

City of Lighthouse Point

Florida



**Comprehensive Annual Financial Report
For the Year Ended September 30, 2017**

THE CITY OF LIGHTHOUSE POINT, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2017

Prepared By:
Finance Department

Frank L. DiPaolo, CPA, CGMA
Finance Director
Cori Olympio, CPA
Accountant

City of Lighthouse Point, Florida

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INTRODUCTORY SECTION



March 27, 2018

Honorable Mayor and Commissioners

**Re: City's Comprehensive Annual Financial Report -
For the Year Ended September 30, 2017**

Dear Mayor and Commissioners:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Lighthouse Point, Florida (the "City"), for the fiscal year ended September 30, 2017. This report has been prepared by the Finance Department with input from all City departments. Although the financial statements have been audited by independent certified public accountants, the responsibility for the accuracy, completeness and fairness of the presentation, including all disclosures, rests with the City staff. We believe the information, as presented here, fairly presents the City's financial position in all material respects. We have included the elements required by the Governmental Accounting Standards Board (GASB), the State of Florida, and the Government Finance Officers Association of the United States and Canada (GFOA). This report should provide readers with a clear perspective of the City's operations and financial activity.

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

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

Profile of the Government

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

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

Economic Condition and Outlook

Lighthouse Point is a developed community that is bordered by Federal Highway on the west and the Intracoastal Waterway on the east. The City is comprised of 2.5 square miles in the northeast section of the County, and surrounded by the municipalities of Pompano Beach, Deerfield Beach, and Hillsboro Beach. The City’s tax base, which is primarily residential, was heavily impacted by the economic downturn of 2008-09. However, taxable values have recovered and continued growth is anticipated for the foreseeable future. For the fiscal year ended September 30, 2017, which is the focus of this financial report, the final taxable property values increased by 5.7 percent to \$ 2.09 billion, marking the sixth consecutive year of assessed value increases for the City of Lighthouse Point. The City is fully built-out, however values continue to increase at a sustainable pace, and the average market and assessed values of single family homes in the City are among the highest in the County. This is attributed to the City’s large amount of waterfront property and strong residential market with few foreclosures. The City’s building permit revenue has been strong over the past several years, due to a large number of single family home rebuilds and remodels, which bodes well for future tax base numbers. The City is well positioned with a sound General Fund spendable balance as shown in the financial statements in this report. Continued stabilization of the City’s tax base has allowed the City to maintain the same operating ad valorem millage rate for FY 2016/2017 and each year since FY 2011/2012. In the fall of 2011, Standard & Poor’s affirmed the City’s unenhanced general obligation bond rating of AA+ partially based on the economic conditions in Lighthouse Point. The commercial sector continues to attract new business and retail establishments.

Long-Term Financial Planning

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

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

- Repair and maintenance to the City’s Stormwater infrastructure.

- Replaced air conditioners at City Hall and the Library.
- Contract for canal dredging for areas most in need.
- Planned and emergency repairs to the Sample Road pedestrian bridge, and repairs/maintenance projects on six of the City's other bridges.
- Completed project to add sidewalk in north end of the City and replacement of broken and cracked sidewalks.
- Enhancements to the City's irrigation and landscaping infrastructure.

Financial Information and Relevant Policies

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

Budgetary Control:

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Although the legal level of control (the point at which expenditures and encumbrances cannot legally exceed appropriations) is by character (Personal Services, Operating Expenses, Capital Outlay), budgetary control is maintained at the object level through the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders, which result in an overrun of balances, are not released until additional appropriations are made available or sufficient resources are assured to cover the liability. Open encumbrances are reported as commitments of fund balance on September 30, 2017.

Financial Policies:

The City has adopted specific financial policies that have contributed to the sound financial position reflected in this report for FY 2016/2017. These include:

- A contingency policy that requires certain fund balance to be set aside for emergencies
- An investment policy that emphasizes safety and liquidity above all, with yield being of lowest importance
- Conservative budget practices that help to maintain healthy levels of fund balance

Employee Retirement System:

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

Major Initiatives

The City's major initiatives for FY 2017 included the following:

- Replaced vehicles in the Police and Fire Departments.
- Implemented virtual servers to replace obsolete systems.
- Installed video recording system in City Commission Chamber, and started project to install City-wide security cameras.
- Additional technology enhancements, including new Public Safety radios, computers and mobile laptops, and replaced the Police Department interrogation rooms recording system.
- Continued expansion of the City's Recreation and Summer Camp programs.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its report for the fiscal year ended September 30, 2016. This was the twenty-third consecutive year that the City has achieved this recognition. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

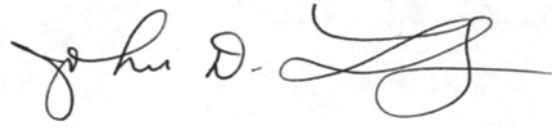
A Certificate of Achievement is valid for a period of one year only. We believe that the current comprehensive annual financial report continues to meet the requirements of this peer review program and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "F. DiPaolo".

Frank L. DiPaolo
Finance Director

A handwritten signature in black ink, appearing to read "John D. Lavisky".

John D. Lavisky
City Administrator



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lighthouse Point
Florida**

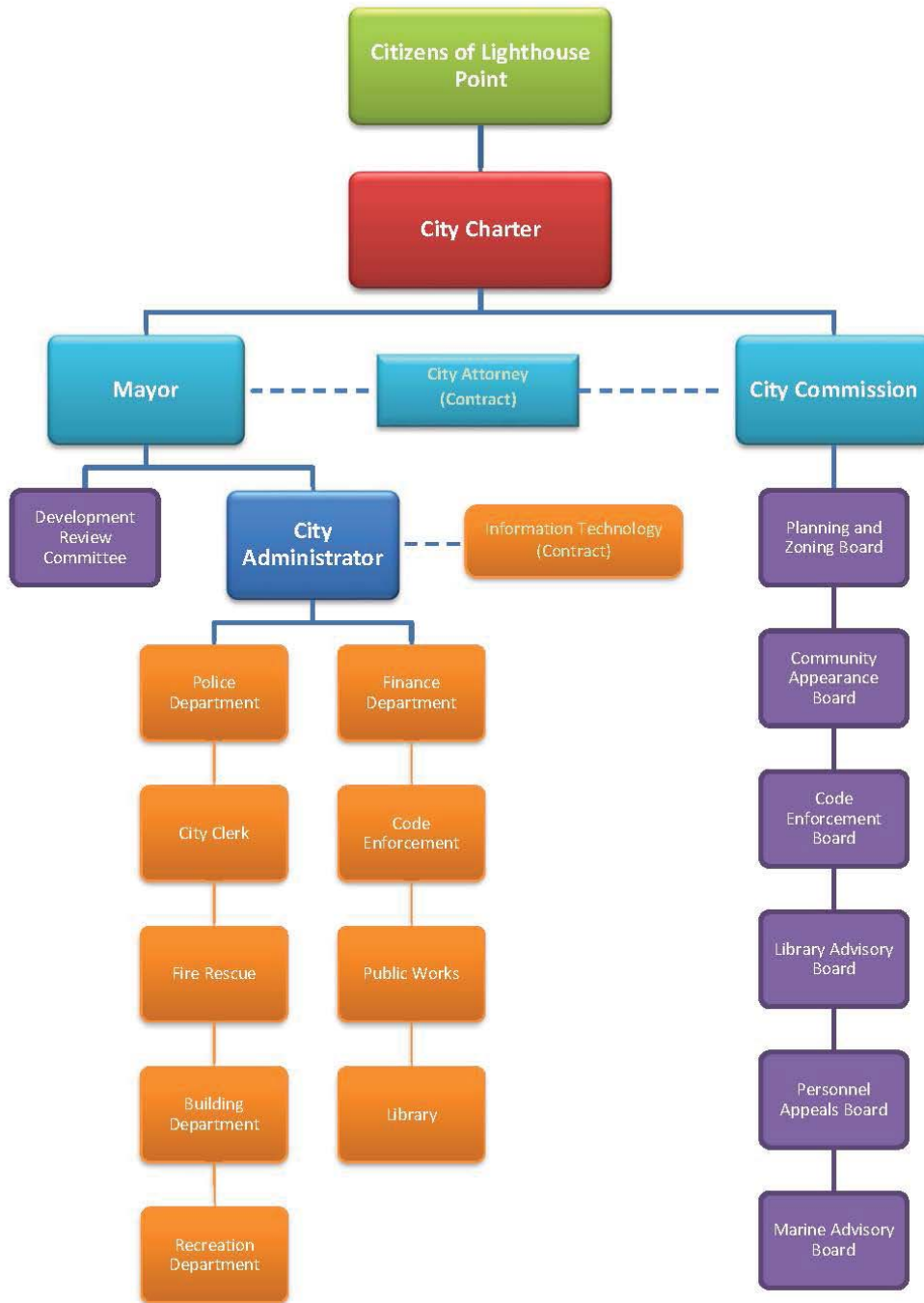
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO

**City of Lighthouse Point
City Governmental Structure
September 30, 2017**



City of Lighthouse Point, Florida
List of Principal Officials
September 30, 2017

Mayor	Glenn Troast
Commission President	Sandy Johnson
Commission Vice President	Jason Joffe
Commissioner	Kyle Van Buskirk
Commissioner	Michael S. Long
Commissioner	Earl Maucker
City Administrator	John D. Lavisky
City Attorney	Michael Cirullo
City Clerk	Jennifer Oh
Finance Director	Frank L. DiPaolo
Fire Chief	David Donzella
Library Director	Christy Keyes
Police Chief	Ross Licata
Public Works Director	Charles Schramm
Recreation Director	Becky Lysengen

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Police and Fire Defined Benefit Pension Trust Fund, which represents 49%, 49%, and 59%, respectively of the assets, net position and additions of the fiduciary funds. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police and Fire Defined Benefit Pension Trust Fund are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Police and Fire Defined Benefit Pension Trust Fund were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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, as of September 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the General Fund and the Garbage and Trash Fund - a major special revenue fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules related to pensions and other post-employment benefits on pages 4 through 20 and 60 through 63, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lighthouse Point, Florida's basic financial statements. The introductory section, other supplementary information, other financial information, and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information and the other financial information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the other financial information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

City of Lighthouse Point, Florida

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2018, on our consideration of the City of Lighthouse Point, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lighthouse Point, Florida's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 27, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

(NOT COVERED BY INDEPENDENT AUDITOR'S REPORT)

As management of the City of Lighthouse Point, we offer readers this overview and analysis of the financial activities of the City of Lighthouse Point for the fiscal year ended September 30, 2017. This section of the financial report is designed to assist the reader in focusing on significant financial issues, changes in the City's financial position and material deviations from the approved budget; further, to identify issues and concerns within each individual fund. Readers are encouraged to review the information presented here in conjunction with the information presented throughout this report, including the letter of transmittal, financial statements, and notes to the financial statements that follow. This discussion and analysis is intended to serve as an introduction to the City's basic financial statements.

Financial Highlights

The following are highlights of financial activity for the fiscal year ending September 30, 2017:

- The City's total assets exceeded its liabilities by \$ 29,392,040 (net position). The entire amount was derived from governmental fund activities. Of this amount, \$ 7,480,739 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's revenues for governmental activities were \$ 17,510,633, including \$ 4,782,022 for program related services. Expenditures for all governmental activities were \$ 17,663,298.
- At the close of the current fiscal year, the City of Lighthouse Point's governmental funds reported combined ending fund balances of \$ 9,922,139, a decrease of \$ 373,479. The General Fund decreased by \$ 258,992.
- At the end of the current fiscal year, the total fund balance for the General Fund was \$ 5,806,003 including \$ 76,661 Nonspendable; \$ 1,598,527 Committed; \$ 3,750,000 Assigned; and \$ 380,815 Unassigned.
- The total value of the City's governmental cash and investments at September 30, 2017 was \$ 10,363,414. The City's balances of cash were up \$ 521,848 and invested funds were down \$ 641,175.

Overview of Financial Statements

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

**City of Lighthouse Point, Florida
Management’s Discussion and Analysis
September 30, 2017**

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

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

Government-wide financial statements

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

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

The statement of activities presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue 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 (governing body, administration, records management, and finance), public safety (police, fire-rescue, land and building regulation, and code enforcement), physical environment (public works), and culture and recreation (library and park activities). The City of Lighthouse Point is the primary government and has no component units to report. These statements do not include the fiduciary funds because those resources are being held in trust for beneficiaries and cannot be used for the City's program activities.

Fund financial statements

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

The governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures, and changes in fund balance. Governmental funds include the functions summarized as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the government's near-term financing requirements.

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

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

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

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found starting on page 33 of this report.

Other information

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

Other supplementary information includes budgetary comparison schedules for the City's General Fund, Tennis Center Fund, Stormwater Fund, and Debt Service Fund, which demonstrate compliance with the City's annual adopted budget.

The combining statements referred to earlier in connection with nonmajor governmental funds is presented as other financial information, immediately following the other supplementary information section.

Government-Wide Financial Analysis

Summary of Net Position

As noted earlier, net position may serve over time as a useful indicator of the City's financial health or position. For the City of Lighthouse Point, assets exceeded liabilities by \$ 29,392,040 at the close of the fiscal year. The table below summarizes Lighthouse Point's net position for the fiscal year ended September 30, 2017 compared to September 30, 2016.

	Net Position September 30	
	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 11,856,337	\$ 12,093,325
Capital assets, net	<u>21,680,936</u>	<u>22,069,424</u>
Total assets	<u>33,537,273</u>	<u>34,162,749</u>
Total deferred outflows of resources	<u>4,511,160</u>	<u>5,640,019</u>
Current liabilities	1,850,990	1,514,641
Long-term liabilities outstanding	<u>4,299,466</u>	<u>7,226,255</u>
Total liabilities	<u>6,150,456</u>	<u>8,740,896</u>
Total deferred inflows of resources	<u>2,505,937</u>	<u>1,517,167</u>
Net position:		
Net investment in capital assets	18,960,079	19,261,328
Restricted	2,951,222	2,680,004
Unrestricted	<u>7,480,739</u>	<u>7,603,373</u>
Total net position	<u>\$ 29,392,040</u>	<u>\$ 29,544,705</u>

The overall financial position of the City decreased in total by \$ 152,665 during FY 2017. This was mostly due to normal fluctuations in revenue and expenses.

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

The majority of the City's total net position (\$ 18,960,079 or 65%) are in capital assets, such as land, buildings, improvements other than buildings, machinery and equipment, and infrastructure, less any related debt that was used to acquire those assets (approximately \$ 2.7 million) that is still outstanding. The City's portion of net assets invested in capital, net of related debt decreased by \$ 301,249 due to the net effect of the acquisition of capital items and scheduled debt payments. The City of Lighthouse Point uses its capital assets to provide services to its residents; consequently, these assets are not available for future spending or liquidation. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position (\$ 2,951,222 or 10%) represents resources that are subject to either external restrictions or City policy on how they may be used. The 2017 balance in restricted net position increased by \$ 271,218.

The remaining balance of \$ 7,480,739 reflects unrestricted net position (25%) decreased by \$ 122,634, and may be used to meet the government's ongoing obligations to citizens and creditors.

