1,380,095
Infrastructure	<u>600,595</u>	<u>65,750</u>	<u>--</u>	<u>666,345</u>
Total capital assets being depreciated	<u>9,173,824</u>	<u>347,925</u>	<u>220,720</u>	<u>9,301,029</u>
Less accumulated depreciation for:				
Buildings and land improvements	1,883,035	128,268	19,191	1,992,112
Equipment and fixtures	846,499	163,282	93,574	916,207
Vehicles	940,571	149,062	99,489	990,144
Infrastructure	<u>--</u>	<u>13,122</u>	<u>--</u>	<u>13,122</u>
Total accumulated depreciation	<u>3,670,105</u>	<u>453,734</u>	<u>212,254</u>	<u>3,911,585</u>
Total capital assets, being depreciated, net	<u>5,503,719</u>	<u>(105,809)</u>	<u>8,466</u>	<u>5,389,444</u>
Governmental activities, capital assets, net	\$ <u>12,663,965</u>	\$ <u>347,068</u>	\$ <u>8,466</u>	\$ <u>13,002,567</u>

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

Governmental activities:	
General government	\$ 59,778
Public safety	256,349
Physical environment	48,020
Transportation	92
Culture and recreation	<u>89,495</u>
Total depreciation expense - governmental activities	\$ <u>453,734</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2005

NOTE J - 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, 2005

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 5,740,000	\$ ---	\$ 235,000	\$ 5,505,000	\$ 240,000
Capital leases	372,019	101,664	140,651	333,032	140,738
Compensated absences *	<u>1,000,715</u>	<u>17,283</u>	<u>51,694</u>	<u>966,304</u>	<u>52,727</u>
	<u>\$ 7,112,734</u>	<u>\$ 118,947</u>	<u>\$ 427,345</u>	<u>\$ 6,804,336</u>	<u>\$ 433,465</u>

* Because most 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

The City has issued the \$ 6,190,000 General Obligation Bonds, Series 2002 dated August 1, 2002 to pay for the repair, improvement and/or replacement of the City police and fire stations, library, stormwater system, bridges and streets. These bonds are supported by a pledge of the City's full faith and credit. The retired bond resolution requires a levy and collection of an ad valorem tax without limitation as to rate or amount on all property subject to taxation by the City sufficient in amount to pay the principal and interest on such bonds as they become due. Principal payments are made annually on August 1. Interest on the bonds is payable semi-annually on February 1 and August 1 each year. Interest rates range from 2.75% to 4.75%. The following is a summary of the debt service requirements:

<u>Year ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 240,000	\$ 223,326	\$ 463,326
2007	245,000	216,724	461,724
2008	255,000	209,866	464,866
2009	260,000	201,960	461,960
2010	270,000	193,120	463,120
2011-2015	1,510,000	806,500	2,316,500
2016-2020	1,855,000	466,536	2,321,536
2021-2022	<u>870,000</u>	<u>62,462</u>	<u>932,462</u>
	<u>\$ 5,505,000</u>	<u>\$ 2,380,494</u>	<u>\$ 7,885,494</u>

Capital Leases

As of September 30, 2005, the City had obligations under four separate lease purchase agreements. The first lease for \$ 110,000 (Series 2002) was for the purchase of four police vehicles and two public works trucks. The second lease for \$ 215,000 (Series 2003) was for the purchase of four police vehicles, public works and recreation trucks, and an ambulance. The third lease for \$ 161,000 (Series 2004) was for the purchase of four police vehicles, two public works trucks, and recreation lights and poles. The fourth lease outstanding for \$ 101,664 (Series 2005) was for the purchase of four police vehicles and one public works truck. These lease agreements qualify as capital leases for accounting purposes (titles transfer at end of the lease term) and, therefore have been recorded at the present value of the future minimum lease payments as of the lease inception. Debt service is provided from General Fund revenues. The cost and carrying value of these assets is approximately \$ 275,000. The following is a schedule of the future minimum lease payments under these capital leases, and the present net minimum lease payments at September 30, 2005.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2005

NOTE J - LONG-TERM DEBT (continued)

<u>Year ending September 30,</u>	<u>Series 2002</u>	<u>Series 2003</u>	<u>Series 2004</u>	<u>Series 2005</u>	<u>Total</u>
2006	\$ 22,445	\$ 56,591	\$ 42,837	\$ 27,376	\$ 149,249
2007	--	42,444	42,837	27,376	112,657
2008	--	--	32,128	27,376	59,504
2009	--	--	--	27,375	27,375
Total minimum lease payments	22,445	99,035	117,802	109,503	348,785
Less: amount representing interest	<u>447</u>	<u>2,383</u>	<u>5,084</u>	<u>7,839</u>	<u>15,753</u>
Present value of future minimum lease payments	<u>\$ 21,998</u>	<u>\$ 96,652</u>	<u>\$ 112,718</u>	<u>\$ 101,664</u>	<u>\$ 333,032</u>

NOTE K - ACCOUNTS PAYABLE

Accounts payable at September 30, 2005 were as follows:

	<u>Vendors</u>	<u>Subcontractor</u>	<u>Total Accounts Payable</u>
Governmental activities:			
General Fund	\$ 144,559	\$ --	\$ 144,559
Garbage and Trash Fund	107,897	--	107,897
Bond Construction Fund	11,037	--	11,037
Police Building Construction Fund	5,152	113,262	118,414
Tennis Center Fund	5,729	--	5,729
Special Purpose Fund	<u>4,607</u>	<u>--</u>	<u>4,607</u>
Total governmental activities	<u>\$ 278,981</u>	<u>\$ 113,262</u>	<u>\$ 392,243</u>

NOTE L - PENSION PLAN

Municipal Employees' Retirement Fund - Defined Contribution

The City provides pension benefits for all its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after completion of one year of continuous service and attainment of the age of 21. The City makes bi-weekly contributions to the plan equal to 11% (general employees), 14% (fire, police and management) of each participant's base salary. In addition, each participant must contribute 2% (general employees), 6% (fire, police and management) of their base salary to their respective plan. The plans were established by City Resolution #681 in April, 1988 for general employees, Resolution #841 in January, 1993 for fire employees, and Resolution #993 in October, 1997 for police and management employees. Amendments to the plans can only be made by resolution.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2005

NOTE L - PENSION PLAN (continued)

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; employee contributions vest immediately. The City's payroll in fiscal year 2005 subject to pension contributions was \$ 2,580,481. The City made the required contributions as follows:

General	\$	135,322
Fire		34,627
Police		48,359
Management		<u>106,053</u>
	\$	<u><u>324,361</u></u>

The required and voluntary contributions by employees were as follows:

General	\$	24,604
Fire		21,576
Police		20,725
Management		<u>48,322</u>
	\$	<u><u>115,227</u></u>

Plan membership at September 30, 2005, consisted of the following:

	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>Management</u>
Retirees and beneficiaries				
currently receiving benefits	5	1	1	5
Terminated members entitled to, but not yet receiving benefits	16	6	9	4
Current employees				
Fully vested	17	10	16	4
Partially vested	16	6	4	5
Nonvested	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total current employees	<u>33</u>	<u>16</u>	<u>20</u>	<u>9</u>
Total membership	<u><u>54</u></u>	<u><u>23</u></u>	<u><u>30</u></u>	<u><u>18</u></u>

Investment summaries at September 30, 2005, are as follows:

<u>Investments</u>	<u>% of Portfolio</u>	<u>Fair Value</u>
General Employees		
Domestic Equities	48%	
Fixed Income	47%	
International	4%	
Cash Management	1%	
Total		\$ 2,059,897

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2005

NOTE L - PENSION PLAN (continued)

Firefighters		
Domestic Equities	68%	
Fixed Income	27%	
International	5%	
Cash Management	0%	
Total		2,673,672
Police Officers		
Domestic Equities	46%	
Fixed Income	53%	
International	1%	
Cash Management	0%	
Total		3,506,067
Management Employees		
Domestic Equities	43%	
Fixed Income	55%	
International	1%	
Cash Management	1%	
Total		<u>3,158,532</u>
		<u>\$ 11,398,168</u>

All 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 .5%. As of September 30, 2005, participant loans outstanding amounted to \$ 370,066.

Municipal Employees' Retirement Fund - Defined Benefit

Effective October 1, 2003, the City established a defined benefit pension plan for all its full-time police and firefighters. In accordance with Ordinance 835, the plan was mandatory for all new hires and optional for all current employees. Of those eligible, twenty-two of thirty-two police officers and sixteen of twenty-six firefighters elected to join the new plan; the balance elected to remain as active participants in the City Defined Contribution Plan. The City contributed 14.25% of employee salaries and employees contributed 8.00%. All investments, currently equal to \$ 2,916,583, are handled by the Florida League of Cities, Inc. and invested in the Florida Municipal Investment Trust Fund. The plan has no past service costs, but employees may purchase their past service credits at the actuarial computed value at anytime during the initial five years of the plan's operation. As of September 30, 2005, the membership in the plan consists of twenty-six active police officers and twenty firefighters. There are no retired employees.