Summary of Changes in Net Position

Governmental activities:

The following schedule is a summary of the FY 2017 Statement of Activities with comparative information for FY 2016:

	Change in Net Position	
	For the Year Ended September 30,	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$ 4,651,042	\$ 4,795,251
Operating grants and contributions	130,980	129,830
General revenues:		
Ad valorem taxes	7,652,001	7,270,669
Other taxes	3,137,988	3,062,435
Intergovernmental revenues	1,297,569	1,209,109
Miscellaneous	641,053	627,964
Total revenues	17,510,633	17,095,258

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	For the Year Ended September 30,	
	2017	2016
	<u> </u>	<u> </u>
Expenses:		
General government	1,781,048	1,717,475
Public safety	10,120,375	9,827,589
Physical environment	4,380,588	4,054,749
Transportation	44,246	42,655
Culture and recreation	1,286,251	1,262,675
Debt service	50,790	60,161
	<u> </u>	<u> </u>
Total expenses	17,663,298	16,965,304
	<u> </u>	<u> </u>
Change in net position	(152,665)	129,954
	<u> </u>	<u> </u>
Net Position, Beginning of Year	29,544,705	29,414,751
	<u> </u>	<u> </u>
Net Position, End of Year	\$ <u>29,392,040</u>	\$ <u>29,544,705</u>

Revenues increased from prior year total by \$ 415,375 (2.4%), and expenses came in higher than the prior year total by \$ 697,994 (4.1%). Net position for the current fiscal year decreased by \$ 152,665. The primary driver of the increase in revenue was an increase in Ad Valorem Tax collections. Nearly all functions of government experienced an increase in expenses due to higher payroll costs.

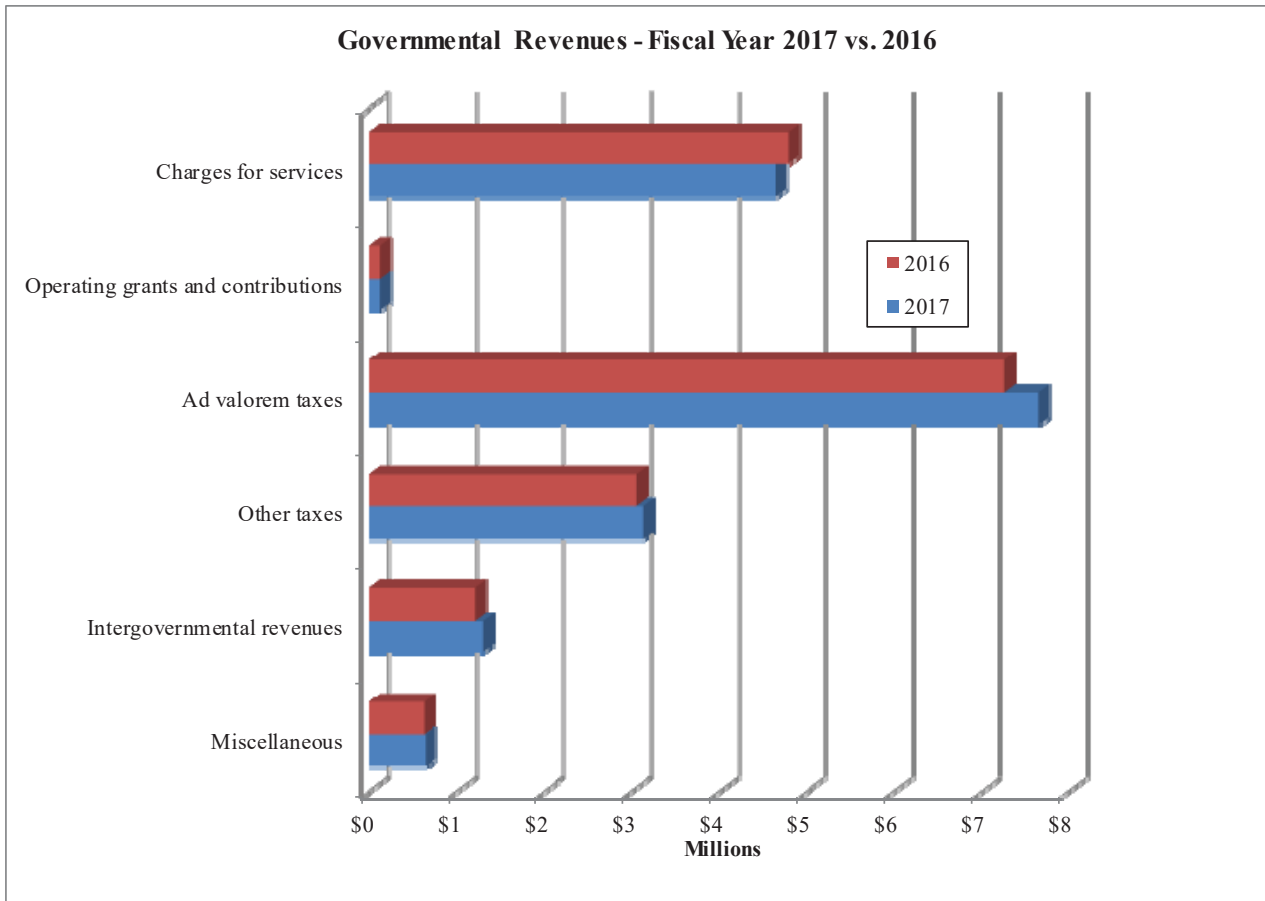
Net investment in capital assets decreased by \$ 301,249. Although the City did acquire new capital assets during the fiscal year, there was a greater amount of depreciation and retirements recorded, along with a reduction of related debt resulting from recurring debt service payments.

The City also reported a Net Pension Liability for fiscal year 2016/2017 in the amount of \$ 387,347. This represents a reduction of approximately \$2.8 million from the fiscal year 2015/2016 reported liability, and was due to strong investment returns and demographic experience gains.

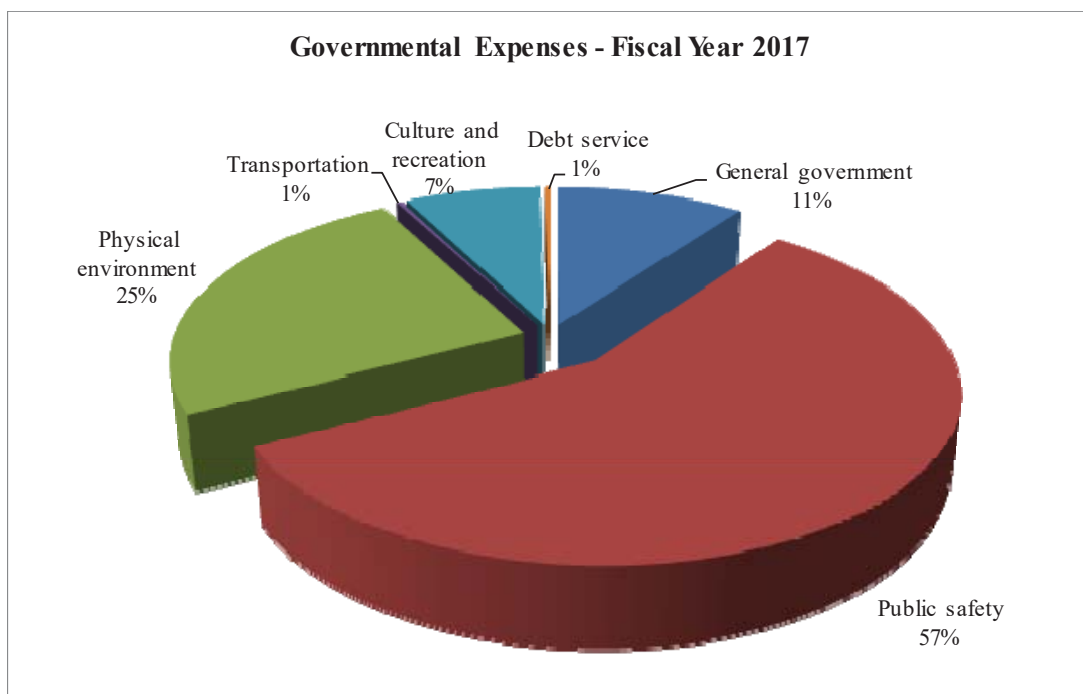
Total revenues were higher by 2.4% in fiscal year 2016/2017. Ad Valorem taxes increased due to an increase in assessed property values. Other taxes, which includes Franchise Fees and Utility Service Taxes, increased moderately as well. However, Charges for Services decreased due to a decline in Building Permit activity.

Expenses increased for the year due to increased costs for Public Safety and Physical Environment. Public Safety costs are higher due to increased payroll costs. Physical Environment was higher due to a transfer from the General Fund to the Infrastructure Fund for future capital improvements.

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



The following pie chart shows program expenses for governmental activities for fiscal year 2017:



Analysis of the Government's Funds

As noted earlier, the City of Lighthouse Point utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to communicate near-term inflows, outflows, and balances of spendable resources. The information presented, particularly the unreserved fund balance, may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year. At the end of the FY 2017, the City of Lighthouse Point's governmental funds reported combined ending fund balances of \$ 9,922,139.

Approximately 6% of the fund balance constitutes nonspendable fund balance, or \$ 576,661 that is not available for spending at the City's discretion, and represents prepaid insurance premiums for the next fiscal year, as well as the principal balance of the Walt and Mary Barker Library Trust Fund. The remainder is spendable but falls into four different categories:

- Restricted by external requirements (\$ 2,451,222 or 24%), comprised of Federal and State Forfeiture Funds, Garbage and Trash fund balance, and Stormwater and Debt Service fund balance;
- Committed by the City Commission (\$ 2,792,357 or 28%) for minimum contingency balance, appropriated budget surplus for the following year's budget, and use for purposes other than those restricted or nonspendable, including the balance of the special purpose funds;
- Assigned by the Mayor (\$ 3,750,000 or 38%) for emergency recovery purposes;
- Unassigned (\$ 351,899 or 4%) is available for spending with no restrictions.

The following is a summary of changes and the breakdown of fund balances as of September 30, 2017:

	<u>General Fund</u>	<u>Garbage and Trash Fund</u>	<u>Public Safety Fund</u>	<u>Infrastructure Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances, September 30,	\$ 6,064,995	\$ 393,327	\$ 1,953,004	\$ 845,438	1,038,854	\$ 10,295,618
Revenues	14,777,726	1,812,816	18,002	117,617	951,835	17,677,996
Expenditures	(14,914,390)	(1,536,393)	(174,325)	(1,015,685)	(830,682)	(18,471,475)
Other financing sources (uses)	<u>(122,328)</u>	<u>(55,000)</u>	<u>-</u>	<u>500,000</u>	<u>97,328</u>	<u>420,000</u>
Fund balances, September 30,	<u>\$ 5,806,003</u>	<u>\$ 614,750</u>	<u>\$ 1,796,681</u>	<u>\$ 447,370</u>	<u>\$ 1,257,335</u>	<u>\$ 9,922,139</u>
Fund balances are represented as follows:						
Nonspendable	\$ 76,661	\$ -	\$ -	\$ -	\$ 500,000	\$ 576,661
Restricted	-	221,423	1,796,681	-	433,118	2,451,222
Committed	1,598,527	393,327	-	447,370	353,133	2,792,357
Assigned	3,750,000	-	-	-	-	3,750,000
Unassigned	<u>380,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,916)</u>	<u>351,899</u>
Fund balances, September 30,	<u>\$ 5,806,003</u>	<u>\$ 614,750</u>	<u>\$ 1,796,681</u>	<u>\$ 447,370</u>	<u>\$ 1,257,335</u>	<u>\$ 9,922,139</u>

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General Fund

The General Fund is the chief operating fund of the City of Lighthouse Point. At the end of FY 2017, total nonspendable and spendable fund balance of the General Fund was \$ 5,806,003. As a measure of the General Fund’s liquidity, it may be useful to compare both spendable fund balance and total fund expenditures. Assigned and unassigned fund balance represents 27% of the total general fund expenditures.

The following table summarizes the General Fund’s revenues compared with the prior year:

	Fiscal Year 2017	Fiscal Year 2016	Dollar Change	Percent Change
Revenues:				
Ad Valorem	\$ 7,248,276	\$ 6,862,442	\$ 385,834	5.6%
Franchise taxes	867,349	847,516	19,833	2.3%
Utility service taxes	2,397,754	2,360,010	37,744	1.6%
Licenses and permits	953,071	1,083,509	(130,438)	-12.0%
Intergovernmental revenues	1,412,691	1,348,559	64,132	4.8%
Charges for services	473,914	468,543	5,371	1.1%
Non ad valorem assessments	614,897	615,071	(174)	0.0%
Fines and forfeitures	577,385	400,574	176,811	44.1%
Miscellaneous	232,389	254,137	(21,748)	-8.6%
Transfers in and other sources	530,000	262,416	267,584	102.0%
	<u>\$ 15,307,726</u>	<u>\$ 14,502,777</u>	<u>\$ 804,949</u>	5.6%

General Fund operating revenue totaled \$ 15,307,726, reflecting a net increase of \$ 804,949 when compared with 2016. The main drivers of this increase were ad valorem taxes, licenses and permits, and fines and forfeitures. The City’s property tax base increased by 5.7% in FY 2017 and the City Commission approved the same millage rate as the prior year, resulting in an increase in Ad Valorem revenue. Fines and forfeitures were higher due to collection of large code enforcement fines. A decrease in building permit activity led to the decrease in licenses and permits revenue.

Other revenue categories also experienced some fluctuations compared with the prior fiscal year. Franchise fees and utility service taxes were somewhat higher due to an increase in the underlying charges and activity on which these taxes are based. Intergovernmental revenues were up by nearly 5% due to receipt of Federal and State reimbursements for costs from Hurricane Matthew in October 2016. Miscellaneous revenues were lower by over 8% from a decrease in surplus auction proceeds and miscellaneous contributions. The remainder of the categories saw minimal changes from the prior fiscal year.

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The following table summarizes the General Fund expenditures compared with the prior year:

	Fiscal Year 2017	Fiscal Year 2016	Dollar Change	Percent Change
Expenditures:				
General government	\$ 1,826,216	\$ 1,661,914	\$ 164,302	9.9%
Public safety	10,446,815	9,642,447	804,368	8.3%
Physical environment	1,612,022	1,426,539	185,483	13.0%
Transportation	44,246	42,655	1,591	3.7%
Culture/recreation	837,407	916,538	(79,131)	-8.6%
Debt service	147,684	136,853	10,831	7.9%
Transfers out	652,328	149,368	502,960	336.7%
	<u>\$ 15,566,718</u>	<u>\$ 13,976,314</u>	<u>\$ 1,590,404</u>	11.4%

General Fund expenditures were up \$ 1,590,404 from FY 2016, or about 11.4%. General Government increased by about 10% due to costs for a new Commission Chamber video recording system, professional services for an actuarial study on the City's Police and Fire Pension plan, and the implementation of virtual servers. Public Safety expenditures were higher as a result of increased salaries and benefits due to contractual increases as well as overtime for Hurricanes Irma and Matthew. Physical Environment had increased overtime and professional services, also due to hurricane recovery. Culture/Recreation expenditures declined as a result of less capital outlay in fiscal year 2016/2017. The increase in Debt Service was due to a new capital lease issue. Finally, the significant increase in Transfers Out was a result of a transfer of \$ 500,000 to the Infrastructure Fund.