Deferred Compensation Plan

Employees of the City of Lighthouse Point may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans With Respect to Service for State and Local Governments) as amended by Congress as of August, 1996.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2005

NOTE L - PENSION PLAN (continued)

The deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to defer a portion of their salaries and defer paying taxes on such portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees, subject to approval by the City, until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by an unrelated independent plan administrator. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment, as approved by the City, of the deferred compensation amounts held by the plan administrator, until paid or made available to the employees or beneficiaries, 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, as well as, approving investments offered to participants, monitoring compliance with maximum contribution limits, section 415 limits, catch-up contributions, and emergency withdrawals. 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 Plan. Due to level of fiduciary responsibility the City has in respect to the Plan, 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 pension trust funds, the City established by Resolution 2003-1298 a retiree health savings plan and trust for the exclusive benefit of plan participants and their beneficiaries. The plan is fully funded by employee contributions both from pre-tax and after-tax contributions. The pre-tax contributions once elected by the employee can never be changed. The account currently totaling \$ 138,733 is invested by ICMA per the direction of the employees. Funds can only be withdrawn for medical expenses as approved by the IRS regulations. Should funds not be expended, they revert to the City of Lighthouse Point as trustee.

NOTE M - COMMITMENTS AND CONTINGENCIES

Litigation

The City is presently defending certain lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the City's belief that these lawsuits will not result in material financial losses.

Post Retirement Benefits

The City does not provide post-retirement benefits to retired employees.

Post Employment Healthcare Benefits

The City does not provide post employment healthcare benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect their coverage under the Act, and no direct costs are incurred by the City. Employees who take normal retirement or elected officials who have served at least five years are eligible to continue their health insurance coverage with the City by covering the monthly health premium at their own expense.

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2005

NOTE M - 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 is not required to conduct "single audits" since the required thresholds are both currently \$ 500,000 and the City has expended less than the threshold amounts from the Federal and state agencies. The City believes that if a compliance audit had been conducted, amounts questioned, if any, would not have a material effect on any of the individual funds or the overall financial position of the City. The following summarizes grant activity for the year ended September 30, 2005:

<u>Grant</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Receivable</u>
<u>Federal Grants</u>			
Area Agency on Aging	\$ 10,000	\$ 10,000	\$ 2,500
Library	18,445	18,445	2,000
FEMA - Hurricane Frances	10,591	--	--
FEMA - Hurricane Jeanne	34,912	--	--
FEMA - Hurricane Katrina	104,014	104,014	104,014
FEMA Grant - Police	5,349	--	--
EPA Grant - Public Works	5,133	5,133	--
FEMA Grant - Fire	<u>98,248</u>	<u>98,249</u>	<u>--</u>
Total Federal grants	<u>286,692</u>	<u>235,841</u>	<u>108,514</u>
<u>State Grants</u>			
Department of State	32,008	28,272	--
Department of Community Affairs	32,942	32,942	--
Department of Transportation - Landscape	40,000	40,000	--
Department of Transportation - Lights	17,364	17,364	--
Forestry Management Bureau	31,615	31,614	--
Department of Law Enforcement	2,262	2,262	--
Hurricane Katrina	<u>14,630</u>	<u>14,630</u>	<u>14,630</u>
Total state grants	<u>170,821</u>	<u>167,084</u>	<u>14,630</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2005

NOTE M - COMMITMENTS AND CONTINGENCIES (continued)

<u>Local Grants</u>			
Marine Patrol	24,752	24,752	12,432
Community Bus	42,570	42,570	10,725
Emergency Plan	6,010	6,010	--
South Florida Water Management District	<u>97,854</u>	<u>97,854</u>	<u>--</u>
Total local grants	<u>171,186</u>	<u>171,186</u>	<u>23,158</u>
Total grants	\$ <u>628,699</u>	\$ <u>574,111</u>	\$ <u>146,303</u>

NOTE N - SUBSEQUENT EVENT

Powerful winds and heavy rains from Hurricane Wilma struck in the City of Lighthouse Point on October 24, 2005. This severe weather event caused damage to City buildings and landscaping and generally left significant storm debris in the City's rights-of-way. The City anticipates receiving approximately \$ 2.7 million from the Federal Emergency Management Agency and \$ 400,000 from the State of Florida as reimbursement for debris clearance, protective measures, and property repairs.

**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, 2005

	<u>Budgeted amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Ad valorem taxes				
Current	\$ 5,306,000	\$ 5,306,000	\$ 5,296,677	\$ (9,323)
Delinquent	<u>2,500</u>	<u>2,500</u>	<u>3,565</u>	<u>1,065</u>
	5,308,500	5,308,500	5,300,242	(8,258)
Franchise fees				
Electricity	710,900	718,900	713,584	(5,316)
Solid waste	<u>79,200</u>	<u>79,200</u>	<u>74,861</u>	<u>(4,339)</u>
	790,100	798,100	788,445	(9,655)
Utility service taxes				
Electricity	861,000	861,000	853,362	(7,638)
Water	349,100	349,100	376,782	27,682
Gas	3,200	3,200	4,567	1,367
Propane	25,100	25,100	27,643	2,543
Communications services	<u>534,600</u>	<u>534,600</u>	<u>522,852</u>	<u>(11,748)</u>
	1,773,000	1,773,000	1,785,206	12,206
Licenses and permits				
Occupational licenses	67,750	67,750	73,162	5,412
Building permits	302,800	302,800	348,279	45,479
Plumbing permits	38,600	38,600	57,583	18,983
Electrical permits	47,900	47,900	113,651	65,751
Other	<u>142,300</u>	<u>172,300</u>	<u>222,180</u>	<u>49,880</u>
	599,350	629,350	814,855	185,505
Intergovernmental revenues				
State revenue sharing	223,900	298,900	322,793	23,893
Mobile home license	1,000	1,000	258	(742)
Alcoholic beverage license	9,100	9,100	13,913	4,813
Gasoline tax	205,000	215,000	208,715	(6,285)
Half cent sales tax	692,600	692,600	656,431	(36,169)
Firefighters supplemental	5,000	5,000	2,779	(2,221)
Motor fuel rebate	4,000	4,000	4,015	15
County occupational license	11,600	11,600	16,204	4,604
Federal grants	31,000	31,000	286,692	255,692
State grants	69,900	201,900	170,821	(31,079)
Local grants	<u>78,164</u>	<u>110,164</u>	<u>171,186</u>	<u>61,022</u>
	1,331,264	1,580,264	1,853,807	273,543

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, 2005

	<u>Budgeted amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues (continued)				
Charges for services				
Lien search fees	12,400	12,400	14,910	2,510
Zoning fees	1,600	1,600	2,735	1,135
Merchandise sales	100	100	75	(25)
Certification, copying, research	--	--	968	968
City Commission appeals	--	--	914	914
Other fees - City Clerk	--	--	1,948	1,948
Accident reports	--	--	276	276
Fingerprinting fees	5,000	5,000	5,935	935
Alarm fees	14,300	14,300	11,264	(3,036)
Special detail fees	25,000	25,000	46,418	21,418
Fire inspection fees	23,700	23,700	24,915	1,215
Construction inspection fees	3,800	3,800	7,524	3,724
Other fees - fire	--	--	2,075	2,075
Ambulance fees	138,300	168,300	179,313	11,013
Book rental	--	--	45	45
Photostat and other fees	2,400	2,400	2,562	162
Registration - recreation	21,100	21,100	14,275	(6,825)
Summer recreation fees	45,000	45,000	54,425	9,425
Other recreation fees	<u>8,300</u>	<u>8,300</u>	<u>7,080</u>	<u>(1,220)</u>
	301,000	331,000	377,657	46,657
Fines and forfeitures				
Court fines	19,400	19,400	27,452	8,052
Library fines	2,500	2,500	3,715	1,215
Parking citations	5,900	5,900	5,160	(740)
Code enforcement fines	<u>2,500</u>	<u>42,500</u>	<u>250,129</u>	<u>207,629</u>
	30,300	70,300	286,456	216,156
Miscellaneous				
Interest income	65,100	110,100	113,556	3,456
Special assessments - fire	382,100	382,100	386,470	4,370
Other	<u>54,500</u>	<u>73,500</u>	<u>84,248</u>	<u>10,748</u>
	<u>501,700</u>	<u>565,700</u>	<u>584,274</u>	<u>18,574</u>
Total revenues	<u>10,635,214</u>	<u>11,056,214</u>	<u>11,790,942</u>	<u>734,728</u>

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, 2005

	<u>Budgeted amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
General government				
Legislative - Commission				
Personal services	9,724	17,724	16,124	1,600
Operating expenditures	114,892	67,678	53,653	14,025
Capital outlay	--	--	--	--
	<u>124,616</u>	<u>85,402</u>	<u>69,777</u>	<u>15,625</u>
Executive - Mayor				
Personal services	18,831	20,831	18,967	1,864
Operating expenditures	39,620	37,620	21,729	15,891
Capital outlay	--	--	--	--
	<u>58,451</u>	<u>58,451</u>	<u>40,696</u>	<u>17,755</u>
Administration/Finance				
Personal services	557,806	582,631	580,563	2,068
Operating expenditures	86,788	83,313	74,021	9,292
Capital outlay	750	4,400	4,382	18
	<u>645,344</u>	<u>670,344</u>	<u>658,966</u>	<u>11,378</u>
City attorney				
Operating expenditures	181,375	132,375	132,330	45
Support services				
Personal services	49,225	49,910	49,910	--
Operating expenditures	166,001	164,814	164,814	--
Capital outlay	--	--	--	--
	<u>215,226</u>	<u>214,724</u>	<u>214,724</u>	<u>--</u>
Total general government	1,225,012	1,161,296	1,116,493	44,803
Public safety				
Police department				
Personal services	3,215,555	3,141,555	3,169,691	(28,136)
Operating expenditures	213,400	221,400	219,681	1,719
Capital outlay	108,668	137,168	132,327	4,841
	<u>3,537,623</u>	<u>3,500,123</u>	<u>3,521,699</u>	<u>(21,576)</u>

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, 2005

	<u>Budgeted amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures (continued)				
Public safety (continued)				
Fire department				
Personal services	2,073,749	2,119,249	2,137,461	(18,212)
Operating expenditures	147,345	159,845	152,976	6,869
Capital outlay	<u>8,338</u>	<u>159,503</u>	<u>158,561</u>	<u>942</u>
	2,229,432	2,438,597	2,448,998	(10,401)
Building department				
Personal services	226,302	181,492	172,796	8,696
Operating expenditures	324,410	375,720	365,223	10,497
Capital outlay	<u>--</u>	<u>750</u>	<u>706</u>	<u>44</u>
	550,712	557,962	538,725	19,237
Code enforcement				
Personal services	147,539	147,439	145,251	2,188
Operating expenditures	21,165	20,440	17,053	3,387
Capital outlay	<u>--</u>	<u>825</u>	<u>825</u>	<u>--</u>
	<u>168,704</u>	<u>168,704</u>	<u>163,129</u>	<u>5,575</u>
Total public safety	6,486,471	6,665,386	6,672,551	(7,165)
Physical environment				
Public works				
Personal services	843,640	814,340	824,768	(10,428)
Operating expenditures	205,775	326,115	317,650	8,465
Capital outlay	<u>607,183</u>	<u>1,197,583</u>	<u>710,365</u>	<u>487,218</u>
Total physical environment	1,656,598	2,338,038	1,852,783	485,255
Transportation				
Community bus				
Personal services	42,069	40,939	40,704	235
Operating expenditures	<u>11,390</u>	<u>12,520</u>	<u>11,869</u>	<u>651</u>
Total transportation	53,459	53,459	52,573	886

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, 2005

	<u>Budgeted amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (continued)				
Culture/recreation				
Library				
Personal services	292,174	276,124	271,247	4,877
Operating expenditures	30,770	31,820	31,024	796
Capital outlay	<u>81,800</u>	<u>87,769</u>	<u>86,581</u>	<u>1,188</u>
	404,744	395,713	388,852	6,861
Recreation department				
Personal services	202,719	198,919	197,885	1,034
Operating expenditures	143,336	139,136	136,562	2,574
Capital outlay	<u>34,000</u>	<u>85,730</u>	<u>79,281</u>	<u>6,449</u>
	<u>380,055</u>	<u>423,785</u>	<u>413,728</u>	<u>10,057</u>
Total culture/recreation	784,799	819,498	802,580	16,918
Debt service	<u>152,874</u>	<u>162,874</u>	<u>161,665</u>	<u>1,209</u>
Total expenditures	<u>10,359,213</u>	<u>11,200,551</u>	<u>10,658,645</u>	<u>541,906</u>
Excess (deficiency) of revenues over expenditures	276,001	(144,337)	1,132,297	1,276,634
Other financing sources (uses)				
Transfers in	44,000	89,000	89,000	--
Transfers out	(427,901)	(1,384,586)	(1,384,586)	--
Capital lease proceeds	<u>107,900</u>	<u>107,900</u>	<u>101,664</u>	<u>(6,236)</u>
Total other financing sources (uses)	<u>(276,001)</u>	<u>(1,187,686)</u>	<u>(1,193,922)</u>	<u>(6,236)</u>
Net change in fund balance	--	(1,332,023)	(61,625)	1,270,398
Fund balance at beginning of year	<u>2,783,190</u>	<u>2,783,190</u>	<u>2,783,190</u>	<u>--</u>
Fund balance at end of year	\$ <u><u>2,783,190</u></u>	\$ <u><u>1,451,167</u></u>	\$ <u><u>2,721,565</u></u>	\$ <u><u>1,270,398</u></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.

Special Purpose Fund - This fund accounts for revenues and expenditures of twenty programs handled in conjunction with community groups and specified activities as required by law or administrative regulations.

Debt Service Fund

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

The Debt Service Fund has been established to finance and account for the payment of interest and principal on the \$ 6,190,000 General Obligation Bonds, Series 2002. This debt consists of serial bonds due annually on August 1st of each year through 2022. Interest, at rates ranging from 2.75% to 4.75%, is payable semi-annually on February 1 and August 1 of each year. The debt is payable solely from a voter approved Ad Valorem Tax.

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, 2005

	<u>Budgeted amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services				
Membership fees	\$ 61,511	\$ 61,511	\$ 47,878	\$ (13,633)
Daily use fees	7,500	7,500	5,980	(1,520)
Lighting fees	<u>3,000</u>	<u>3,000</u>	<u>1,471</u>	<u>(1,529)</u>
	72,011	72,011	55,329	(16,682)
Miscellaneous				
Interest income	200	200	(288)	(488)
Other	<u>--</u>	<u>--</u>	<u>3,791</u>	<u>3,791</u>
	<u>200</u>	<u>200</u>	<u>3,503</u>	<u>3,303</u>
Total revenues	72,211	72,211	58,832	(13,379)
Expenditures				
Culture/recreation				
Personal services	124,259	121,643	122,483	(840)
Operating expenditures	23,485	21,711	21,711	--
Capital outlay	15,500	19,986	22,256	(2,270)
Debt service	<u>2,762</u>	<u>2,666</u>	<u>2,550</u>	<u>116</u>
Total expenditures	<u>166,006</u>	<u>166,006</u>	<u>169,000</u>	<u>(2,994)</u>
Excess (deficiency) of revenues over expenditures	(93,795)	(93,795)	(110,168)	(16,373)
Other financing sources				
Transfers in	<u>86,969</u>	<u>86,969</u>	<u>86,969</u>	<u>--</u>
Total other financing sources	<u>86,969</u>	<u>86,969</u>	<u>86,969</u>	<u>--</u>
Net change in fund balance	(6,826)	(6,826)	(23,199)	(16,373)
Fund balance at beginning of year	<u>5,729</u>	<u>5,729</u>	<u>5,729</u>	<u>--</u>
Fund balance at end of year	\$ <u>(1,097)</u>	\$ <u>(1,097)</u>	\$ <u>(17,470)</u>	\$ <u>(16,373)</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, 2005

	<u>Budgeted amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Ad valorem taxes	\$ 462,500	\$ 462,500	\$ 461,800	\$ (700)
Miscellaneous - interest income	<u>2,588</u>	<u>2,588</u>	<u>5,466</u>	<u>2,878</u>
Total revenues	465,088	465,088	467,266	2,178
Expenditures				
Debt service				
Principal	235,000	235,000	235,000	--
Interest	229,788	229,788	229,788	--
Other	<u>300</u>	<u>300</u>	<u>--</u>	<u>300</u>
Total expenditures	<u>465,088</u>	<u>465,088</u>	<u>464,788</u>	<u>300</u>
Net change in fund balance	--	--	2,478	2,478
Fund balance at beginning of year	<u>22,253</u>	<u>22,253</u>	<u>22,253</u>	<u>--</u>
Fund balance at end of year	\$ <u><u>22,253</u></u>	\$ <u><u>22,253</u></u>	\$ <u><u>24,731</u></u>	\$ <u><u>2,478</u></u>

CITY OF LIGHTHOUSE POINT, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2005

	Special Revenue				Total Nonmajor Governmental Funds
	Tennis Center Fund	Special Purpose Fund	Total	Debt Service Fund	
ASSETS					
Cash	\$ 100	\$ 153,477	\$ 153,577	\$ --	\$ 153,577
Investments	--	--	--	27,724	27,724
Due from other funds	--	1,205,795	1,205,795	--	1,205,795
Accounts receivable	2,989	350	3,339	5	3,344
Total assets	\$ 3,089	\$ 1,359,622	\$ 1,362,711	\$ 27,729	\$ 1,390,440
 LIABILITIES AND FUND BALANCES					
Accounts payable	\$ 5,729	\$ 4,607	\$ 10,336	\$ --	\$ 10,336
Accrued payroll and related taxes	2,537	--	2,537	--	2,537
Due to other funds	12,118	--	12,118	2,998	15,116
Other	175	--	175	--	175
Total liabilities	20,559	4,607	25,166	2,998	28,164
 Fund balances					
Reserved for debt service	--	--	--	24,731	24,731
Reserved for encumbrances	2,430	511,408	513,838	--	513,838
Unreserved Undesignated	(19,900)	843,607	823,707	--	823,707
Total fund balances	(17,470)	1,355,015	1,337,545	24,731	1,362,276
Total liabilities and fund balances	\$ 3,089	\$ 1,359,622	\$ 1,362,711	\$ 27,729	\$ 1,390,440