Changes to the City's General Fund original revenue budget are summarized as follows:

	Original Budget	Final Budget	Dollar Change	Percent Change
Revenues:				
Ad Valorem	\$ 7,170,440	\$ 7,248,782	\$ 78,342	1.1%
Franchise taxes	936,000	936,000	-	0.0%
Utility service taxes	2,434,333	2,434,333	-	0.0%
Licenses and permits	860,500	873,403	12,903	1.5%
Intergovernmental revenues	1,344,000	1,344,000	-	0.0%
Charges for services	444,150	444,150	-	0.0%
Non ad valorem assessments	610,000	610,000	-	0.0%
Fines and forfeitures	101,350	587,820	486,470	82.8%
Miscellaneous	116,000	179,781	63,781	35.5%
Transfers in and other sources	444,719	573,719	129,000	22.5%
Allocation of fund balance	-	330,358	330,358	100.0%
	<u>\$ 14,461,492</u>	<u>\$ 15,562,346</u>	<u>\$ 1,100,854</u>	7.1%

Ad valorem taxes were higher than anticipated due to the collection of delinquent tax levies. Licenses and permits were higher due to an unanticipated increase in building permit activity. Fines and forfeitures was amended to cover a large transfer to the Infrastructure Fund. Miscellaneous revenues were also amended to reflect the receipt of insurance reimbursements used to repair City property damages. The budget for transfers in and other sources was raised since the actual debt issued for capital projects was higher than budgeted. Lastly, the budget for allocation of fund balance was adjusted to cover various remaining expenditures.

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Changes to the City's General Fund original expenditures budget are summarized as follows:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Expenditures:				
General government	\$ 1,824,269	\$ 1,854,866	\$ 30,597	1.7%
Public safety	10,042,449	10,392,942	350,493	3.5%
Physical environment	1,359,432	1,627,840	268,408	19.7%
Transportation	43,654	43,655	1	0.0%
Culture/recreation	860,948	855,065	(5,883)	-0.7%
Debt service	178,411	178,411	-	0.0%
Transfers out	<u>152,329</u>	<u>652,329</u>	<u>500,000</u>	328.2%
	<u>\$ 14,461,492</u>	<u>\$ 15,605,108</u>	<u>\$ 1,143,616</u>	7.9%

General Government appropriations were increased due to completion of the City Commission Chamber video recording system, additional legal services provided by the City Attorney and labor counsel, and overtime costs due to Hurricane Irma. Public Safety appropriations were increased to cover overtime resulting from hurricane recovery, replacement engines for the Police boat, and overtime costs in the Building Department. The increase to Physical Environment was due to a transfer to the Infrastructure Fund. The budget for Culture/Recreation was decreased mainly due to a part-time vacancy.

Garbage and Trash Fund:

The Garbage and Trash Fund accounts for the activities involved with the collection and disposal of debris in the City. The City contracts for residential trash removal services with Waste Management and charges a Non-Ad Valorem Special Assessment to residential customers. Commercial customers and condominiums with dumpster service pay directly to the franchisee.

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues:				
Charges for services	\$ 1,659	\$ 1,862,845	\$ (1,861,186)	-99.9%
Non ad valorem assessments	1,655,784	-	1,655,784	100.0%
Miscellaneous	<u>145,373</u>	<u>93,589</u>	<u>51,784</u>	55.3%
	<u>\$ 1,802,816</u>	<u>\$ 1,956,434</u>	<u>\$ (153,618)</u>	-7.9%
Expenditures:				
Physical environment	\$ 1,536,393	\$ 1,832,789	\$ (296,396)	-16.2%
Transfers out	<u>55,000</u>	<u>55,000</u>	<u>-</u>	0.0%
	<u>\$ 1,591,393</u>	<u>\$ 1,887,789</u>	<u>\$ (296,396)</u>	-15.7%

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The Garbage and Trash Fund currently has a healthy reserve balance, committed to continued viable operation of the City’s trash disposal function, as well as keeping assessment rates as low as possible. Fund balance as of September 30, 2017 is \$ 614,750.

The City’s transition from billing for a charge for services to a special assessment requires the City to use a different revenue account. This causes the financials to appear to have major variances when comparing FY 2016 to 2017. However, there was a decrease in trash fee collections of \$ 205,402, and this was due to the transition of billing for dumpster (commercial) service accounts to direct billing with Waste Management. Additionally, miscellaneous revenues were higher due to collection of additional franchise fee revenues.

Expenditures for physical environment were lower than the prior year due to the transition to a solid waste special assessment and the transition of billing commercial accounts to Waste Management, as mentioned previously. Transfers out were the same as in FY 2016.

Public Safety Fund:

The Public Safety Fund records the inflow and outflow of Federal and State forfeiture funds. Expenditures are appropriated on an as needed basis, rather than one annual appropriation like the City’s other operating funds. There are external restrictions on the use of these monies, and accordingly, balances are shown in the financial statements as restricted. The funds are typically utilized for capital purchases and to supplement operational needs, including training and some overtime. In FY 2017, revenues increased slightly, as there was an increase in both forfeitures and interest revenue. Total expenditures also increased due to higher operating and capital expenditures.

	Fiscal Year 2017	Fiscal Year 2016	Dollar Change	Percent Change
Revenues:				
Fines and forfeitures	\$ 4,836	\$ 1,725	\$ 3,111	180.3%
Miscellaneous	<u>13,166</u>	<u>9,698</u>	<u>3,468</u>	35.8%
	<u>\$ 18,002</u>	<u>\$ 11,423</u>	<u>\$ 6,579</u>	57.6%
Expenditures:				
Public safety	\$ 89,043	\$ 84,180	\$ 4,863	5.8%
Capital outlay	<u>85,282</u>	<u>43,551</u>	<u>41,731</u>	95.8%
	<u>\$ 174,325</u>	<u>\$ 127,731</u>	<u>\$ 46,594</u>	36.5%

All expenditures in the Public Safety Fund were approved by the City Commission. The Public Safety Fund balance as of September 30, 2017 is \$ 1,796,681, restricted for future public safety costs and initiatives.

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Tennis Center Fund:

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

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues:				
Charges for services	\$ 90,035	\$ 91,741	\$ (1,706)	-1.9%
Miscellaneous	1,000	1,000	-	0.0%
Transfers in	<u>128,328</u>	<u>129,368</u>	<u>(1,040)</u>	-0.8%
	<u>\$ 219,363</u>	<u>\$ 222,109</u>	<u>\$ (2,746)</u>	-1.2%
Expenditures:				
Culture/recreation	<u>\$ 237,201</u>	<u>\$ 224,361</u>	<u>\$ 12,840</u>	5.7%
	<u>\$ 237,201</u>	<u>\$ 224,361</u>	<u>\$ 12,840</u>	5.7%

For the current fiscal year, the City decreased the budgeted General Fund transfer to \$ 128,328. Revenues overall were slightly lower than the prior year due to a small decline in charges for services; however, expenditures continue to rise due to contractual pay increases for employees, an increased cost of City insurance benefits, and the ongoing maintenance and rehabilitation of the clay courts. As of September 30, 2017, the Tennis Center Fund had a balance of (\$ 28,916) and is shown as unassigned fund balance in the financial statements.

Debt Service Fund:

The Debt Service Fund accounts for the repayment of long term debt issued by the City. The expenditures are based upon amortization schedules. Since the annual debt service payments do not change, and property values are on the rise, the City has been able to lower the millage rate and still meet the debt service requirements. Any residual fund balance is used to lower the millage rate whenever possible.

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues:				
Ad valorem taxes	\$ 403,725	\$ 408,227	\$ (4,502)	-1.1%
Interest income	<u>147</u>	<u>62</u>	<u>85</u>	137.1%
	<u>\$ 403,872</u>	<u>\$ 408,289</u>	<u>\$ (4,417)</u>	-1.1%
Expenditures:				
Principal	\$ 364,088	\$ 356,949	\$ 7,139	2.0%
Interest and other	<u>43,632</u>	<u>50,770</u>	<u>(7,138)</u>	-14.1%
	<u>\$ 407,720</u>	<u>\$ 407,719</u>	<u>\$ 1</u>	0.0%

The Debt Service Fund Balance as of September 30, 2017 is \$ 10,825, restricted for repayment of debt service obligations.

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Stormwater Fund

The Stormwater Fund was established in FY 2010. The purpose of the fund is to provide resources for capital improvements and significant maintenance of the City’s stormwater management infrastructure. Although much of this had been funded by grants in the past, these grant dollars have diminished over time and are now insufficient to meet the City’s needs. The primary source of revenue is a non-ad valorem special assessment on the annual property tax bill, shown as stormwater fees in the table below. A consultant study was used to determine the benefit for individual properties of the City’s stormwater management program. The stormwater management and collection system is aging, and the City continues to assess property owners each year as a way to build a fund balance for probable major stormwater improvements in the future. The Stormwater Fund Balance as of September 30, 2017 is \$ 344,738, restricted to future maintenance and capital improvement projects in the stormwater system. Two large capital projects in FY 2016 significantly reduced the Stormwater Fund balance.

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues:				
Stormwater fees	\$ 269,214	\$ 270,742	\$ (1,528)	-0.6%
Miscellaneous	<u>2,237</u>	<u>1,824</u>	<u>413</u>	22.6%
	<u>\$ 271,451</u>	<u>\$ 272,566</u>	<u>\$ (1,115)</u>	-0.4%
Expenditures:				
General government	\$ 9,281	\$ 9,087	\$ 194	2.1%
Physical environment	55,180	78,149	(22,969)	-29.4%
Capital outlay	-	1,376,386	(1,376,386)	-100.0%
Transfers out	<u>55,000</u>	<u>55,000</u>	<u>-</u>	0.0%
	<u>\$ 119,461</u>	<u>\$ 1,518,622</u>	<u>\$ (1,399,161)</u>	-92.1%

There was no change in the assessment rate, and stormwater fee revenues were slightly lower than the prior year. Miscellaneous revenues were slightly higher due to an increase in interest earnings. There were no capital projects during the current year. In the prior year there were two projects that took place to expand and rehabilitate the drainage system. Other expenditures in the current year consisted primarily of repairs to existing storm drain lines, cleaning and maintenance of storm drains, and billing fees for collection of the assessment.

Infrastructure Fund:

The Infrastructure Fund was established by the City Commission to carry out general capital improvement projects, and has been primarily funded with transfers from other City funds. The infrastructure fund balance as of September 30, 2017 is \$ 447,370, committed to future capital improvement projects.

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The following table summarizes the fund activity for FY 2017:

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues:				
Miscellaneous	\$ 117,617	\$ 118,246	\$ (629)	-0.5%
Transfers in	<u>500,000</u>	<u>-</u>	<u>500,000</u>	100.0%
	<u>\$ 617,617</u>	<u>\$ 118,246</u>	<u>\$ 499,371</u>	422.3%
Expenditures:				
Physical environment	\$ 978,246	\$ 594,967	\$ 383,279	64.4%
Capital outlay	37,439	-	37,439	100.0%
Transfers out	<u>-</u>	<u>33,497</u>	<u>(33,497)</u>	-100.0%
	<u>\$ 1,015,685</u>	<u>\$ 628,464</u>	<u>\$ 387,221</u>	61.6%

Appropriations are approved typically on a project by project basis. Revenues significantly increased from the prior year due to a transfer from the General Fund to be used for future projects. Current year expenditures were significantly higher, and included repairs to the Sample Road pedestrian bridge and six other bridges, addition of sidewalk in the North end of the City, various paving and curbing repairs, and some other minor landscaping projects.

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, 2017 amounts to \$ 21,680,936 (net of accumulated depreciation). This investment includes land, buildings and improvements, equipment and fixtures, vehicles, and infrastructure. Major capital asset acquisitions or improvements during the fiscal year include the following:

- City Hall – video recording system for City Commission Chamber
- Fire Department – replaced one administrative vehicle, acquired new stabilizing struts for accident scenes, and purchased new lengths of hose for fire engines
- Police Department – replaced several patrol units and one administrative vehicle, replaced patrol boat engines, and purchased a number of technology items, including computers and rugged laptops, radios, and a new recording system for interrogation rooms
- Recreation – numerous improvements to facilities, including a paver patio at Ash Mills Pavilion, adjustable basketball goals at Dan Witt Park, a new volleyball system at Frank McDonough Park, water bottle filling stations at various locations, and new benches at several locations
- Technology – began projects to implement virtual servers and City-wide security camera system

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- Infrastructure – maintenance and repair of various City infrastructure, including the completion of sidewalks in the City's north end, repaired cracking or damaged sidewalks throughout the City, City-wide repair and paving of roads, planned and emergency repairs to the Sample Road pedestrian bridge, repairs to six of the City's other bridges, and ongoing repairs and enhancements to the City's irrigation and landscaping infrastructure, and repair and maintenance to the City's stormwater infrastructure.

	<u>2017</u>	<u>2016</u>
Capital assets:		
Land	\$ 7,059,360	\$ 7,059,360
Infrastructure	6,574,020	6,313,309
Buildings and land improvements	6,188,432	6,420,243
Vehicles	1,214,951	1,202,662
Equipment and fixtures	644,173	659,024
Construction in progress	-	414,826
	<u> </u>	<u> </u>
Total capital assets	<u>\$ 21,680,936</u>	<u>\$ 22,069,424</u>

Additional data about the City's capital assets can be found in Note G.

Long-Term Debt and Other Long-Term Liabilities:

At the end of the fiscal year, the City had total debt and other long-term liabilities outstanding of \$ 5,001,481. A General Fund pledge to appropriate supports the capital leases, while ad valorem taxes provide the revenue stream for the repayment of the notes payable. Compensated absences are paid out upon termination based upon City policy and labor agreements. See Note L for more information on the other post-employment benefit obligation liability.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities:				
Notes payable	\$ 2,296,583	\$ -	\$ 364,088	\$ 1,932,495
Capital leases	496,857	420,000	139,320	777,537
Compensated absences	1,598,937	43,495	27,330	1,615,102
Net pension liability	3,223,370	-	2,836,023	387,347
Other post-employment benefit obligation liability	<u>247,000</u>	<u>42,000</u>	<u>-</u>	<u>289,000</u>
	<u>\$ 7,862,747</u>	<u>\$ 505,495</u>	<u>\$ 3,366,761</u>	<u>\$ 5,001,481</u>

Additional information about the City's long-term debt can be found in Note H.

Economic Factors and Next Year's Budgets and Rates

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

The General Fund budget for fiscal year 2018 was approved at \$ 15,058,655 which represents a decrease of \$ 546,443 (approximately 3.5%) below the amended fiscal year 2017 budget. The operating millage was adopted at 3.5893, equal to the millage rate for the prior fiscal year. Since taxable values increased, using the same millage resulted in an increase in the ad valorem levy for FY 2018. Additionally, the City adopted a fully balanced General Fund budget, as a result of the continued improving economic conditions in the City.