CITY OF LIGHTHOUSE POINT, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2005

	Special Revenue			Debt Service Fund	Total Nonmajor Governmental Funds
	Tennis Center Fund	Special Purpose Fund	Total		
REVENUES					
Ad valorem taxes	\$ --	\$ --	\$ --	\$ 461,800	\$ 461,800
Intergovernmental revenues	3,791	--	3,791	--	3,791
Charges for services	53,858	2,506	56,364	--	56,364
Fines and forfeitures	--	150,603	150,603	--	150,603
Miscellaneous	<u>1,183</u>	<u>128,101</u>	<u>129,284</u>	<u>5,466</u>	<u>134,750</u>
Total revenues	<u>58,832</u>	<u>281,210</u>	<u>340,042</u>	<u>467,266</u>	<u>807,308</u>
EXPENDITURES					
Current					
Public safety	--	549	549	--	549
Culture/recreation	144,194	94,092	238,286	--	238,286
Physical environment	--	4,553	4,553	--	4,553
Capital outlay	22,256	10,435	32,691	--	32,691
Debt service	<u>2,550</u>	<u>--</u>	<u>2,550</u>	<u>464,788</u>	<u>467,338</u>
Total expenditures	<u>169,000</u>	<u>109,629</u>	<u>278,629</u>	<u>464,788</u>	<u>743,417</u>
Excess (deficiency) of revenues over expenditures	(110,168)	171,581	61,413	2,478	63,891
OTHER FINANCING SOURCES (USES)					
Transfers in	86,969	606,466	693,435	--	693,435
Transfers out	<u>--</u>	<u>(609,500)</u>	<u>(609,500)</u>	<u>--</u>	<u>(609,500)</u>
Total other financing sources (uses)	<u>86,969</u>	<u>(3,034)</u>	<u>83,935</u>	<u>--</u>	<u>83,935</u>
Net change in fund balance	(23,199)	168,547	145,348	2,478	147,826
Funds balances - beginning	<u>5,729</u>	<u>1,186,468</u>	<u>1,192,197</u>	<u>22,253</u>	<u>1,214,450</u>
Funds balances - ending	\$ <u>(17,470)</u>	\$ <u>1,355,015</u>	\$ <u>1,337,545</u>	\$ <u>24,731</u>	\$ <u>1,362,276</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
September 30, 2005

	<u>Defined Contribution Pension Plans</u>				
	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>Management</u>	<u>Total</u>
ASSETS					
Investments	\$ 2,059,897	\$ 2,673,672	\$ 3,506,067	\$ 3,158,532	\$ 11,398,168
Participant loans receivable	<u>95,196</u>	<u>65,760</u>	<u>167,929</u>	<u>41,181</u>	<u>370,066</u>
Total assets	2,155,093	2,739,432	3,673,996	3,199,713	11,768,234
LIABILITIES	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
NET ASSETS					
Held in trust for pension and other benefits	\$ <u>2,155,093</u>	\$ <u>2,739,432</u>	\$ <u>3,673,996</u>	\$ <u>3,199,713</u>	\$ <u>11,768,234</u>

	<u>Police and Fire Defined Benefit</u>	<u>Deferred Compensation</u>	<u>Healthcare</u>	<u>Total</u>
\$	2,916,583	\$ 3,944,557	\$ 138,732	\$ 18,398,040
	<u>--</u>	<u>--</u>	<u>--</u>	<u>370,066</u>
	2,916,583	3,944,557	138,732	18,768,106
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
\$	<u>2,916,583</u>	\$ <u>3,944,557</u>	\$ <u>138,732</u>	\$ <u>18,768,106</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
For the Year Ended September 30, 2005

	<u>Defined Contribution Pension Plans</u>				
	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>Management</u>	<u>Total</u>
ADDITIONS					
Contributions					
City	\$ 135,322	\$ 34,627	\$ 48,359	\$ 106,053	\$ 324,361
Employees	<u>24,604</u>	<u>21,576</u>	<u>20,725</u>	<u>48,322</u>	<u>115,227</u>
Total contributions	159,926	56,203	69,084	154,375	439,588
Investment earnings					
Interest, dividends and investment value changes	168,876	244,405	333,518	267,320	1,014,119
Less investment expense	<u>21,305</u>	<u>27,642</u>	<u>33,522</u>	<u>30,925</u>	<u>113,394</u>
Net investment earnings	147,571	216,763	299,996	236,395	900,725
Total additions	307,497	272,966	369,080	390,770	1,340,313
DEDUCTIONS					
Benefits	120,027	--	--	66,794	186,821
Refund of contributions					
City	--	--	--	--	--
Employees	25,355	348,354	--	--	373,709
Administrative expense	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total deductions	<u>145,382</u>	<u>348,354</u>	<u>--</u>	<u>66,794</u>	<u>560,530</u>
Change in net assets	162,115	(75,388)	369,080	323,976	779,783
Net assets - beginning	<u>1,992,978</u>	<u>2,814,820</u>	<u>3,304,916</u>	<u>2,875,737</u>	<u>10,988,451</u>
Net assets - ending	\$ <u>2,155,093</u>	\$ <u>2,739,432</u>	\$ <u>3,673,996</u>	\$ <u>3,199,713</u>	\$ <u>11,768,234</u>

<u>Police and Fire Defined Benefit</u>	<u>Deferred Compensation</u>	<u>Healthcare</u>	<u>Total</u>
\$ 326,139	\$ --	\$ --	\$ 650,500
<u>183,096</u>	<u>290,954</u>	<u>105,896</u>	<u>695,173</u>
509,235	290,954	105,896	1,345,673
235,361	342,697	6,472	1,598,649
<u>4,626</u>	<u>38,037</u>	<u>941</u>	<u>156,998</u>
230,735	304,660	5,531	1,441,651
739,970	595,614	111,427	2,787,324
--	84,036	20,467	291,324
--	--	--	--
4,069	251,705	--	629,483
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>4,069</u>	<u>335,741</u>	<u>20,467</u>	<u>920,807</u>
735,901	259,873	90,960	1,866,517
<u>2,180,682</u>	<u>3,684,684</u>	<u>47,772</u>	<u>16,901,589</u>
\$ <u>2,916,583</u>	\$ <u>3,944,557</u>	\$ <u>138,732</u>	\$ <u>18,768,106</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE
September 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Governmental funds capital assets:		
Land	\$ 7,059,360	\$ 7,059,360
Buildings and land improvements	5,711,471	5,661,636
Equipment and fixtures	1,543,118	1,531,677
Vehicles	1,380,095	1,379,916
Infrastructure	666,345	600,595
Construction in progress	<u>553,763</u>	<u>100,886</u>
Total governmental funds capital assets	\$ <u>16,914,152</u>	\$ <u>16,334,070</u>
Investment in governmental funds capital assets by source:		
General revenues	\$ 9,299,307	\$ 8,761,084
Special revenues	250,590	250,590
County grants	3,952,089	3,949,391
State grants	143,545	106,524
Federal grants	274,821	274,821
Donations	2,873,469	2,873,469
Confiscated	<u>120,331</u>	<u>118,191</u>
Total governmental funds capital assets	\$ <u>16,914,152</u>	\$ <u>16,334,070</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF FUNCTION AND ACTIVITY
September 30, 2005

	<u>Land</u>	<u>Buildings and Land Improvements</u>
General government		
Legislative	\$ --	\$ --
Executive	--	--
Finance and administration	--	--
Other general government	<u>15,087</u>	<u>1,393,967</u>
Total general government	15,087	1,393,967
Public safety		
Law enforcement	523,250	2,687,590
Fire control	6,215	328,566
Building department	--	--
Code enforcement	<u>--</u>	<u>--</u>
Total public safety	529,465	3,016,156
Physical environment		
Maintenance	2,452,850	52,331
Transportation		
Community bus	--	--
Culture/recreation		
Library	--	--
Recreation	<u>4,061,958</u>	<u>1,249,017</u>
Total culture/recreation	4,061,958	1,249,017
Total governmental funds capital assets	\$ <u>7,059,360</u>	\$ <u>5,711,471</u>

<u>Equipment and Fixtures</u>	<u>Vehicles</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 16,495	\$ --	\$ --	\$ --	\$ 16,495
755	--	--	--	755
120,939	11,800	--	--	132,739
<u>35,408</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,444,462</u>
173,597	11,800	--	--	1,594,451
422,823	406,909	--	455,231	4,495,803
334,815	675,310	--	8,843	1,353,749
18,816	--	--	--	18,816
<u>8,598</u>	<u>21,467</u>	<u>--</u>	<u>--</u>	<u>30,065</u>
785,052	1,103,686	--	464,074	5,898,433
172,023	223,469	666,345	55,210	3,622,228
453	--	--	--	453
121,240	--	--	34,479	155,719
<u>290,753</u>	<u>41,140</u>	<u>--</u>	<u>--</u>	<u>5,642,868</u>
<u>411,993</u>	<u>41,140</u>	<u>--</u>	<u>34,479</u>	<u>5,798,587</u>
\$ <u>1,543,118</u>	\$ <u>1,380,095</u>	\$ <u>666,345</u>	\$ <u>553,763</u>	\$ <u>16,914,152</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, 2005

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets October 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>Governmental Funds Capital Assets September 30, 2005</u>
General government					
Legislative	\$ 16,495	\$ --	\$ --	\$ --	\$ 16,495
Executive	755	--	--	--	755
Finance and administration	133,536	4,382	5,179	--	132,739
Other general government	<u>1,447,342</u>	<u>--</u>	<u>2,880</u>	<u>--</u>	<u>1,444,462</u>
Total general government	1,598,128	4,382	8,059	--	1,594,451
Public safety					
Law enforcement	4,025,963	527,426	60,371	2,784	4,495,802
Fire control	1,351,028	50,233	47,512	--	1,353,749
Building department	43,587	706	22,573	(2,904)	18,816
Code enforcement	<u>53,928</u>	<u>825</u>	<u>24,808</u>	<u>121</u>	<u>30,066</u>
Total public safety	5,474,506	579,190	155,264	1	5,898,433
Physical environment					
Maintenance	3,542,434	112,075	32,362	81	3,622,228
Transportation					
Community bus	878	--	425	--	453
Culture/recreation					
Library	133,137	24,367	2,699	914	155,719
Recreation	<u>5,584,987</u>	<u>80,788</u>	<u>21,911</u>	<u>(996)</u>	<u>5,642,868</u>
Total cultural/ recreation	<u>5,718,124</u>	<u>105,155</u>	<u>24,610</u>	<u>(82)</u>	<u>5,798,587</u>
Total	\$ <u>16,334,070</u>	\$ <u>800,802</u>	\$ <u>220,720</u>	\$ <u>--</u>	\$ <u>16,914,152</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
COMPARATIVE SCHEDULE OF GENERAL LONG-TERM DEBT
September 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Amount available in Debt Service Fund	\$ 24,731	\$ 22,253
Amount to be provided for the retirement of general long-term debt	<u>6,779,605</u>	<u>7,090,481</u>
Total	\$ <u>6,804,336</u>	\$ <u>7,112,734</u>
General long-term debt payable		
General obligation bonds	\$ 5,505,000	\$ 5,740,000
Capital leases	333,032	372,019
Accrued compensated absences	<u>966,304</u>	<u>1,000,715</u>
Total	\$ <u>6,804,336</u>	\$ <u>7,112,734</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
DEBT SERVICE REQUIREMENTS
VEHICLE LEASE PURCHASE - SERIES 2002
 September 30, 2005

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
October 12, 2005	\$ 7,259	\$ 223	\$ 7,482
January 12, 2006	7,332	149	7,481
April 12, 2006	7,407	75	7,482
Total	\$ 21,998	\$ 447	\$ 22,445

CITY OF LIGHTHOUSE POINT, FLORIDA
DEBT SERVICE REQUIREMENTS
GENERAL OBLIGATION BONDS - SERIES 2002
September 30, 2005

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
February 1, 2006	\$ --	\$ 111,663	\$ 111,663
August 1, 2006	240,000	111,663	351,663
February 1, 2007	--	108,362	108,362
August 1, 2007	245,000	108,362	353,362
February 1, 2008	--	104,933	104,933
August 1, 2008	255,000	104,933	359,933
February 1, 2009	--	100,980	100,980
August 1, 2009	260,000	100,980	360,980
February 1, 2010	--	96,560	96,560
August 1, 2010	270,000	96,560	366,560
February 1, 2011	--	91,700	91,700
August 1, 2011	280,000	91,700	371,700
February 1, 2012	--	86,520	86,520
August 1, 2012	290,000	86,520	376,520
February 1, 2013	--	81,010	81,010
August 1, 2013	300,000	81,010	381,010
February 1, 2014	--	75,160	75,160
August 1, 2014	315,000	75,160	390,160
February 1, 2015	--	68,860	68,860
August 1, 2015	325,000	68,860	393,860
February 1, 2016	--	62,157	62,157
August 1, 2016	340,000	62,157	402,157
February 1, 2017	--	54,932	54,932
August 1, 2017	355,000	54,932	409,932
February 1, 2018	--	47,166	47,166
August 1, 2018	370,000	47,166	417,166
February 1, 2019	--	38,934	38,934
August 1, 2019	385,000	38,934	423,934
February 1, 2020	--	30,079	30,079
August 1, 2020	405,000	30,079	435,079
February 1, 2021	--	20,662	20,662
August 1, 2021	425,000	20,662	445,662
February 1, 2022	--	10,569	10,569
August 1, 2022	<u>445,000</u>	<u>10,569</u>	<u>455,569</u>
	\$ <u>5,505,000</u>	\$ <u>2,380,494</u>	\$ <u>7,885,494</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
DEBT SERVICE REQUIREMENTS
VEHICLE LEASE PURCHASE - SERIES 2003
 September 30, 2005

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
October 11, 2005	\$ 13,556	\$ 592	\$ 14,148
January 11, 2006	13,639	509	14,148
April 11, 2006	13,722	426	14,148
July 11, 2006	13,806	341	14,147
October 11, 2006	13,891	257	14,148
January 11, 2007	13,976	172	14,148
April 11, 2007	<u>14,062</u>	<u>86</u>	<u>14,148</u>
	\$ <u>96,652</u>	\$ <u>2,383</u>	\$ <u>99,035</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
DEBT SERVICE REQUIREMENTS
VEHICLE LEASE PURCHASE - SERIES 2004
September 30, 2005

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
December 1, 2005	\$ 9,872	\$ 837	\$ 10,709
March 1, 2006	9,946	763	10,709
June 1, 2006	10,020	690	10,710
September 1, 2006	10,094	615	10,709
December 1, 2006	10,169	540	10,709
March 1, 2007	10,244	465	10,709
June 1, 2007	10,320	390	10,710
September 1, 2007	10,397	312	10,709
December 1, 2007	10,474	235	10,709
March 1, 2008	10,552	157	10,709
June 1, 2008	<u>10,630</u>	<u>80</u>	<u>10,710</u>
	\$ <u>112,718</u>	\$ <u>5,084</u>	\$ <u>117,802</u>

CITY OF LIGHTHOUSE POINT, FLORIDA
DEBT SERVICE REQUIREMENTS
VEHICLE LEASE PURCHASE - SERIES 2005
September 30, 2005

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
October 1, 2005	\$ 5,942	\$ 902	\$ 6,844
January 1, 2006	5,994	850	6,844
April 1, 2006	6,048	796	6,844
July 1, 2006	6,101	743	6,844
October 1, 2006	6,155	689	6,844
January 1, 2007	6,210	634	6,844
April 1, 2007	6,265	579	6,844
July 1, 2007	6,321	523	6,844
October 1, 2007	6,377	467	6,844
January 1, 2008	6,433	411	6,844
April 1, 2008	6,491	353	6,844
July 1, 2008	6,548	296	6,844
October 1, 2008	6,606	238	6,844
January 1, 2009	6,665	179	6,844
April 1, 2009	6,724	120	6,844
July 1, 2009	<u>6,784</u>	<u>60</u>	<u>6,844</u>
	\$ <u>101,664</u>	\$ <u>7,840</u>	\$ <u>109,504</u>

STATISTICAL SECTION

(NOT COVERED BY INDEPENDENT AUDITORS' REPORT)

CITY OF LIGHTHOUSE POINT, FLORIDA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Physical Environment</u>	<u>Transportation</u>
1995/96	\$ 716,528	\$ 3,646,009	\$ 1,747,600	\$ --
1996/97	782,027	4,115,944	1,762,495	--
1997/98	796,887	4,291,366	1,817,658	--
1998/99	864,783	4,428,816	1,857,871	--
1999/00	964,436	4,578,005	1,952,934	--
2000/01	949,317	4,948,812	2,126,960	23,035
2001/02	978,389	5,338,832	2,030,038	48,175
2002/03	1,166,165	5,587,354	2,084,729	50,015
2003/04	1,190,309	6,044,963	2,426,329	50,595
2004/05	1,112,111	6,380,681	2,477,986	52,573