Requests for Information

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

BASIC
FINANCIAL STATEMENTS

City of Lighthouse Point, Florida
Statement of Net Position
September 30, 2017

	Governmental Activities
Assets:	
Cash, cash equivalents, and investments	\$ 10,363,414
Accounts receivable	583,777
Due from other governments	832,485
Prepays and other assets	76,661
Capital assets:	
Nondepreciable	7,059,360
Depreciable, net	14,621,576
	<u>33,537,273</u>
Total assets	
Deferred Outflows of Resources:	
Deferred outflows - related to pensions	4,511,160
	<u>4,511,160</u>
Total deferred outflows of resources	
Liabilities:	
Accounts payable	727,628
Accrued payroll and related taxes	315,382
Accrued interest payable	6,396
Deposits	33,784
Licenses collected in advance	43,756
Unearned revenues	22,029
Due within one year:	
Compensated absences payable	107,760
Notes and capital leases payable	594,255
Due in more than one year:	
Compensated absences payable	1,507,342
Notes and capital leases payable	2,115,777
Net pension liability	387,347
Other postemployment benefit obligation liability	289,000
	<u>6,150,456</u>
Total liabilities	
Deferred Inflows of Resources:	
Deferred inflows - related to pensions	2,505,937
	<u>2,505,937</u>
Total deferred inflows of resources	
Net Position:	
Net investment in capital assets	18,960,079
Restricted for:	
Debt service	10,825
Law enforcement trust	1,796,681
Stormwater improvements	344,738
Garbage and trash removal	221,423
Walt and Mary Barker library fund:	
Nonexpendable	500,000
Expendable	77,555
Unrestricted	7,480,739
	<u>29,392,040</u>
Total net position	\$ <u>29,392,040</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, 2017

		<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenues (Expenses) and Change in Net Position</u>
Functions/Programs:					
Governmental activities:					
General government	\$ 1,781,048	\$ 48,203	\$ -	\$ -	\$ (1,732,845)
Public safety	10,120,375	2,477,037	102,468	-	(7,540,870)
Physical environment	4,380,588	1,936,657	-	-	(2,443,931)
Transportation	44,246	-	-	-	(44,246)
Culture/recreation	1,286,251	189,145	28,512	-	(1,068,594)
Interest expense	50,790	-	-	-	(50,790)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total governmental activities	<u>\$ 17,663,298</u>	<u>\$ 4,651,042</u>	<u>\$ 130,980</u>	<u>\$ -</u>	<u>(12,881,276)</u>
General revenues:					
Taxes:					
Ad-valorem taxes					7,652,001
Franchise taxes					873,192
Utility service taxes					2,264,796
Intergovernmental revenues (unrestricted)					1,297,569
Miscellaneous					641,053
					<u> </u>
Total general revenues					<u>12,728,611</u>
					(152,665)
					<u>29,544,705</u>
					<u>29,544,705</u>
					<u>\$ 29,392,040</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, 2017

	Major Governmental	
	General Fund	Garbage and Trash Fund
Assets:		
Cash, cash equivalents, restricted cash and investments	\$ 8,236,970	\$ -
Due from other funds	-	682,308
Accounts receivable	510,828	61,604
Due from other governments	830,600	1,843
Prepaid expenditures	76,661	-
Total assets	\$ <u>9,655,059</u>	\$ <u>745,755</u>
Liabilities:		
Accounts payable	\$ 401,185	\$ 131,005
Accrued payroll and related taxes	311,157	-
Due to other funds	2,252,495	-
Deposits	33,784	-
Licenses collected in advance	43,756	-
Unearned revenue	15,060	-
Total liabilities	<u>3,057,437</u>	<u>131,005</u>
Deferred Inflows of Resources:		
Unavailable revenue - utility service taxes	632,862	-
Unavailable revenue - franchise and other revenues	89,028	-
Unavailable revenue - intergovernmental	69,729	-
Total deferred inflows of resources	<u>791,619</u>	<u>-</u>
Fund Balances:		
Nonspendable	76,661	-
Restricted	-	221,423
Committed	1,598,527	393,327
Assigned	3,750,000	-
Unassigned (deficit)	380,815	-
Total fund balances	<u>5,806,003</u>	<u>614,750</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>9,655,059</u>	\$ <u>745,755</u>

Funds			
Public Safety Fund	Infrastructure Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,187,075	\$ -	\$ 939,369	\$ 10,363,414
610,950	631,565	353,036	2,277,859
-	-	11,345	583,777
31	-	11	832,485
-	-	-	76,661
<u>\$ 1,798,056</u>	<u>\$ 631,565</u>	<u>\$ 1,303,761</u>	<u>\$ 14,134,196</u>
\$ 1,375	\$ 184,195	\$ 9,868	\$ 727,628
-	-	4,225	315,382
-	-	25,364	2,277,859
-	-	-	33,784
-	-	-	43,756
-	-	6,969	22,029
<u>1,375</u>	<u>184,195</u>	<u>46,426</u>	<u>3,420,438</u>
-	-	-	632,862
-	-	-	89,028
-	-	-	69,729
<u>-</u>	<u>-</u>	<u>-</u>	<u>791,619</u>
-	-	500,000	576,661
1,796,681	-	433,118	2,451,222
-	447,370	353,133	2,792,357
-	-	-	3,750,000
-	-	(28,916)	351,899
<u>1,796,681</u>	<u>447,370</u>	<u>1,257,335</u>	<u>9,922,139</u>
<u>\$ 1,798,056</u>	<u>\$ 631,565</u>	<u>\$ 1,303,761</u>	<u>\$ 14,134,196</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 Position
September 30, 2017

Fund balances - total governmental funds		\$ 9,922,139
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:</p>		
The cost of capital assets is	\$ 30,786,956	
Accumulated depreciation is	<u>(9,106,020)</u>	21,680,936
<p>Certain revenues are considered deferred inflows of resources in the fund statements due to availability of funds; under full accrual accounting they are considered revenues.</p>		
		791,619
<p>Certain funds related to pension assets and liabilities are not reported in the governmental funds:</p>		
Deferred outflows, related to pensions	4,511,160	
Deferred inflows, related to pensions	<u>(2,505,937)</u>	2,005,223
<p>Long-term liabilities, including leases and bonds payable are not due and payable in the current period and therefore are not reported in the funds:</p>		
Notes and capital leases payable	(2,710,032)	
Compensated absences payable	(1,615,102)	
Accrued interest payable	(6,396)	
Net pension liability	(387,347)	
Other postemployment benefit obligation liability	<u>(289,000)</u>	<u>(5,007,877)</u>
Net position of governmental activities		\$ <u><u>29,392,040</u></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
For the Year Ended September 30, 2017

	Major Governmental	
	General Fund	Garbage and Trash Fund
Revenues:		
Ad valorem taxes	\$ 7,248,276	\$ -
Franchise taxes	867,349	-
Utility service taxes	2,397,754	-
Licenses and permits	953,071	-
Intergovernmental revenues	1,412,691	-
Charges for services	473,914	1,659
Non advalorem assessments	614,897	1,665,784
Fines and forfeitures	577,385	-
Miscellaneous	232,389	145,373
Total revenues	<u>14,777,726</u>	<u>1,812,816</u>
Expenditures:		
Current:		
General government	1,725,942	-
Public safety	10,266,125	-
Physical environment	1,600,028	1,536,393
Transportation	44,246	-
Culture/recreation	809,393	-
Capital outlay	320,972	-
Debt service:		
Principal	139,320	-
Interest and other	8,364	-
Total expenditures	<u>14,914,390</u>	<u>1,536,393</u>
Excess (deficiency) of revenues over expenditures	<u>(136,664)</u>	<u>276,423</u>
Other Financing Sources (Uses):		
Capital lease	420,000	-
Transfers in	110,000	-
Transfers out	(652,328)	(55,000)
Total other financing sources (uses)	<u>(122,328)</u>	<u>(55,000)</u>
Net change in fund balance	(258,992)	221,423
Fund Balances, Beginning of Year	<u>6,064,995</u>	<u>393,327</u>
Fund Balances, End of Year	<u>\$ 5,806,003</u>	<u>\$ 614,750</u>

Funds			
Public Safety Fund	Infrastructure Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 403,725	\$ 7,652,001
-	-	-	867,349
-	-	-	2,397,754
-	-	-	953,071
-	-	18,719	1,431,410
-	-	90,282	565,855
-	-	269,214	2,549,895
4,836	-	-	582,221
<u>13,166</u>	<u>117,617</u>	<u>169,895</u>	<u>678,440</u>
<u>18,002</u>	<u>117,617</u>	<u>951,835</u>	<u>17,677,996</u>
-	-	9,281	1,735,223
89,043	-	-	10,355,168
-	978,246	61,710	4,176,377
-	-	-	44,246
-	-	346,366	1,155,759
85,282	37,439	5,605	449,298
-	-	364,088	503,408
-	-	43,632	51,996
<u>174,325</u>	<u>1,015,685</u>	<u>830,682</u>	<u>18,471,475</u>
<u>(156,323)</u>	<u>(898,068)</u>	<u>121,153</u>	<u>(793,479)</u>
-	-	-	420,000
-	500,000	152,328	762,328
-	-	(55,000)	(762,328)
<u>-</u>	<u>500,000</u>	<u>97,328</u>	<u>420,000</u>
(156,323)	(398,068)	218,481	(373,479)
<u>1,953,004</u>	<u>845,438</u>	<u>1,038,854</u>	<u>10,295,618</u>
\$ <u><u>1,796,681</u></u>	\$ <u><u>447,370</u></u>	\$ <u><u>1,257,335</u></u>	\$ <u><u>9,922,139</u></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, 2017

Net change in fund balances - total governmental funds \$ (373,479)

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	\$ 449,298	
Less current year provision for depreciation	<u>(805,964)</u>	(356,666)

The net effect of various miscellaneous transactions involving capital assets (trade-ins, retirements) results in a decrease of net position. (31,822)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. (135,541)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. (420,000)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 503,408

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 accrued interest payable	1,206	
Change in compensated absences payable	(16,165)	
Change net pension liability	2,836,023	
Change in other postemployment benefit obligation liability	<u>(42,000)</u>	<u>2,779,064</u>

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

Change in deferred outflows	(1,128,859)	
Change in deferred inflows	<u>(988,770)</u>	<u>(2,117,629)</u>

Change in net position of governmental activities \$ (152,665)

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, 2017

	<u>Budgeted amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ad valorem taxes	\$ 7,170,440	\$ 7,248,782	\$ 7,248,276	\$ (506)
Franchise fees	936,000	936,000	867,349	(68,651)
Utility service taxes	2,434,333	2,434,333	2,397,754	(36,579)
Licenses and permits	860,500	873,403	953,071	79,668
Intergovernmental revenues	1,344,000	1,344,000	1,412,691	68,691
Charges for services	444,150	444,150	473,914	29,764
Non ad valorem assessments	610,000	610,000	614,897	4,897
Fines and forfeitures	101,350	587,820	577,385	(10,435)
Miscellaneous	116,000	179,781	232,389	52,608
Allocation of fund balance	-	330,358	-	(330,358)
	<u>14,016,773</u>	<u>14,988,627</u>	<u>14,777,726</u>	<u>(210,901)</u>
Total revenues				
Expenditures:				
Current:				
General government	1,624,269	1,720,784	1,725,942	(5,158)
Public safety	9,882,085	10,199,718	10,266,125	(66,407)
Physical environment	1,349,432	1,617,840	1,600,028	17,812
Transportation	43,654	43,654	44,246	(592)
Culture/recreation	764,948	770,188	809,393	(39,205)
Capital outlay	466,364	422,184	320,972	101,212
Debt service:				
Principal	166,403	166,403	139,320	27,083
Interest and other	12,008	12,008	8,364	3,644
	<u>14,309,163</u>	<u>14,952,779</u>	<u>14,914,390</u>	<u>38,389</u>
Total expenditures				
Excess of revenues over expenditures	<u>(292,390)</u>	<u>35,848</u>	<u>(136,664)</u>	<u>(172,512)</u>
Other Financing Sources (Uses):				
Capital lease issuance	291,000	420,000	420,000	-
Transfers in	153,719	153,719	110,000	(43,719)
Transfers out	<u>(152,329)</u>	<u>(652,329)</u>	<u>(652,328)</u>	<u>1</u>
Total other financing sources (uses)	<u>292,390</u>	<u>(78,610)</u>	<u>(122,328)</u>	<u>(43,718)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>(42,762)</u>	(258,992)	\$ <u>(216,230)</u>
Fund Balance, Beginning of Year			<u>6,064,995</u>	
Fund Balance, End of Year			\$ <u>5,806,003</u>	

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

**Special Revenue - Garbage and Trash Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2017**

	Budgeted amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services:	\$	\$	\$	\$
Garbage/solid waste fees	<u>1,637,250</u>	<u>-</u>	<u>1,659</u>	<u>1,659</u>
Non advalorem assessments:				
Solid waste fees	<u>-</u>	<u>1,637,250</u>	<u>1,665,784</u>	<u>28,534</u>
Miscellaneous:				
Recycling proceeds	60,000	60,000	116,431	56,431
Other	22,000	22,000	21,307	(693)
Interest income	<u>1,000</u>	<u>1,000</u>	<u>7,635</u>	<u>6,635</u>
Total miscellaneous	<u>83,000</u>	<u>83,000</u>	<u>145,373</u>	<u>62,373</u>
Total revenues	<u>1,720,250</u>	<u>1,720,250</u>	<u>1,812,816</u>	<u>90,907</u>
Expenditures:				
Trash collection:				
Operating expenditures	<u>1,665,250</u>	<u>1,665,250</u>	<u>1,536,393</u>	<u>128,857</u>
Total expenditures	<u>1,665,250</u>	<u>1,665,250</u>	<u>1,536,393</u>	<u>128,857</u>
Other Financing Sources (Uses):				
Transfers out	<u>(55,000)</u>	<u>(55,000)</u>	<u>(55,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(55,000)</u>	<u>(55,000)</u>	<u>(55,000)</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	<u>221,423</u>	\$ <u>219,764</u>
Fund Balance, Beginning of Year			<u>393,327</u>	
Fund Balance, End of Year			\$ <u>614,750</u>	

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

City of Lighthouse Point, Florida
Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
September 30, 2017

Assets:

Investments:

U.S. stock funds	\$	19,072,508
Bond funds		9,626,097
Money market funds and other deposits		8,332,196
Balanced funds		7,037,043
International stock funds		2,786,211
Specialty funds		<u>590,917</u>

Total 47,444,972

Participant loans receivable 198,152

Total assets 47,643,124

Liabilities:

-

Net Position:

Held in trust for pension and other benefits \$ 47,643,124

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

City of Lighthouse Point, Florida
Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended September 30, 2017

Additions:

Contributions:

City	\$ 1,357,436
Employees	<u>1,254,293</u>
Total contributions	<u>2,611,729</u>

Investment earnings and expenses:

Interest, dividends and investment value changes	5,068,467
Less investment expense	<u>235,720</u>
Net investment earnings	<u>4,832,747</u>

Total additions	<u>7,444,476</u>
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Deductions:

Benefits paid	1,305,656
Refund of contributions	<u>85,845</u>
Total deductions	<u>1,391,501</u>

Change in net position	6,052,975
------------------------	-----------

**Net Position Held in Trust for Pension
and Other Employee Benefits:**

At Beginning of Year	<u>41,590,149</u>
At End of Year	<u>\$ 47,643,124</u>

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

Note A - Summary of Significant Accounting Policies

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

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

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

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

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

The statement of net position reports all financial and capital resources of the City's governmental and business-type activities. Governmental activities, which generally are supported by taxes, intergovernmental revenues, and other nonexchange revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The City has only governmental activities for the fiscal year ended September 30, 2017.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those expenses that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and fines and forfeitures and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that are not directly related to program revenue are reported as general revenue, including all taxes levied by the City as well as those shared by the State of Florida.