NOTE: (1) Includes the General, Special Revenue and Debt Service Funds

TABLE 1

<u>Culture/ Recreation</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
\$ 552,051	\$ 462,543	\$ 139,735	\$ 7,264,466
571,668	381,060	136,842	7,750,036
600,174	483,795	110,380	8,100,260
617,414	1,104,262	69,626	8,942,772
692,410	1,132,236	92,950	9,412,971
713,684	1,187,408	119,672	10,068,888
739,810	620,899	145,212	9,901,355
783,114	1,060,666	620,567	11,352,610
796,813	901,909	676,604	12,087,522
875,005	1,205,718	629,003	12,733,077

CITY OF LIGHTHOUSE POINT, FLORIDA
GENERAL GOVERNMENTAL EXPENDITURES BY DEPARTMENT (1)
LAST TEN FISCAL YEARS

	<u>1995/96</u>	<u>1996/97</u>	<u>1997/98</u>	<u>1998/99</u>	<u>1999/00</u>
Legislative - Commission	\$ 48,457	\$ 74,453	\$ 61,420	\$ 81,862	\$ 136,741
Executive - Mayor	21,229	23,886	24,362	28,816	39,115
Finance and Administration	473,275	488,553	500,290	623,020	519,549
City attorney	45,098	56,190	78,397	53,992	112,658
Other support services	296,148	302,718	282,985	213,567	260,798
Law enforcement	2,386,620	2,497,484	2,599,549	2,581,249	2,680,518
Fire control	1,180,416	1,484,231	1,556,983	1,846,914	1,662,616
Building department	140,717	171,708	154,006	227,850	330,532
Code enforcement	65,070	59,087	73,959	75,796	95,604
Physical environment	898,948	864,336	896,145	1,293,385	1,538,036
Garbage and trash	1,067,352	1,070,316	1,087,942	1,097,721	1,092,425
Transportation (2)	--	--	--	--	--
Library	288,056	284,686	303,535	326,919	326,275
Recreation	<u>353,080</u>	<u>372,388</u>	<u>480,687</u>	<u>491,681</u>	<u>618,104</u>
Total	<u>\$ 7,264,466</u>	<u>\$ 7,750,036</u>	<u>\$ 8,100,260</u>	<u>\$ 8,942,772</u>	<u>\$ 9,412,971</u>

NOTE: (1) Includes the General, Special Revenue and Debt Service Funds
(2) Transportation (Community Bus service was inaugurated in fiscal 2000/01)

TABLE 2

	<u>2000/01</u>	<u>2001/02</u>	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>
\$	135,477	\$ 141,619	\$ 212,155	\$ 125,914	\$ 69,777
	38,673	42,016	46,922	49,137	40,696
	532,042	519,159	570,467	631,399	658,966
	101,087	116,787	147,353	200,954	132,330
	274,935	312,589	824,659	885,951	843,727
	2,912,312	2,891,162	2,980,971	3,345,819	3,524,388
	1,866,999	2,029,496	2,211,936	2,148,471	2,448,998
	347,592	430,863	479,558	532,958	538,725
	97,783	134,185	141,169	152,265	163,129
	1,696,809	1,199,952	1,159,830	1,629,878	1,861,454
	1,105,637	1,124,803	1,225,832	1,342,240	1,331,015
	23,035	48,175	51,218	50,595	52,573
	346,632	369,080	392,038	394,423	398,545
	<u>589,875</u>	<u>541,469</u>	<u>908,502</u>	<u>597,518</u>	<u>668,754</u>
\$	<u>10,068,888</u>	\$ <u>9,901,355</u>	\$ <u>11,352,610</u>	\$ <u>12,087,522</u>	\$ <u>12,733,077</u>

**CITY OF LIGHTHOUSE POINT, FLORIDA
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Ad Valorem Taxes</u>	<u>Franchise Fees</u>	<u>Utility Service Taxes</u>
1995/96	\$ 2,648,088	\$ 672,536	\$ 1,215,491
1996/97	2,926,478	716,503	1,259,879
1997/98	3,069,976	727,798	1,366,270
1998/99	3,018,794	790,634	1,564,191
1999/00	3,308,388	730,258	1,451,111
2000/01	3,659,957	907,325	1,472,817
2001/02	4,034,953	765,128	1,744,035
2002/03	4,812,054	718,263	1,748,939
2003/04	5,259,301	787,205	1,757,313
2004/05	5,762,042	788,445	1,785,206

NOTE: (1) Includes the General, Special Revenue and Debt Service Funds

TABLE 3

<u>Licenses And Permits</u>	<u>Inter- governmental Revenues</u>	<u>Charges For Services</u>	<u>Fines And Forfeitures</u>	<u>Miscellaneous</u>	<u>Total</u>
\$ 239,694	\$ 1,063,048	\$ 1,127,713	\$ 28,785	\$ 245,995	\$ 7,241,350
239,555	1,091,493	1,147,064	46,481	234,138	7,661,591
304,690	1,102,468	1,217,841	78,227	271,147	8,138,417
384,125	1,206,717	1,240,448	110,242	630,898	8,946,049
540,278	1,201,645	1,433,910	81,132	683,115	9,429,837
463,734	1,406,988	1,517,185	196,473	638,474	10,262,953
513,472	1,220,693	1,519,491	152,066	663,461	10,613,299
577,195	1,569,825	1,555,750	197,636	691,491	11,871,153
652,083	1,584,915	1,689,303	202,293	854,004	12,786,417
814,855	1,857,598	1,731,541	437,059	950,197	14,126,943

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

<u>Fiscal Year</u>	<u>Property Tax Levy</u>	<u>(1) Property Tax Discount</u>	<u>Net Tax Levy</u>
1995/96	\$ 2,748,039	\$ 89,815	\$ 2,658,224
1996/97	3,036,753	99,868	2,936,885
1997/98	3,186,204	104,238	3,081,966
1998/99	3,126,792	102,907	3,023,885
1999/00	3,417,404	113,963	3,303,441
2000/01	3,790,413	122,551	3,667,862
2001/02	4,155,495	134,050	4,021,445
2002/03	4,965,096	160,237	4,804,859
2003/04	5,438,248	172,723	5,265,525
2004/05	5,972,826	209,048	5,763,778

SOURCE: Broward County, Florida, Department of Revenue Collections

- NOTES: (1) Florida Law allows up to a 4% discount for timely payment of property taxes.
(2) Includes prior year's collections, corrections, and penalties.
(3) Fiscal year 2002/03 reflects initial year of debt service property tax.

TABLE 4

	<u>Current Tax Collections</u>	<u>(2) Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percentage Of Total Tax Collections To Net Tax Levy</u>
\$	2,638,399	\$ 9,689	\$ 2,648,088	99.62
	2,918,508	7,970	2,926,478	99.65
	3,068,466	1,510	3,069,976	99.61
	3,017,080	1,714	3,018,794	99.83
	3,297,187	11,201	3,308,388	100.15
	3,648,433	11,524	3,659,957	99.78
	4,027,112	7,841	4,034,953	100.34
	4,807,030	5,024	4,812,054	100.15
	5,259,949	(648)	5,259,301	99.88
	5,758,072	3,970	5,762,042	99.97

**CITY OF LIGHTHOUSE POINT, FLORIDA
 ASSESSED VALUE OF TAXABLE PROPERTY (1)
 LAST TEN FISCAL YEARS**

TABLE 5

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total</u>
1995/96	\$ 730,857,229	\$ 24,513,274	\$ 755,370,503
1996/97	756,639,180	23,154,523	779,793,703
1997/98	778,364,690	23,928,895	802,293,585
1998/99	813,278,280	22,448,124	835,726,404
1999/00	843,057,120	22,573,726	865,630,846
2000/01	908,075,560	24,488,850	932,564,410
2001/02	1,023,835,630	23,263,867	1,047,099,497
2002/03	1,185,888,430	27,705,501	1,213,593,931
2003/04	1,349,773,902	27,909,742	1,377,683,644
2004/05	1,509,198,363	27,403,910	1,536,602,273

SOURCE: Broward County, Florida, Property Appraiser

NOTES: (1) Florida Law requires all property to be assessed at current fair market value.

CITY OF LIGHTHOUSE POINT, FLORIDA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$ 1,000 OF TAXABLE VALUE)
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Tax Roll Year</u>	<u>City</u>		<u>County</u>	<u>School</u>
		<u>Operating</u>	<u>Debt</u>		
1995/96	1995	3.6108	0.0000	8.1165	10.0366
1996/97	1996	3.8808	0.0000	7.7524	9.9400
1997/98	1997	3.9629	0.0000	7.8380	9.9745
1998/99	1998	3.7422	0.0000	7.5710	9.7256
1999/00	1999	3.9113	0.0000	7.5710	9.1283
2000/01	2000	4.0224	0.0000	7.5250	8.9553
2001/02	2001	3.8984	0.0000	7.4005	8.7541
2002/03	2002	3.7362	0.3946	7.3650	8.8825
2003/04	2003	3.6107	0.3562	7.1880	8.4176
2004/05	2004	3.5746	0.3114	7.0230	8.2695

SOURCE: Broward County, Florida, Property Appraiser

TABLE 6

<u>Children Services Council</u>	<u>South Florida Water Management District</u>	<u>Florida Inland Navigation District</u>	<u>North Broward Hospital District</u>	<u>Hillsboro Inlet</u>	<u>Total</u>
0.0000	0.6470	0.0400	2.4327	0.1142	24.9978
0.0000	0.6720	0.0380	2.4200	0.1112	24.8144
0.0000	0.6970	0.0500	2.4087	0.1071	25.0382
0.0000	0.6970	0.0470	2.5000	0.1021	24.3849
0.0000	0.6970	0.0440	2.4895	0.0955	23.9366
0.0000	0.6970	0.0410	2.4803	0.1036	23.8246
0.3055	0.6970	0.0385	2.4803	0.0951	23.6694
0.3316	0.6970	0.0385	2.4803	0.1170	24.0427
0.3920	0.6970	0.0385	2.5000	0.2490	23.4490
0.4231	0.6970	0.0385	2.4803	0.1845	23.0019

CITY OF LIGHTHOUSE POINT, FLORIDA
RATIO OF NET DEBT TO ASSESSED VALUE AND NET DEBT PER CAPITA
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>Assessed Taxable Value</u>	<u>(2) Gross Debt</u>
1995/96	10,470	\$ 755,370,503	\$ 267,217
1996/97	10,469	779,793,703	143,740
1997/98	10,458	802,293,585	126,558
1998/99	10,645	835,726,404	361,524
1999/00	10,767	865,630,846	373,390
2000/01	10,829	932,564,410	368,992
2001/02	10,857	1,047,099,497	6,540,521
2002/03	10,836	1,213,593,931	6,378,124
2003/04	10,857	1,377,683,644	6,112,019
2004/05	10,587	1,536,602,273	5,823,517

Source: (1) Bureau of Economic Research, University of Florida
(2) Includes all Lease Purchase Debt and General Obligation Debt
(Prior to fiscal year 2001/02, the City had only lease purchase debt)

TABLE 7

	<u>Less Debt Service Funds</u>	<u>Net Debt</u>	<u>Ratio Of Net Debt To Assessed Value</u>	<u>Net Debt Per Capita</u>
\$	--	\$ 267,217	0.04	\$ 25.52
	--	143,740	0.02	13.73
	--	126,558	0.02	12.10
	--	361,524	0.04	33.96
	--	373,390	0.04	34.68
	--	368,992	0.04	34.07
	30	6,540,491	0.62	602.42
	13,836	6,364,288	0.52	587.33
	22,253	6,089,776	0.44	560.91
	24,731	5,798,786	0.38	547.73

CITY OF LIGHTHOUSE POINT, FLORIDA
COMPUTATION OF LEGAL DEBT MARGIN
September 30, 2005

TABLE 8

The City Charter does not establish a legal debt margin nor does the Florida Statutes Chapter 166 which grants home rule authority to municipalities.

CITY OF LIGHTHOUSE POINT, FLORIDA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
September 30, 2005

TABLE 9

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable To City Of Lighthouse Point</u>	<u>Amount Applicable To City Of Lighthouse Point</u>
Direct General Debt City of Lighthouse Point	\$ 5,480,269	100.00	\$ 5,480,269
Overlapping General Debt Broward County	607,817,000	1.32	8,023,184
Broward District Schools	163,147,220	1.32	<u>2,153,543</u>
		Total	\$ <u>15,656,996</u>

NOTES: (1) Based on Ratio of Assessed Taxable Value
(2) Source: Broward County, Florida, Budget Office
(3) Source: Broward District School Board, Finance Department

CITY OF LIGHTHOUSE POINT, FLORIDA TABLE 10
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES TO GENERAL EXPENDITURES
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Principal</u>	<u>(1) Interest</u>	<u>Total Debt Service</u>	<u>(2) Total General Expenditures</u>	<u>Ratio Of Debt Service To Total General Expenditures (Percentage)</u>
1995/96	\$ 118,949	\$ 20,786	\$ 139,735	\$ 7,264,466	1.92
1996/97	123,477	13,365	136,842	7,750,036	1.77
1997/98	102,182	8,198	110,380	8,100,260	1.36
1998/99	65,034	4,592	69,626	8,942,772	.78
1999/00	76,134	16,816	92,950	9,412,971	.99
2000/01	101,658	18,014	119,672	10,068,888	1.19
2001/02	122,103	23,109	145,212	9,901,355	1.47
2002/03	443,083	177,484	620,567	11,352,610	5.47
2003/04	427,105	249,499	676,604	12,087,522	5.60
2004/05	375,440	239,198	614,638	12,772,751	4.81

NOTE: (1) Excludes bond issuance and other costs
(2) Includes the General, Special Revenue and Debt Service Funds

**CITY OF LIGHTHOUSE POINT, FLORIDA
PROPERTY VALUE AND CONSTRUCTION
LAST TEN FISCAL YEARS**

TABLE 11

<u>Fiscal Year</u>		<u>(1) Property Value</u>	<u>(2) Construction</u>	
			<u>Permits</u>	<u>Valuation</u>
1995/96	\$	755,370,503	1,959	\$ 11,918,850
1996/97		779,793,703	2,001	11,707,998
1997/98		802,293,585	2,020	16,919,443
1998/99		835,726,404	1,735	22,829,662
1999/00		865,630,846	1,815	39,063,897
2000/01		932,564,410	1,586	30,612,349
2001/02		1,047,099,497	1,548	32,054,548
2002/03		1,213,593,931	1,580	35,965,191
2003/04		1,377,683,644	1,497	35,664,875
2004/05		1,536,602,273	1,535	37,657,625

NOTE: (1) Assessed Value From Table 5.
(2) City of Lighthouse Point Building Department.

CITY OF LIGHTHOUSE POINT, FLORIDA
 PRINCIPAL TAXPAYERS
 FISCAL YEAR 2004/05

TABLE 12

<u>Company Name</u>	<u>Type Of Business</u>	<u>Assessed Value</u>	<u>Percentage Of Total Taxable Value</u>
1. Heritage Realty LTD.	Shopping Center	\$ 14,758,510	0.96%
2. James C. and Suzanne J. Acheson	Private Residence	10,622,250	0.69%
3. Beacon Light Partners, LTD.	Shopping Center	9,130,290	0.59%
4. J.H. and T.M. Verrillo	Private Residence	7,153,250	0.47%
5. Sherwood Sheehan Trust	Auto Sales	6,395,490	0.42%
6. Silver Seas Hotel, Inc.	Private Club	5,501,040	0.36%
7. Shawn and Susan Ryan	Private Residence	5,200,000	0.34%
8. Robert and Beverly Plath	Private Residence	4,722,280	0.31%
9. LGT Point Auto Investors	Auto Sales	4,590,000	0.30%
10. Florida Power and Light	Electric Utility	4,509,357	0.29%

SOURCE: Tax Roll of Broward County, Florida

CITY OF LIGHTHOUSE POINT, FLORIDA
DEMOGRAPHICS AND MISCELLANEOUS STATISTICS
 September 30, 2005

TABLE 13

Date of Incorporation: June 13, 1956

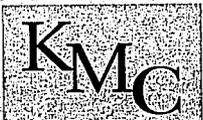
Form of City Government: Mayor-Commission