Note A - Summary of Significant Accounting Policies (continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements. The City has only governmental and fiduciary funds for the fiscal year ended September 30, 2017.

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

The government-wide financial statements report information on all of the nonfiduciary activities of the government. Interfund services provided and used are not eliminated in the process of consolidation. The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting as prescribed by GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this perspective, generally only current assets and liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in current assets. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants for capital improvements are posted when earned rather than when they are received because generally the funds are reimbursements for expenditures. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

Note A - Summary of Significant Accounting Policies (continued)

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

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

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

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

Infrastructure Fund – This fund accounts for improvements to bridges, seawalls, sidewalks, street paving, canals, buildings and commission projects. The source of funds is primarily contributions.

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

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

Assets, liabilities, and net position or fund balance:

1. Cash and cash equivalents: Cash and cash equivalents include cash on hand, demand deposits, and highly liquid investments with a maturity of three months or less when purchased.
2. Accounts receivable: Accounts receivable consist of amounts due for services rendered. Management believes all accounts to be fully collectible; therefore, no allowance for doubtful accounts has been provided for in the accompanying financial statements.
3. Investments: All City investments are stated at estimated fair value. Operating funds have been invested in a pooled arrangement. Interest income from pooled cash and investments is allocated on the basis of each individual fund's proportionate share of the investment pool.

Note A - Summary of Significant Accounting Policies (continued)

4. Capital assets: Capital assets, which include land, buildings and land improvements, equipment and fixtures, vehicles, and infrastructure, are reported in the governmental activities column in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$ 500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, rather than fair market value at the date of the donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized such as landscaping or road paving. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the City are depreciated using the straight-line method over their estimated useful lives as follows:

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

5. Compensated absences: City employees earn vacation, sick and compensatory leave in varying amounts based upon their length of service and hours worked. Upon separation in good standing, employees receive full reimbursement for accumulated vacation and compensatory hours. Payments for sick leave vary by bargaining unit, years of service, and age. The liability due beyond one year for these compensated absences is recorded as long-term debt in the government-wide statement of net position. The current portion of this obligation is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absences payable from expendable available financial resources and only if they have matured.
6. Unearned revenue: Inflows that do not meet the criteria for revenue recognition, such as occupational licenses collected in advance, are recorded as unearned revenues in the governmental funds and the government-wide financial statements.
7. Long-term obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. The long-term debt consists primarily of bonds, leases and accrued compensated absences payable. In the fund financial statements, debt proceeds are reported as other financing sources. Issue costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.
8. Deferred outflows/inflows of resources: In addition to assets, the statement of financial position reports a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. As required by GASB Statement 68, the City reports deferred outflows of resources for pension-related amounts. At September 30, 2017, the City reported deferred outflows of \$ 4,511,160 in the government-wide statements.

Note A - Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items that are deferred inflows of resources. The first type, which arises only under a modified accrual basis of accounting, is the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from utility service taxes, franchise and other revenues and intergovernmental revenues that were earned but not received within 30 days of year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. At September 30, 2017, the City reported deferred inflows of \$ 791,619 for this category in the fund level statements. The second type is required by GASB Statement 68 for pension related inflows. At September 30, 2017, the City reported deferred inflows of \$ 2,505,937 in the government-wide statements.

9. Net position: Net position of the government-wide financial statements are categorized as net investment in capital assets, restricted, or unrestricted. The first category represents capital assets, less accumulated depreciation and net of any outstanding debt associated with the acquisition, construction or improvement of those assets. Restricted net position represents net position that is restricted by requirements of bond indentures of other externally imposed constraints. Unrestricted net position represents the net position of the City that is not restricted for any project or purpose.
10. Fund equity: In the fund financial statements, governmental funds report fund balance amounts in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which was first effective with the City's fiscal year 2011 financial report. Under these guidelines, the breakdown includes nonspendable and spendable fund balances.

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

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

Nonspendable: For the City, nonspendable for the reported fiscal year is comprised exclusively of prepaid items and the principal balance of the Walt and Mary Barker Library Trust fund, which is restricted to provide for the educational enjoyment of the library by the citizens of Lighthouse Point.

Restricted: Includes fund balances of general obligation debt service, public safety fund, which is comprised of federal and state fines and forfeitures, the special assessment of the garbage and trash fund, the stormwater fund, and any spendable portion of the Walt and Mary Barker library fund.

Note A - Summary of Significant Accounting Policies (continued)

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

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

Unassigned: This category includes any fund balance remaining after calculating the previous reporting categories for the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

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

Other policies:

1. Use of estimates: The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
2. Encumbrances: Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds for which an annual budget is adopted. However, encumbrances are also utilized in other funds, where appropriations are approved by the City Commission on an as needed basis, to formally recognize commitments of City resources. Encumbrances outstanding at year end are reported as committed fund balance and they do not constitute expenditures or liabilities. At September 30, 2017, encumbrances outstanding are as follows:

General Fund	\$	245,594
Infrastructure Fund		45,000
Special Purpose Fund		<u>255,000</u>
Total	\$	<u><u>545,594</u></u>

Subsequent events: These include events have been evaluated by management through March 27, 2018, which is the date the financial statements were available to be issued.

Note B - Stewardship, Compliance and Accountability

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

1. During April, each City department prepares their budget requests for the upcoming fiscal year and reviews the status of their budget for the current fiscal year.
2. After June 1st, when the assessed values have been released by the Property Appraiser, the Mayor, as the City's Chief Executive Officer, submits his proposed budget to the City Commission for consideration. The budget includes proposed expenditures and the estimated sources of financing.
3. Traditionally, the Commission conducts a budget workshop in June and in accordance with State Statute approves a preliminary property tax millage in July for notification to all taxpayers in August. Two public hearings are required in September before adoption of the tax rate and budget appropriations for the fiscal year beginning October 1. The budget is adopted by ordinance. Property taxes are payable from November 1 to March 31 and become delinquent on April 1.
4. Appropriations which are neither expended, encumbered nor specifically designated to be carried over lapse at the end of the fiscal year. Remaining appropriated balances in infrastructure accounts in the General Fund are transferred to the Infrastructure Fund for future investment in infrastructure per City policy.
5. The City prepares and adopts annual operating budgets for the General Fund, Garbage and Trash Fund, Tennis Center Fund, Stormwater Fund and Debt Service Fund. The budgets are adopted on a basis consistent with GAAP. Budgeted amounts are as originally adopted, or as amended by the City Commission or the Mayor. Legislative amendments are for any changes that exceed \$ 1,000 within each character of expenditure (personal services, operating expenditures, capital outlay, debt service, and transfers). Amendments are required when projected expenditures are anticipated to exceed budgeted appropriations at the character level. The original General Fund budget was amended during the year to provide for \$ 1,100,854 of supplemental appropriations, which includes the \$ 42,761 in encumbrances automatically added to the FY 2016/2017 appropriations. The budget was increased to provide for costs associated with the Building Division, video cameras in the City Commission Chamber, overtime and other costs related to preparing for and recovering from Hurricane Irma, repairs to property and equipment paid for by insurance proceeds, and other unforeseen expenditures. Funding for the increased expenditures came from additional ad valorem receipts, building permit fees, insurance reimbursements, code enforcement fines, and surplus carryover (fund balance).

Note C - Property Tax

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

Note C - Property Tax (continued)

The assessed value of property at January 1, 2016, upon which the 2016-2017 levy was based, was approximately \$ 2,091,641,994. The Broward County Revenue Collector bills and collects all property taxes for the City.

The City is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to \$ 10 per \$ 1,000 of assessed valuation (10 mills) for general governmental services. In addition, unlimited amounts may be levied for the payment of principal and interest on general obligation bonds if approved by the voters. The operating tax rate to finance general government services for the year ended September 30, 2017 was \$ 3.5893 per \$ 1,000 and \$ 0.1999 per \$ 1,000 for debt service.

Note D - Deposits and Investments

Governmental Funds

Deposits: The City’s deposits must be placed with financial institutions that are qualified as public depositories in compliance with Florida Statutes Chapter 280. As of September 30, 2017, all non-interest bearing deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC) and interest bearing deposits are insured up to \$ 250,000. Monies deposited in amounts greater than the insurance coverage are covered by the participation of the bank in the Florida Security for Public Deposits Act. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity’s name.

At September 30, 2017, the carrying amount of the City’s deposits was \$ 1,969,795 and the combined bank balances totaled \$ 1,942,848.

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

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

<u>Investment Type</u>	<u>Fair Value</u>
Florida Municipal Investment Trust Funds	\$ 439,020
State Board of Administration - Florida PRIME	7,508
Money market funds	4,588,292
Certificates of deposit	2,285,981
U.S. Government sponsored agencies	500,000
Mutual funds	<u>572,818</u>
	<u>\$ 8,393,619</u>

Note D - Deposits and Investments (continued)

Interest rate risk: The City designed its formal investment policy to minimize the risk that the fair value of securities in the portfolio will fall due to changes in general interest rates. The City currently has interest rate risk exposure with its government agency securities. However, given that the amounts held in such investments comprise a small portion of the total investment portfolio, the City will hold these investments to maturity, thereby mitigating any potential interest rate risk. The remainder of the City’s portfolio is invested in money market accounts and certificates of deposit with no inherent interest rate risk.

Credit risk: The City’s investment policy specifically sets parameters to minimize the City’s credit risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions and broker/dealers with which the City will do business, and diversifying the investment portfolio so that potential losses on individual securities will be minimized. The City’s money market accounts and certificates of deposits are held exclusively with qualified public depositories, and the accounts are guaranteed by the State of Florida’s depository program. The government agency securities have a Moody’s rating of Aaa, which are considered to be the highest quality and subject to the lowest level of credit risk. The City’s investments in the Florida Municipal Investment Trust have a Fitch rating of AAf, designated for funds with the highest underlying credit quality.

Disclosure by Investment Type:

The table below summarizes the City’s Governmental Investment Funds scheduled maturities (in years) for investments held as of September 30, 2017:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less than 1	1 to 5	6 to 10
Money market funds	\$ 4,588,292	\$ 4,588,292	\$ -	\$ -
Certificates of deposit	2,285,981	2,285,981	-	-
U.S. Government sponsored agencies	500,000	500,000	-	-
Mutual funds	<u>572,818</u>	<u>572,818</u>	-	-
Total	\$ <u>7,947,091</u>	\$ <u>7,947,091</u>	\$ -	\$ -

The Florida Municipal Investment Trust (FMIvT) is a local government investment pool which offers both fixed income and equity portfolios. As of September 30, 2017, the City had invested in three of the fixed income portfolios, with a total investment of \$ 439,020. The City owns shares in this investment pool and the specific portfolios, not the individual securities held within each portfolio. There is no foreign currency risk with these funds. The following is a breakdown of the City’s investments in the FMIvT at September 30, 2017:

- 0-2 Year High Quality Bond Fund – rated AAf/S1 by Fitch with effective duration of 0.67 and weighted average maturity of 0.80 years with a fair market value of \$ 47,922.
- 1-3 Year High Quality Bond Fund – rated AAf/S2 by Fitch with effective duration of 1.38 and weighted average maturity of 1.50 years with a fair market value of \$ 174,509.
- Intermediate High Quality Bond Fund – rated AAf/S3 by Fitch with effective duration of 3.48 and weighted average maturity of 3.80 years with a fair market value of \$ 216,589.

Note D - Deposits and Investments (continued)

The City invests surplus funds in an external investment pool, the Local Government Surplus Funds Trust Fund ("Florida PRIME"). Florida PRIME is administered by the Florida State Board of Administration ("SBA"), who provides regulatory oversight. The Florida PRIME has adopted operating procedures consistent with the requirement for a 2a7-City's investment in the Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares. As of September 30, 2017, the City's fair value of its investment in Florida PRIME was \$ 7,508.

At September 30, 2017, the City had invested in both certificates of deposit (CD) and a public depository money market account with Stonegate Bank. The CD amount, interest rate, and maturity date are as follows: \$ 1,014,729 with a fixed interest rate of 1.3% annually, maturing on May 25, 2018. The City's money market account with Stonegate Bank pays 1.01% annually and had an ending balance of \$ 2,042,040 at September 30, 2017. Interest rates fluctuate on the money market account based upon market and economic conditions.

The City also held funds with Bank United, in two certificates of deposit (CD) and a public depository money market account at year end. The first CD amount, interest rate, and maturity date are as follows: \$ 767,269 with a fixed interest rate of 1.10% annually and maturing on December 12, 2017. The second CD amount, interest rate, and maturity date are as follows: \$ 503,983 with a fixed interest rate of 1.10% annually and maturing on April 18, 2018. The City's money market account with Bank United, which pays 1.0% annually, had an ending balance of \$ 1,044,835 at September 30, 2017. Interest rates fluctuate based upon market and economic conditions.

The City also has public depository money market accounts with the following banks as of September 30, 2017:

	<u>Fair Value</u>	<u>Interest Rate</u>
Florida Community Bank	\$ 519,196	0.45% annually
Centennial Bank	\$ 516,883	0.49% annually
Capital Bank	\$ 460,602	0.60% annually

As with the other money market accounts, interest rates fluctuate on the money market account based upon market and economic conditions.

The City also held U.S. Government Sponsored Agencies with SunTrust Robinson Humphrey, which had a balance of \$ 500,000 at September 30, 2017 invested with the Federal Home Loan Bank ("FHLB"). FHLB had a Moody's credit rating of Aaa.

The City also holds a portfolio with Charles Schwab containing the assets of the Walt and Mary Barker Library Trust, which amounted to \$ 577,554 at September 30, 2017. Of this amount, \$ 572,818 was invested in mutual funds which have a Morningstar rating range of 2 to 5 stars. In addition, the portfolio contains \$ 4,736 invested in money market funds.

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

- Level 1 – investments reflect unadjusted quoted prices in active markets for identical assets.

Note D - Deposits and Investments (continued)

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

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

The following is a description of the valuation methodologies used for assets measured at fair value.

Investments classified as Level 1 in the primary government and fiduciary funds, in the tables below are valued using prices quoted in active markets for identical securities.

Investments classified as Level 2 in the primary government and fiduciary funds, in the tables below are valued based on significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates), or other market corroborated inputs.

Investments classified as Level 3 in the fiduciary funds, in the table on page 45 are valued based on significant unobservable outputs based on all information available in the circumstances to the extent observable inputs are not available. The fair value of classified level 3 funds represents the value of unit positions in funds that are not publicly traded on an exchange. The fair value of the funds can be impacted by redemption restrictions imposed by the fund managers.

Fair values of investments held by the City’s Governmental Investment Funds are classified at September 30, 2017 as follows:

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued at NAV
Florida Municipal Investment Trust Funds	\$ 439,020	\$ -	\$ 439,020	\$ -	\$ -
U.S. Government sponsored agencies	500,000	-	500,000	-	-
Mutual funds	<u>572,818</u>	<u>572,818</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments measured at fair value	1,511,838	<u>\$ 572,818</u>	<u>\$ 939,020</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at amortized cost:					
Florida PRIME	7,508				
Money market funds and certificates of deposit	<u>6,874,273</u>				
	<u>\$ 8,393,619</u>				

Note D - Deposits and Investments (continued)

Fiduciary Funds

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

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

<u>Investment Type</u>	<u>Fair Value</u>
U.S. stock funds	\$ 19,072,508
Bond funds	9,626,097
Money market funds and other deposits	8,332,196
Bond funds	7,037,043
International stock funds	2,786,211
Specialty funds	<u>590,917</u>
	<u>\$ 47,444,972</u>

The table below summarizes the City’s Fiduciary Investment Funds scheduled maturities (in years) of the investments held as of September 30, 2017:

<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>
U.S. Stock funds	\$ 19,072,508	\$ 19,072,508	\$ -	\$ -	\$ -
Bond funds	9,626,097	-	530,552	9,095,545	-
Money market funds and other deposits	8,332,196	93,769	8,238,427	-	-
Balanced funds	7,037,043	4,222,226	2,814,817	-	-
International stock funds	2,786,211	2,786,211	-	-	-
Specialty funds	<u>590,917</u>	<u>590,917</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 47,444,972</u>	<u>\$ 26,765,631</u>	<u>\$ 11,583,796</u>	<u>\$ 9,095,545</u>	<u>\$ -</u>

Interest rate risk: Interest rate risk exists when there is a possibility that changes in interest rate could adversely affect the fair value of the investments. To mitigate its exposure to losses in fair value, the City’s fiduciary funds are invested in a well-diversified and balanced portfolio. The overall focus is on long-term growth given that the funds are for employee retirement purposes. As a means of limiting its exposure to interest rate risk, fiduciary funds diversify investments by security type and institution, and limit holdings in any one type of investment with any one issuer with various durations of maturities.

Note D - Deposits and Investments (continued)

Credit risk: Credit risk exists when there is a possibility the debt issuer may be unable to fulfill its obligations. The plan administrators handle selection of individual securities. Employees select from model portfolios offered by the Vantage Trust Company for the 401(a), 457, retirement health savings plan, and Roth IRA. The portfolio for the defined benefit plan is overseen by a Board of Trustees of the Florida Municipal Investment Trust comprised of local elected officials. Performance is monitored by the Asset Consulting Group of St. Louis, Missouri. The Trust places no limit on the amount that may be invested in an individual issue of the United States Treasury or any United States Agency. The fixed income portion is invested in two separate bond funds: the Broad Market High Quality bond fund, with a Fitch rating of AAF/S4 and a weighted average maturity of 6.10 years, and the Core Plus Fixed Income fund (Not rated) with a weighted average maturity of 7.40 years.

Concentration risk: The fiduciary funds policy is to maintain a diversified portfolio to minimize the risk of loss resulting from concentration of assets in a specific issuer. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires disclosure when the percentage is 5% or more in any one issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, or other pooled investments are excluded from this requirement. There were no individual investments that represent 5% or more in any one issuer at September 30, 2017.

Foreign currency risk: The ICMA-RC funds could be exposed to foreign currency risk to the extent a participant has chosen to invest in international stock funds which has a balance of \$ 2,786,211 at September 30, 2017. It is the employee who has made that choice and bears the risk based upon concentration in that particular investment.

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

Fair values of investments held by the City's Fiduciary Investment Funds are classified at September 30, 2017 as follows:

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued at NAV
U.S. stock funds	\$ 19,072,508	\$ 7,304,561	\$ 11,767,947	\$ -	\$ -
Bond funds	9,626,097	530,552	3,680,414	5,415,131	-
Money market funds and other deposits	8,332,196	8,332,196	-	-	-
Balanced funds	7,037,043	7,037,043	-	-	-
International stock funds	2,786,211	301,346	2,484,865	-	-
Specialty funds	590,917	590,917	-	-	-
Total investments measured at fair value	\$ 47,444,972	\$ 24,096,615	\$ 17,933,226	\$ 5,415,131	\$ -

Note E - Interfund Transactions

Interfund receivables and payables at September 30, 2017 were as follows:

Fund	Receivable	Payable
Major Funds:		
General fund	\$ -	\$ 2,252,495
Garbage and trash fund	682,308	
Public safety fund	610,950	-
Infrastructure fund	631,565	-
Nonmajor Funds:		
Tennis center fund	-	25,364
Special purpose fund	353,036	-
Total	\$ 2,277,859	\$ 2,277,859

Interfund transfers during the year were as follows:

Fund	Transfer In	Transfer Out
Budgeted Funds:		
Major Funds:		
General fund	\$ 110,000	\$ 652,328
Garbage and trash fund	-	55,000
Stormwater fund	-	55,000
Nonmajor Funds:		
Tennis center fund	128,328	-
Total budgeted funds	238,328	762,328
Nonbudgeted Funds:		
Major Funds:		
Infrastructure fund	500,000	-
Nonmajor Funds:		
Special purpose fund	24,000	-
Total nonbudgeted funds	524,000	-
Total	\$ 762,328	\$ 762,328

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

Note E - Interfund Transactions (continued)

In FY 2017, the General Fund transferred \$ 652,328 to other funds including \$ 500,000 to the Infrastructure Fund for future capital improvements, \$ 128,328 for the Tennis Center budgeted subsidy for facility operations, and \$ 24,000 to the Special Purpose Fund for the City’s Keeper Day and Lighthouse A’Glow celebrations. Additionally, the General fund received a total of \$ 110,000 for allocation of administrative expenses from other funds in the amount of \$ 55,000 from both the Garbage and Trash Fund and the Stormwater Fund.

Note F - Special Revenue Funds

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

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

As of September 30, 2017, the following allocation of fund balance for all of the Special Purpose sub funds is as follows:

Recreational support:	
Sponsor fees for recreation programs	\$ 9,077
Keeper Days for annual City anniversary	5,284
LHP A’Glow for annual holiday celebration	2,108
DeGroff park	30
Total	<u>16,499</u>
Environmental:	
Waterway cleanup and protection	266,026
Beautification improvements in the City	16,774
Total	<u>282,800</u>
Cultural support:	
Library	49,162
Cultural arts committee	1,719
Senior outreach	1,579
Historical committee	125
Total	<u>52,585</u>
Capital projects fund	<u>1,249</u>
Total special purpose fund	<u>\$ 353,133</u>

City of Lighthouse Point, Florida
Notes to Basic Financial Statements
September 30, 2017

Note G - Capital Assets

Capital asset activity for the year ended September 30, 2017 was as follows:

	Balance October 1, 2016	Additions and Transfers	Retirements and Transfers	Balance September 30, 2017
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 7,059,360	\$ -	\$ -	\$ 7,059,360
Construction in progress	<u>414,826</u>	<u>-</u>	<u>414,826</u>	<u>-</u>
Total capital assets, not being depreciated	<u>7,474,186</u>	<u>-</u>	<u>414,826</u>	<u>7,059,360</u>
Capital assets, being depreciated				
Buildings and land improvements	10,812,133	12,584	-	10,824,717
Equipment and fixtures	2,408,576	176,488	17,880	2,567,184
Infrastructure	7,300,553	414,826	-	7,715,379
Vehicles	<u>2,442,612</u>	<u>260,226</u>	<u>82,522</u>	<u>2,620,316</u>
Total capital assets being depreciated	<u>22,963,874</u>	<u>864,124</u>	<u>100,402</u>	<u>23,727,596</u>
Less accumulated depreciation for:				
Buildings and land improvements	4,391,890	244,395	-	4,636,285
Equipment and fixtures	1,749,552	191,339	17,880	1,923,011
Infrastructure	987,244	154,115	-	1,141,359
Vehicles	<u>1,239,950</u>	<u>216,115</u>	<u>50,700</u>	<u>1,405,365</u>
Total accumulated depreciation	<u>8,368,636</u>	<u>805,964</u>	<u>68,580</u>	<u>9,106,020</u>
Total capital assets, being depreciated, net	<u>14,595,238</u>	<u>58,160</u>	<u>31,822</u>	<u>14,621,576</u>
Governmental activities, capital assets, net	<u>\$ 22,069,424</u>	<u>\$ 58,160</u>	<u>\$ 446,648</u>	<u>\$ 21,680,936</u>
Total governmental activities, capital assets, net	\$ 22,069,424	\$ 58,160	\$ 446,648	\$ 21,680,936
Less: related debt	2,793,440	420,000	503,408	2,710,032
Less: debt service reserve	<u>14,656</u>	<u>-</u>	<u>3,831</u>	<u>10,825</u>
Net investment in capital assets	<u>\$ 19,261,328</u>	<u>\$ (365,671)</u>	<u>\$ (60,591)</u>	<u>\$ 18,960,079</u>

City of Lighthouse Point, Florida
Notes to Basic Financial Statements
September 30, 2017

Note G - Capital Assets (continued)

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

Governmental activities:		
General government	\$	47,460
Public safety		419,565
Physical environment		191,782
Culture and recreation		<u>147,157</u>
 Total depreciation expense - governmental activities	\$	<u><u>805,964</u></u>

Note H - Long-Term Liabilities

The following is a summary of the changes in the long-term liabilities of the City for the year ended September 30, 2017:

	Balance October 1, 2016	Additions	Deletions	Balance September 30, 2017	Due Within One Year
Governmental Activities:					
Notes and capital lease payable:					
Note payable	\$ 2,296,583	\$ -	\$ 364,088	\$ 1,932,495	\$ 371,458
Capital leases	<u>496,857</u>	<u>420,000</u>	<u>139,320</u>	<u>777,537</u>	<u>222,797</u>
 Total notes and capital leases payable	\$ <u><u>2,793,440</u></u>	\$ <u><u>420,000</u></u>	\$ <u><u>503,408</u></u>	\$ <u><u>2,710,032</u></u>	\$ <u><u>594,255</u></u>
 Other liabilities:					
Compensated absences payable	\$ 1,598,937	\$ 43,495	\$ 27,330	\$ 1,615,102	\$ 107,760
Net pension (asset) liability	3,223,370	-	-	3,223,370	-
Other post-employment benefits	<u>247,000</u>	<u>42,000</u>	<u>-</u>	<u>289,000</u>	<u>-</u>
 Total long-term liabilities	\$ <u><u>5,069,307</u></u>	\$ <u><u>85,495</u></u>	\$ <u><u>27,330</u></u>	\$ <u><u>5,127,472</u></u>	\$ <u><u>107,760</u></u>

Because almost all employees are funded by the General Fund, it is that fund that has predominately been used to liquidate the liability for compensated absences, net pension liability and other post-employment benefits.

Note Payable: The City's Series 2002 General Obligation Bonds were refunded during FY 2011-2012 and covered in detail by previous year's report. On May 4, 2012 the City issued a \$ 3,685,000 note payable to defease the 2002 bonds. The note bears interest at 1.97%, is payable semi-annually, and matures in August 2022. The outstanding principal balance as of September 30, 2017 is \$ 1,932,495. Principal and interest on the note is funded by the voter approved ad valorem tax, the rate of which for FY 2016-17 was 0.1999.

City of Lighthouse Point, Florida
Notes to Basic Financial Statements
September 30, 2017

Note H - Long-Term Liabilities (continued)

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 371,458	\$ 36,261	\$ 407,719
2019	378,811	28,907	407,718
2020	386,257	21,461	407,718
2021	393,958	13,761	407,719
2022	402,011	5,962	407,973
	<u>\$ 1,932,495</u>	<u>\$ 106,352</u>	<u>\$ 2,038,847</u>

Capital leases: As of September 30, 2017, the City had obligations under four separate lease purchase agreements. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments as of the lease inception. Annual debt service payments are funded by General Fund revenues. The carrying value of these assets is approximately \$ 688,000.

Series 2014: lease purchase in the amount of \$ 470,192 funded the replacement of the frontline fire engine.

Series 2015: lease purchase in the amount of \$ 197,678 funded the acquisition of an ambulance and two police interceptors.

Series 2016: lease purchase in the amount of \$ 98,000 funded the acquisition of vehicles for recreation, police administration and public works.

Series 2017: lease purchase in the amount of \$ 420,000 funded the acquisition of server replacement equipment, multi-site surveillance system, and vehicles for building and zoning, police administration, and fire rescue.

The following schedule presents the future minimum lease payments under these capital leases, and the present net minimum lease payments at September 30, 2017:

<u>Year Ending September 30,</u>	<u>Series 2014</u>	<u>Series 2015</u>	<u>Series 2016</u>	<u>Series 2017</u>	<u>Total</u>
2018	\$ 82,520	\$ 39,780	\$ 25,384	\$ 88,431	\$ 236,115
2019	82,520	32,968	25,384	88,431	229,303
2020	20,630	26,157	19,038	88,431	154,256
2021	-	13,079	-	88,431	101,510
2022	-	-	-	88,431	88,431
	<u>185,670</u>	<u>111,984</u>	<u>69,806</u>	<u>442,155</u>	<u>809,615</u>
Total minimum lease payments					
Less: amount representing interest	<u>3,817</u>	<u>4,378</u>	<u>1,728</u>	<u>22,155</u>	<u>32,078</u>
Present value of future minimum lease payments	<u>\$ 181,853</u>	<u>\$ 107,606</u>	<u>\$ 68,078</u>	<u>\$ 420,000</u>	<u>\$ 777,537</u>

Note I - Receivables and Payables

Receivables at September 30, 2017 were as follows:

	<u>Accounts</u>	<u>Inter- governmental</u>	<u>Total</u>
Governmental activities:			
General fund	\$ 510,828	\$ 830,600	\$ 1,341,428
Garbage and trash fund	61,604	1,843	63,447
Public safety fund	-	31	31
Tennis center fund	11,345	-	11,345
Stormwater fund	-	11	11
	<u>\$ 583,777</u>	<u>\$ 832,485</u>	<u>\$ 1,416,262</u>

Payables at September 30, 2017 were as follows:

	<u>Total</u>
Governmental activities:	
General fund	\$ 401,185
Garbage and trash fund	131,005
Public safety fund	1,375
Infrastructure fund	184,195
Tennis center fund	3,803
Special purpose fund	1,150
Stormwater fund	4,915
Total governmental activities	<u>\$ 727,628</u>

All amounts at September 30, 2017 are payable to vendors/contractors.

Note J - Pension Plans

The City provides pension benefits for all its full-time employees through either a defined contribution or defined benefit plan. A summary of financial data can be found on pages 77-80.

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

Basis of Accounting

The Municipal Employees' Retirement Fund - Defined Contribution Plan, the Police and Fire Defined Benefit Plan, the Deferred Compensation Plan, and the Retirement Health Savings Plan (the "Plans") are accounted for on the accrual basis of accounting. Plan member contributions are recognized as revenues in the period in which the contributions are due. City contributions are recognized when due pursuant to actuarial valuations.

Note J - Pension Plans (continued)

For purposes of measuring the net pension (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Police and Fire Defined Benefit Plan and additions to/deductions from Police and Fire Defined Benefit Plan's fiduciary net position have been determined on the same basis as they are reported by the Police and Fire Defined Benefit Plan.