<p>Area</p> <table border="0"> <tr> <td>Square Miles</td> <td style="text-align: right;">2.49</td> </tr> <tr> <td>Miles of streets</td> <td style="text-align: right;">41.12</td> </tr> <tr> <td>Miles of waterways</td> <td style="text-align: right;">18.00</td> </tr> </table> <p>Population Per U.S. Census</p> <table border="0"> <tr> <td>1960</td> <td style="text-align: right;">2,453</td> </tr> <tr> <td>1970</td> <td style="text-align: right;">9,071</td> </tr> <tr> <td>1980</td> <td style="text-align: right;">11,421</td> </tr> <tr> <td>1990</td> <td style="text-align: right;">10,378</td> </tr> <tr> <td>2000</td> <td style="text-align: right;">10,767</td> </tr> </table> <p>Building Permits</p> <table border="0"> <tr> <td>Permits Issued</td> <td style="text-align: right;">1,535</td> </tr> <tr> <td>Value of construction</td> <td style="text-align: right;">\$ 37,657,625</td> </tr> </table> <p>Elections</p> <table border="0"> <tr> <td>Registered voters - 2005</td> <td style="text-align: right;">8,353</td> </tr> <tr> <td>Votes cast in last election - March, 2005</td> <td style="text-align: right;">2,690</td> </tr> <tr> <td>Voting percentage</td> <td style="text-align: right;">32%</td> </tr> </table> <p>Public Schools Located in City</p> <p style="padding-left: 20px;">NONE</p> <p>City Employees (full time)</p> <table border="0"> <tr> <td>Finance and Administrative</td> <td style="text-align: right;">7</td> </tr> <tr> <td>Police</td> <td style="text-align: right;">42</td> </tr> <tr> <td>Fire</td> <td style="text-align: right;">27</td> </tr> <tr> <td>Building</td> <td style="text-align: right;">3</td> </tr> <tr> <td>Code Enforcement</td> <td style="text-align: right;">2</td> </tr> <tr> <td>Public Works</td> <td style="text-align: right;">16</td> </tr> <tr> <td>Library</td> <td style="text-align: right;">4</td> </tr> <tr> <td>Recreation</td> <td style="text-align: right;"><u>4</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>105</u></td> </tr> </table>	Square Miles	2.49	Miles of streets	41.12	Miles of waterways	18.00	1960	2,453	1970	9,071	1980	11,421	1990	10,378	2000	10,767	Permits Issued	1,535	Value of construction	\$ 37,657,625	Registered voters - 2005	8,353	Votes cast in last election - March, 2005	2,690	Voting percentage	32%	Finance and Administrative	7	Police	42	Fire	27	Building	3	Code Enforcement	2	Public Works	16	Library	4	Recreation	<u>4</u>		<u>105</u>	<p>Police Department</p> <table border="0"> <tr> <td>Stations</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Uniformed employees</td> <td style="text-align: right;">32</td> </tr> <tr> <td>Nonuniformed employees</td> <td style="text-align: right;">9</td> </tr> <tr> <td>Crossing guards (part-time)</td> <td style="text-align: right;">4</td> </tr> </table> <p>Fire Department</p> <table border="0"> <tr> <td>Stations</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Uniformed employees</td> <td style="text-align: right;">26</td> </tr> <tr> <td>Nonuniformed employees</td> <td style="text-align: right;">1</td> </tr> </table> <p>Parks and Recreation</p> <p>Parks</p> <table border="0"> <tr> <td>Al Fletcher Park</td> <td style="text-align: right;">.5 acres</td> </tr> <tr> <td>Dan Witt Park</td> <td style="text-align: right;">6.0 acres</td> </tr> <tr> <td>DeGroff Park</td> <td style="text-align: right;">4.6 acres</td> </tr> <tr> <td>Exchange Club Park</td> <td style="text-align: right;">14.0 acres</td> </tr> <tr> <td>Frank McDonough Park</td> <td style="text-align: right;">6.1 acres</td> </tr> <tr> <td>Mini Parks (7)</td> <td style="text-align: right;">37,018 sq ft</td> </tr> </table> <p>Facilities</p> <p>Recreation building, Tennis center, Tennis courts, Basketball courts, Baseball fields, Volleyball court, Soccer/football field, Playground, Outdoor indoor grill, Covered pavilion</p>	Stations	1	Uniformed employees	32	Nonuniformed employees	9	Crossing guards (part-time)	4	Stations	1	Uniformed employees	26	Nonuniformed employees	1	Al Fletcher Park	.5 acres	Dan Witt Park	6.0 acres	DeGroff Park	4.6 acres	Exchange Club Park	14.0 acres	Frank McDonough Park	6.1 acres	Mini Parks (7)	37,018 sq ft
Square Miles	2.49																																																																						
Miles of streets	41.12																																																																						
Miles of waterways	18.00																																																																						
1960	2,453																																																																						
1970	9,071																																																																						
1980	11,421																																																																						
1990	10,378																																																																						
2000	10,767																																																																						
Permits Issued	1,535																																																																						
Value of construction	\$ 37,657,625																																																																						
Registered voters - 2005	8,353																																																																						
Votes cast in last election - March, 2005	2,690																																																																						
Voting percentage	32%																																																																						
Finance and Administrative	7																																																																						
Police	42																																																																						
Fire	27																																																																						
Building	3																																																																						
Code Enforcement	2																																																																						
Public Works	16																																																																						
Library	4																																																																						
Recreation	<u>4</u>																																																																						
	<u>105</u>																																																																						
Stations	1																																																																						
Uniformed employees	32																																																																						
Nonuniformed employees	9																																																																						
Crossing guards (part-time)	4																																																																						
Stations	1																																																																						
Uniformed employees	26																																																																						
Nonuniformed employees	1																																																																						
Al Fletcher Park	.5 acres																																																																						
Dan Witt Park	6.0 acres																																																																						
DeGroff Park	4.6 acres																																																																						
Exchange Club Park	14.0 acres																																																																						
Frank McDonough Park	6.1 acres																																																																						
Mini Parks (7)	37,018 sq ft																																																																						

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



KEEFE, McCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

JOHN R. KEEFE, C.P.A.
JOHN E. McCULLOUGH, C.P.A. (RETIRED)
THOMAS T. CARPENTER, C.P.A.
PAUL B. SNEIDER, C.P.A. (RETIRED)
STEVEN H. WOODS, C.P.A.
DAVID T. WILLIAMS, C.P.A.

JOSEPH D. LEO, C.P.A.
WILLIAM G. BENSON, C.P.A.
BRIAN D. PINNELL, C.P.A. (RETIRED)
KENNETH G. SMITH, C.P.A.
LOUIS R. PROIETTO, C.P.A.
CYNTHIA L. CALVERT, C.P.A.

CHARLES K. RUMPF, C.P.A.
ISRAEL J. GOMEZ, C.P.A.

JAMES R. LARAWAY, C.P.A.
ROSS S. GOTTHOFFER, C.P.A.

6550 NORTH FEDERAL HIGHWAY
SUITE 410
FORT LAUDERDALE, FLORIDA 33308
(954) 771-0896
FAX: (954) 938-9353
E-MAIL: kmc@kmc CPA.com

**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 as of and for the year ended September 30, 2005, and have issued our report thereon dated April 10, 2006. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Lighthouse Point, Florida's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we did note certain immaterial weaknesses involving internal control over financial reporting and have communicated them in a separate letter to management dated April 10, 2006.

Compliance and Other Matters

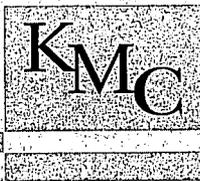
As part of obtaining reasonable assurance about whether the City of Lighthouse Point, Florida's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a 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 that are required to be reported under Government Auditing Standards.

City of Lighthouse Point, Florida

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. However, this report is a matter of public record and its distribution is not limited.

Keefe, McCullough & Co., LLP
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
April 10, 2006



KEEFE, McCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

JOHN R. KEEFE, C.P.A.
JOHN E. McCULLOUGH, C.P.A. (RETIRED)
THOMAS T. CARPENTER, C.P.A.
PAUL B. SNEIDER, C.P.A. (RETIRED)
STEVEN H. WOODS, C.P.A.
DAVID T. WILLIAMS, C.P.A.

JOSEPH D. LEO, C.P.A.
WILLIAM G. BENSON, C.P.A.
BRIAN D. PINNELL, C.P.A. (RETIRED)
KENNETH G. SMITH, C.P.A.
LOUIS R. PROIETTO, C.P.A.
CYNTHIA L. CALVERT, C.P.A.

CHARLES K. RUMPF, C.P.A.
ISRAEL J. GOMEZ, C.P.A.

JAMES R. LARAWAY, C.P.A.
ROSS S. GOTTHOFFER, C.P.A.

6550 NORTH FEDERAL HIGHWAY
SUITE 410
FORT LAUDERDALE, FLORIDA 33308
(954) 771-0896
FAX: (954) 938-9353
E-MAIL: kmcccpa.com

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 as of and for the year ended September 30, 2005, and have issued our report thereon dated April 10, 2006.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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. That report, dated April 10, 2006, 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 and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554(1)(h)1.) require that we address in the management letter, if not already addressed in the auditors' report on compliance and internal controls whether or not recommendations made in the preceding annual financial audit report have been followed. There were no recommendations made in the preceding annual financial audit report.

As required by the Rules of the Auditor General (Section 10.554(1)(h)2.), the scope of our audit included 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 the City complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(h)3.) require that we address in the management letter any findings and recommendations to improve financial management, accounting procedures and internal controls. In connection with our audit, we communicated such findings in a separate letter dated April 10, 2006.

City of Lighthouse Point, Florida

The Rules of the Auditor General (Section 10.554(1)(h)4.) require disclosure in the management letter of the following matters if not already addressed in the auditors' report on compliance and internal controls: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the basic financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed no matters that are required to be disclosed by Rules of Auditor General (Section 10.554 (1)(h)4.)

The Rules of the Auditor General (Section 10.554(1)(h)5.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the report to City management, unless disclosed in the notes to the basic financial statements. The City of Lighthouse Point, Florida was established in 1957 under the provisions of Chapter 57.1534 of the laws of the State of Florida. The City does not have any component units.

As required by the Rules of the Auditor General (Section 10.554(1)(h)6.a.), 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. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(h)6.b.), we determined that the annual financial report for the City for the year ended September 30, 2005, 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, 2005.

As required by the Rules of the Auditor General (Section 10.554(h)(6)c. and 10.556(7)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity'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.

This report to management 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 these specified parties.

Keefe, McCullough & Co., LLP
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
April 10, 2006