Municipal Employees' Retirement Fund - Defined Contribution: In a defined contribution plan, benefits depend solely on amounts contributed to the defined contribution plan plus investment earnings. Employees are eligible to participate after completion of one year of continuous service and attainment of age 21. Additionally, police officers and firefighters employed by the City prior to October 2003 continue in the defined contribution plan if they did not convert to the defined benefit plan described later in this section. For the year 2015, the City made biweekly contributions to the defined contribution plan equal to 12.5% for general employees and 14% for fire, police and management employees of each participant's base salary. In addition, each participant was required to make the following contributions to the defined contribution plan: 3% of base salary for general employees, 8% of base salary for fire employees, and 6% of base salary for all other police and management employees.

The defined contribution plans were established by City Resolution No. 681 in April 1988 for general employees, Resolution No. 841 in January 1993 for fire employees, and Resolution No. 993 in October 1997 for police officers and management employees. Amendments to the defined contribution plans can only be made by resolution.

Each participant's interest in their accrued benefits from employer contributions and associated investment earnings is vested 20% after three years of credited service and 20% for each additional year of service for the next four years. Employee contributions vest immediately. Contributions made by the City for the fiscal year ended September 30, 2017 are as follows:

Employee Classification	Covered Payroll	Required Contribution Amount			Percentage of Contributions to Total Covered Payroll
		City	Employee	Total	
General Employees	\$ 1,459,161	\$ 182,395	\$ 43,775	\$ 226,170	15.50%
Firefighters	267,436	37,441	21,395	58,836	22.00%
Police Officers	97,765	13,687	5,866	19,553	20.00%
Management	945,560	132,378	56,734	189,112	20.00%
Total	\$ <u>2,769,922</u>	\$ <u>365,901</u>	\$ <u>127,770</u>	\$ <u>493,671</u>	17.82%

Plan membership at September 30, 2017, consisted of the following:

	General	Fire	Police	Management
Retirees and beneficiaries currently receiving benefits	<u>7</u>	<u>5</u>	<u>2</u>	<u>10</u>
Terminated members entitled to but not yet receiving benefits	<u>4</u>	<u>1</u>	<u>-</u>	<u>1</u>

Note J - Pension Plans (continued)

	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>Management</u>
Current employees:				
Fully vested	19	7	8	4
Partially vested	5	-	-	5
Nonvested	8	-	-	1
	<u>32</u>	<u>7</u>	<u>8</u>	<u>10</u>
Total current employees				
	<u>32</u>	<u>7</u>	<u>8</u>	<u>10</u>
Total membership	<u>43</u>	<u>13</u>	<u>10</u>	<u>21</u>

Investment summaries at September 30, 2017, are as follows:

<u>Investment Type</u>	<u>General Employees</u>	<u>Firefighters</u>	<u>Police Officers</u>	<u>Management Employees</u>
Money Market Funds	24%	24%	49%	49%
Balanced Funds	59%	10%	21%	20%
U.S. Stock Funds	14%	54%	27%	26%
Bond Funds	2%	1%	1%	3%
International Stock Funds	1%	3%	2%	1%
Specialty Funds	0%	8%	0%	1%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Fair Value of Investments	\$ <u>3,869,133</u>	\$ <u>4,071,164</u>	\$ <u>2,111,818</u>	\$ <u>5,087,732</u>

All defined contribution (401a) plans provide for employee loans. Loans are limited to 50% of the employee's vested balance not to exceed \$ 50,000. Interest rates are based on prime plus 0.5%. As of September 30, 2017, participant loans outstanding amounted to \$ 198,152.

Police and Fire - Defined Benefit: Effective October 1, 2003, the City established a defined benefit pension plan for full-time police officers and firefighters. The defined benefit pension plan is a single-employer variety. In accordance with Ordinance 835, the defined benefit pension plan is mandatory for all new hires and optional for all police officers and firefighters employed on October 1, 2003. In FY 2017, the City contributed 22.27% of employee base salaries and employees contributed 16.34%. All investments, totaling \$ 23,442,126 at September 30, 2017, are managed by the Florida League of Cities, Inc. through the Florida Municipal Pension Trust. The plan has no past service costs because any employees who opt to purchase past service credits were required to do so at the actuarial computed value. The option to purchase past service with the City of Lighthouse Point expired in FY 2009. As of September 30, 2017, the membership in the plan consists of 50 active participants, nine former employees who are either vested or entitled to a refund of employee contributions, and eleven retirees/beneficiaries receiving a benefit. A separate audited GAAP-basis pension plan is completed annually and is available for review in the City's Finance Department.

Net Pension (Asset) Liability

The City's net pension (asset) liability as measured as of September 30, 2017 and the total pension liability (asset) used to calculate the net pension (asset) liability was determined by an actuarial valuation as of October 1, 2015.

Note J - Pension Plans (continued)

Actuarial assumptions. The total net pension (asset) liability in the October 1, 2014 valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate: 7.00% per annum (2.92% per annum is attributable to long-term inflation); this rate was used to discount all future benefit payments.

Salary increases: 7.00% per annum for employees less than age 35; 6.00% per annum for employees age 35 to age 45; 5.00% per annum for employees age 45 to age 55; and 4.00% per annum for employees at least age 55.

Cost-of-living increases: 3.00% as of each October 1 at least five years after retirement.

Mortality basis: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants and non-annuitants, projected to 2007 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.

Retirement: 4.30% at ages 50 and 54; 4.20% at age 52, 4.40% at age 55; 4.50% at age 56; 4.70% at age 57; or 100% at normal retirement age.

Other decrements: Assumed employment termination is based on age and ranges from 7.70% at age 25 to 4.40% at age 55. Assumed disability is based on age and ranges from 0.09% at age 25 to 0.00% at age 55.

Future contributions: Contributions from the employer and employees are assumed to be made as legally required.

Changes: Since the prior measurement date, the discount rate was decreased from 9.08% per annum to 7.00% per annum.

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

Investment Type	Target Allocation	Expected Long-Term Real Return
Core bonds	16%	0.58% per annum
Multi-sector	24%	1.08% per annum
U.S. large cap equity	39%	6.08% per annum
U.S. small cap equity	11%	6.83% per annum
Non-U.S equity	10%	6.83% per annum
Total or weighted arithmetic average	100%	4.08% per annum

Note J - Pension Plans (continued)

Rate of Return: For the year ended September 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 13.46%. The money-weighted rate of return express investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate - The discount rate used to measure the total pension (asset) liability was 7.00% per annum. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position of the Plan was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension (asset) liability.

Changes in the Net Pension (Asset) Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances, beginning	\$ 22,753,976	\$ (19,530,606)	\$ 3,223,370
Changes for the year:			
Service cost	371,661	-	371,661
Expected interest growth	1,586,392	(1,408,785)	177,607
Unexpected investment income	-	(1,292,492)	(1,292,492)
Demographic experience	(426,868)	-	(426,868)
Contributions - employer	-	(991,535)	(991,535)
Contributions - member	-	(722,202)	(722,202)
Benefit payments, including refunds of member contributions	(455,688)	455,688	-
Administrative expense	-	47,806	47,806
Assumption changes	-	-	-
Net changes	1,075,497	(3,911,520)	(2,836,023)
Balances, ending	\$ 23,829,473	\$ (23,442,126)	\$ 387,347

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Total pension liability	\$ 27,055,505	\$ 23,829,473	\$ 21,186,923
Less fiduciary net position	(23,442,126)	(23,442,126)	(23,442,126)
Net pension (asset) liability	\$ 3,613,379	\$ 387,347	\$ (2,255,203)

Note J - Pension Plans (continued)

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

For the year ended September 30, 2017 the City recognized pension expense of \$ 273,141. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and investment gain/loss	\$ 624,788	\$ 1,136,154
Change of assumptions	3,422,275	1,017,059
Demographic gain/loss	<u>464,097</u>	<u>352,724</u>
Total	<u>\$ 4,511,160</u>	<u>\$ 2,505,937</u>

Amounts reported as deferred outflows/inflows of resources will be recognized in pension expense as follows:

<u>Year ended September 30:</u>	<u>Amount</u>
2018	\$ 398,271
2019	\$ 409,782
2020	\$ 97,389
2021	\$ 479,273
2022	\$ 620,508

Deferred Compensation Plan: Employees may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 as amended by Congress. The deferred compensation plan is available to all full-time employees of the City. Under the deferred compensation plan, employees may elect to defer a portion of their salaries and therefore defer paying taxes on such portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency subject to approval by the City. The deferred compensation plan is administered by an unrelated independent plan administrator. Under the terms of the Internal Revenue Code Section 457, all deferred compensation and income attributable to the investment returns are held in trust by the City for the exclusive benefit of the participants and their beneficiaries. As part of its fiduciary role, the City has an obligation of due care in selecting the third party administrator, approving investments offered to participants, monitoring compliance with maximum contribution limits, catch-up provisions, and emergency withdrawals. The current plan administrator is the International City Management Association Retirement Corporation (“ICMA-RC”). In the opinion of the City’s legal counsel, the City has acted in a prudent manner and is not liable for losses that may arise from the administration of the deferred compensation plan. Due to the level of fiduciary responsibility accepted by the City, the deferred compensation fund is presented as a Pension Trust Fund in the accompanying financial statements.

Note J - Pension Plans (continued)

Retirement Health Savings Plan: As a voluntary supplement to the employees' required pension trust funds, the City established by Resolution 2003-1298 a retirement health saving plan and trust for the exclusive benefit of plan participants and their beneficiaries. The retirement health saving plan is fully funded by employee pre-tax contributions. The account totaled \$ 461,353 at September 30, 2017 and is invested by ICMA-RC per the direction of each participant. Funds can only be withdrawn for medical expenses as approved by Internal Revenue Service regulations. Should funds not be expended, they revert back to the City plan, however the City's policy is to distribute any remaining proceeds upon death of a participant to their beneficiaries as they have provided in writing. Based upon employee group commitments, the plan currently includes Fire Captains, Police Department non-union employees, Administrative Secretaries, the Chief Clerk of the Police Department, and Fire Driver-Engineers.

Roth IRA: The City administration allows employees to make voluntary after-tax contributions to a Roth IRA, established through ICMA-RC. Participants choose how much to contribute to the voluntary plan, and the IRS provides guidelines on contributions and distributions.

Note K - Commitments and Contingencies

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 Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Florida Single Audit Act, the City was not required to conduct a "single audit" for federal or state grants. The threshold for such audits is \$ 750,000 for either level of government. For the year ended September 30, 2017, the City did not have any financial assistance that met the "single audit" threshold.

Note L – Other Post-Employment Benefits

The City's only post-retirement benefit is offering retired employees the opportunity to retain the City's health insurance coverage by paying the full premium paid by the City for active employees. For department directors only, employees who retire at age 62 with at least ten years of service receive the City health insurance until age 65 with the City paying the full premium for the retiree. At age 55 with at least ten years of service, a department director may receive 33% of the premium subsidy from the City. At present, there are no former city employees receiving this benefit. Elected officials, who have served five years, are eligible to retain City health insurance at their own expense. All other employees may stay with the City's health plan upon normal retirement but without any City contribution. An actuarial valuation was completed as of September 30, 2015 and reflects the most current estimate of the other post-employment benefit obligation liability. As of September 30, 2017, the net obligation was \$ 289,000. Consequently, the Statement of Net Position reflects this amount. The actuarial methods and assumptions are as follows:

Note L – Other Post-Employment Benefits (continued)

Valuation date	October 1, 2015
Actuarial cost method	Projected unit credit
Amortization method	15-year open period; level-dollar payment
Investment return	4.00% per annum
Inflation	2.75% per annum
Healthcare cost trend	
Select rates	8.00% for FY 2015/16 graded to 5.50% for FY 2020/21
Ultimate rate	5.00% per annum

The net other post-employment benefit obligation outstanding as of September 30, 2017 is calculated as follows:

	As of September 30, 2017
Development of the Annual OPEB Cost	
1 ARC	\$ 84,000
2 Interest on the Net OPEB Obligation	10,000
3 Adjustment to the ARC	(21,000)
4 Total Annual OPEB Cost	<u>\$ 73,000</u>
Development of the Net OPEB Obligation	
1 Annual OPEB Cost	\$ 73,000
2 Employer Contributions	(30,000)
3 Interest on Employer Contributions	(1,000)
4 Increase in the Net OPEB Obligation	42,000
5 Net OPEB Obligation (beginning of year)	247,000
6 Net OPEB Obligation (end of year)	<u>\$ 289,000</u>

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

Three Year Trend Information

Fiscal Year	Annual OPEB Cost	Percent Contributed	Net Other Post-employment Benefit Obligation
2014/2015	\$ 74,000	61%	\$ 219,000
2015/2016	\$ 73,000	62%	\$ 247,000
2016/2017	\$ 73,000	42%	\$ 289,000

Note L – Other Post-Employment Benefits (continued)

The plan is not pre-funded and is therefore supported on a pay-as-you-go basis. For the latest actuarial valuation date of October 1, 2015, the actuarial accrued liability for benefits was \$ 443,000, and the actuarial value of assets was \$ 0, resulting in an unfunded actuarial accrued liability of \$ 443,000. The covered payroll was \$ 5,956,000 for FY 2015, and the ratio of unfunded actuarial accrued liability to the covered payroll was 7.4%.

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

Note M – Subsequent Event

Just prior to the close of the fiscal year, Hurricane Irma made landfall affecting almost the entire State of Florida. Only a portion of the expenses related to this event occurred in the current fiscal year. As of the issuance of this CAFR, the amount of reimbursement from FEMA and the State of Florida for storm related expenses is unknown, primarily due to the fact that the work papers submitted have not yet been approved.

REQUIRED SUPPLEMENTARY
INFORMATION

City of Lighthouse Point, Florida
Required Supplementary Information
Police and Fire Defined Benefit Pension Plan
Schedule of Changes in Net Pension (Asset) Liability and Related Ratios
Last Ten Fiscal Years
(unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service cost	\$ 371,661	\$ 371,661	\$ 253,497	\$ 338,632
Expected interest growth	1,586,392	1,129,166	1,514,924	1,477,810
Demographic experience	(426,868)	659,097	(32,379)	-
Assumption changes	-	4,860,207	(1,940,714)	-
Benefit payments, including refunds of member contributions	<u>(455,688)</u>	<u>(454,253)</u>	<u>(355,333)</u>	<u>(599,481)</u>
Net change in total pension liability	1,075,497	6,565,878	(560,005)	1,216,961
Total pension liability - beginning	<u>22,753,976</u>	<u>16,188,098</u>	<u>16,748,103</u>	<u>15,531,142</u>
Total pension liability - ending (A)	<u>\$ 23,829,473</u>	<u>\$ 22,753,976</u>	<u>\$ 16,188,098</u>	<u>\$ 16,748,103</u>
Plan fiduciary net position				
Contributions - employer	\$ 991,535	\$ 815,761	\$ 776,750	\$ 812,593
Contributions - member	722,202	564,019	544,741	561,829
Net investment income (loss)	2,653,471	1,400,099	(79,907)	1,198,583
Benefit payments, including refunds of member contributions	<u>(455,688)</u>	<u>(454,253)</u>	<u>(355,333)</u>	<u>(387,047)</u>
Net change in plan fiduciary net position	3,911,520	2,325,626	886,251	2,185,958
Plan fiduciary net position - beginning	<u>19,530,606</u>	<u>17,204,980</u>	<u>16,318,729</u>	<u>14,132,771</u>
Plan fiduciary net position - ending (B)	<u>\$ 23,442,126</u>	<u>\$ 19,530,606</u>	<u>\$ 17,204,980</u>	<u>\$ 16,318,729</u>
City net pension (asset) liability - ending (A) - (B)	\$ 387,347	\$ 3,223,370	\$ (1,016,882)	\$ 429,374
Plan fiduciary net position as a percentage of the total pension (asset) liability	98.37%	85.83%	106.28%	97.44%
Covered-employee payroll	\$ 3,261,638	\$ 3,011,289	\$ 3,043,337	\$ 3,125,632
City net pension (asset) liability as percentage of covered-employee payroll	11.88%	107.04%	-33.41%	13.74%

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

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

**City of Lighthouse Point, Florida
Required Supplementary Information
(unaudited)
Police and Fire Defined Benefit Pension Plan
Schedule of City Contributions
Last 10 Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 991,535	\$ 815,761	\$ 776,750	\$ 812,593	\$ 1,194,863	\$ 791,670	\$ 761,846	\$ 624,251	\$ 283,521	\$ 351,621
Actual contribution	991,535	815,761	776,750	812,593	1,194,863	791,670	761,846	624,251	283,521	351,621
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 3,261,638	\$ 3,011,289	\$ 3,043,337	\$ 3,125,632	\$ 3,108,447	N/A	\$ 2,718,225	\$ 2,572,144	\$ 2,441,440	\$ 2,782,471
Contributions as a percentage of covered-employee payroll	30.40%	27.09%	25.52%	26.00%	38.44%	N/A	28.03%	24.27%	11.61%	12.64%

Covered payroll for the 2012 year is not available.

Valuation date: October 1, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate
Asset valuation method	Five year smooth market
Inflation	3.00%
Discount rate	7.00% per annum (2.92% per annum is attributable to long term inflation); this rate was used to discount all future benefit payments.
Salary increases	7.00% per annum for employees less than age 35, 6.00% per annum for employees age 35 to age 45
	5.00% per annum for employees age 45 to age 55, and 4.00% per annum for employees at least age 55
Cost-of-living increases	3.00% as of each October 1 at least five years after retirement
Mortality basis	Sex-distinct rates set forth in the RP-200 Mortality Table for annuitants and non-annuitants, projected to 2007 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) Section 430; future generational improvements in mortality have not been reflected.
Retirement age	4.30% at ages 50 and 54, 4.20% at age 52, 4.40% at age 55, 4.50% at age 56, 4.70% at age 57, or 100% at normal retirement age.
Other decrements	Assumed employment termination is based on age and ranges from 7.70% at age 25 to 4.40% at age 55.
Non-investment expenses	Assumed disability is based on age and ranges from 0.09% at age 25 to 0.00% at age 55.
Future contributions	Liabilities have been loaded by 0.75% to account for non-investment expenses.
Changes	Contributions have been loaded by 0.75% to account for non-investment expenses. Since the prior measurement date, the discount was decreased from 9.08% per annum to 7.00% per annum.

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

City of Lighthouse Point, Florida
Required Supplementary Information
Police and Fire Defined Benefit Pension Plan
Schedule of Investment Returns
Last 10 Fiscal Years
(unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	13.46%	8.20%	-0.23%	8.50%

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

City of Lighthouse Point, Florida
Required Supplementary Information
Schedule of Funding Progress
Other Post Employment Benefits

Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded AAA (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
10/01/07	\$ -	\$ 174,769	\$ 174,769	0.0%	\$ 4,461,556	3.9%
10/01/08	\$ -	\$ 636,000	\$ 636,000	0.0%	\$ 5,047,000	12.6%
06/01/11	\$ -	\$ 295,000	\$ 295,000	0.0%	\$ 5,351,000	5.5%
10/01/13	\$ -	\$ 349,000	\$ 349,000	0.0%	\$ 5,344,000	6.5%
10/01/15	\$ -	\$ 443,000	\$ 443,000	0.0%	\$ 5,956,000	7.4%

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ad valorem taxes:				
Current	\$ 7,170,440	\$ 7,069,899	\$ 7,069,899	\$ -
Delinquent	-	178,883	178,377	(506)
	<u>7,170,440</u>	<u>7,248,782</u>	<u>7,248,276</u>	<u>(506)</u>
Franchise taxes:				
Electricity	900,000	900,000	819,340	(80,660)
Solid waste	36,000	36,000	48,009	12,009
	<u>936,000</u>	<u>936,000</u>	<u>867,349</u>	<u>(68,651)</u>
Utility service taxes:				
Electricity	1,183,333	1,183,333	1,154,348	(28,985)
Water	452,500	452,500	533,008	80,508
Gas	1,500	1,500	1,182	(318)
Propane	47,000	47,000	49,500	2,500
Communications services	750,000	750,000	659,716	(90,284)
	<u>2,434,333</u>	<u>2,434,333</u>	<u>2,397,754</u>	<u>(36,579)</u>
Licenses and permits:				
Business license tax	65,000	65,000	74,038	9,038
Building permits	300,000	307,500	344,593	37,093
Plumbing permits	100,000	100,000	76,364	(23,636)
Electrical permits	100,000	100,000	124,228	24,228
Other	295,500	300,903	333,848	32,945
	<u>860,500</u>	<u>873,403</u>	<u>953,071</u>	<u>79,668</u>
Intergovernmental revenues:				
State revenue sharing	295,000	295,000	308,440	13,440
Other state revenue sharing	43,000	43,000	51,193	8,193
Alcoholic beverage license	7,000	7,000	7,635	635
Gasoline tax	189,000	189,000	191,858	2,858
Half cent sales tax	685,000	685,000	688,167	3,167
Firefighters supplemental	14,000	14,000	14,170	170
Motor fuel rebate	5,000	5,000	4,296	(704)
County occupational license	11,000	11,000	10,607	(393)
Federal grants	30,000	30,000	80,331	50,331
State grants	-	-	10,024	10,024
Local grants	65,000	65,000	45,970	(19,030)
	<u>1,344,000</u>	<u>1,344,000</u>	<u>1,412,691</u>	<u>68,691</u>

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City of Lighthouse Point, Florida
General Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues (continued)				
Charges for services:				
Lien search fees	30,000	30,000	39,600	9,600
Zoning fees	10,000	10,000	6,392	(3,608)
Merchandise sales	-	-	15	15
Certification, copying, research	500	500	900	400
City commission appeals	-	-	300	300
Other fees - city clerk	500	500	996	496
Accident reports	1,200	1,200	405	(795)
Fingerprinting fees	3,500	3,500	6,040	2,540
Alarm fees	6,500	6,500	9,625	3,125
Special detail fees	25,000	25,000	33,693	8,693
Fire inspection fees	23,800	23,800	23,146	(654)
Construction inspection fees	3,000	3,000	2,931	(69)
Other fees - fire	1,000	1,000	450	(550)
Ambulance fees	252,500	252,500	250,558	(1,942)
Library fees	1,400	1,400	1,350	(50)
Photostat and other fees	1,750	1,750	2,595	845
Registration - recreation	27,000	27,000	32,865	5,865
Summer recreation fees	49,500	49,500	54,550	5,050
Other recreation fees	7,000	7,000	7,503	503
	<u>444,150</u>	<u>444,150</u>	<u>473,914</u>	<u>29,764</u>
Non ad valorem assessments:				
Special assessments - fire	<u>610,000</u>	<u>610,000</u>	<u>614,897</u>	<u>4,897</u>
	<u>610,000</u>	<u>610,000</u>	<u>614,897</u>	<u>4,897</u>
Fines and forfeitures:				
Court fines	18,000	18,000	8,476	(9,524)
Library fines	750	750	739	(11)
Parking citations	2,600	2,600	1,700	(900)
Code enforcement fines	<u>80,000</u>	<u>566,470</u>	<u>566,470</u>	<u>-</u>
	<u>101,350</u>	<u>587,820</u>	<u>577,385</u>	<u>(10,435)</u>
Miscellaneous income:				
Interest income	36,000	36,000	54,670	18,670
Other	<u>80,000</u>	<u>143,781</u>	<u>177,719</u>	<u>33,938</u>
	<u>116,000</u>	<u>179,781</u>	<u>232,389</u>	<u>52,608</u>
Allocation of fund balance	<u>-</u>	<u>330,358</u>	<u>-</u>	<u>(330,358)</u>
Total revenues	<u>14,016,773</u>	<u>14,988,627</u>	<u>14,777,726</u>	<u>(210,901)</u>

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City of Lighthouse Point, Florida
General Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures:				
General government:				
Legislative - commission				
Personal services	42,310	40,832	41,735	(903)
Operating expenditures	47,826	60,973	65,649	(4,676)
Capital outlay	-	31,648	27,071	4,577
Grants and aids	10,768	10,768	10,768	-
	<u>100,904</u>	<u>144,221</u>	<u>145,223</u>	<u>(1,002)</u>
Executive - Mayor:				
Personal services	28,881	29,448	29,491	(43)
Operating expenditures	16,730	39,006	34,132	4,874
Capital outlay	-	-	-	-
	<u>45,611</u>	<u>68,454</u>	<u>63,623</u>	<u>4,831</u>
Administration/finance:				
Personal services	617,704	623,793	622,464	1,329
Operating expenditures	119,030	124,530	126,180	(1,650)
Capital outlay	-	19,685	15,800	3,885
	<u>736,734</u>	<u>768,008</u>	<u>764,444</u>	<u>3,564</u>
City attorney:				
Operating expenditures	<u>135,270</u>	<u>183,134</u>	<u>183,386</u>	<u>(252)</u>
Support services:				
Personal services	104,200	104,200	91,486	12,714
Operating expenditures	501,550	504,100	520,651	(16,551)
Capital outlay	200,000	82,749	57,403	25,346
	<u>805,750</u>	<u>691,049</u>	<u>669,540</u>	<u>21,509</u>
Total general government	<u>1,824,269</u>	<u>1,854,866</u>	<u>1,826,216</u>	<u>28,650</u>
Public safety:				
Police department:				
Personal services	4,961,412	5,104,988	5,157,321	(52,333)
Operating expenditures	250,587	251,827	267,490	(15,663)
Capital outlay	99,764	124,854	116,999	7,855
	<u>5,311,763</u>	<u>5,481,669</u>	<u>5,541,810</u>	<u>(60,141)</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Public safety (continued)				
Fire department:				
Personal services	3,638,190	3,797,581	3,748,937	48,644
Operating expenditures	197,305	197,305	210,017	(12,712)
Capital outlay	36,600	36,600	39,261	(2,661)
	<u>3,872,095</u>	<u>4,031,486</u>	<u>3,998,215</u>	<u>33,271</u>
Building department:				
Personal services	272,552	275,072	266,033	9,039
Operating expenditures	289,864	300,247	340,547	(40,300)
Capital outlay	24,000	27,885	23,251	4,634
	<u>586,416</u>	<u>603,204</u>	<u>629,831</u>	<u>(26,627)</u>
Code enforcement:				
Personal services	252,680	253,203	253,417	(214)
Operating expenditures	19,495	19,495	22,363	(2,868)
Capital outlay	-	3,885	1,179	2,706
	<u>272,175</u>	<u>276,583</u>	<u>276,959</u>	<u>(376)</u>
Total public safety	<u>10,042,449</u>	<u>10,392,942</u>	<u>10,446,815</u>	<u>(53,873)</u>
Physical environment:				
Public works:				
Personal services	946,561	971,640	982,244	(10,604)
Operating expenditures	402,871	646,200	617,784	28,416
Capital outlay	10,000	10,000	11,994	(1,994)
Total physical environment	<u>1,359,432</u>	<u>1,627,840</u>	<u>1,612,022</u>	<u>15,818</u>
Transportation:				
Community bus:				
Personal services	34,024	34,025	32,694	1,331
Operating expenditures	9,630	9,630	11,552	(1,922)
Total transportation	<u>43,654</u>	<u>43,655</u>	<u>44,246</u>	<u>(591)</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Culture/recreation:				
Library:				
Personal services	292,659	283,553	282,105	1,448
Operating expenditures	33,171	37,185	85,055	(47,870)
Capital outlay	56,000	56,000	4,694	51,306
	<u>381,830</u>	<u>376,738</u>	<u>371,854</u>	<u>4,884</u>
Recreation department:				
Personal services	273,073	269,523	266,617	2,906
Operating expenditures	166,045	179,927	175,616	4,311
Capital outlay	40,000	28,877	23,320	5,557
	<u>479,118</u>	<u>478,327</u>	<u>465,553</u>	<u>12,774</u>
Total culture/recreation	<u>860,948</u>	<u>855,065</u>	<u>837,407</u>	<u>17,658</u>
Debt service:				
Principal	166,403	166,403	139,320	27,083
Interest	12,008	12,008	8,364	3,644
Other debt service	-	-	-	-
Total debt service	<u>178,411</u>	<u>178,411</u>	<u>147,684</u>	<u>30,727</u>
Total expenditures	<u>14,309,163</u>	<u>14,952,779</u>	<u>14,914,390</u>	<u>38,389</u>
Excess of revenues over expenditures	<u>(292,390)</u>	<u>35,848</u>	<u>(136,664)</u>	<u>(172,512)</u>
Other financing sources (uses):				
Transfers in	153,719	153,719	110,000	(43,719)
Transfers out	(152,329)	(652,329)	(652,328)	1
Capital lease issuance	291,000	420,000	420,000	-
Total other financing sources (uses)	<u>292,390</u>	<u>(78,610)</u>	<u>(122,328)</u>	<u>(43,718)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (42,762)</u>	<u>(258,992)</u>	<u>\$ (216,230)</u>
Fund Balance, Beginning of Year			<u>6,064,995</u>	
Fund Balance, End of Year			<u>\$ 5,806,003</u>	

City of Lighthouse Point, Florida
Special Revenue - Tennis Center Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services:				
Membership fees	\$ 60,000	\$ 60,000	\$ 49,696	\$ (10,304)
Daily use fees	16,000	16,000	16,715	715
Revenue sharing	22,500	22,500	22,849	349
Lighting fees	800	800	-	(800)
Summer camp fees	3,000	3,000	775	(2,225)
	<u>102,300</u>	<u>102,300</u>	<u>90,035</u>	<u>(12,265)</u>
Miscellaneous:				
Other	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Total revenues	<u>103,300</u>	<u>103,300</u>	<u>91,035</u>	<u>(12,265)</u>
Expenditures:				
Culture/recreation:				
Personal services	185,069	185,069	185,808	(739)
Operating expenditures	33,560	40,569	51,393	(10,824)
Capital outlay	13,000	5,991	-	5,991
Total expenditures	<u>231,629</u>	<u>231,629</u>	<u>237,201</u>	<u>(5,572)</u>
Excess (deficiency) of revenues over expenditures	(128,329)	(128,329)	(146,166)	(17,837)
Other Financing Sources:				
Transfers in	<u>128,329</u>	<u>128,329</u>	<u>128,328</u>	<u>(1)</u>
Total other financing sources	<u>128,329</u>	<u>128,329</u>	<u>128,328</u>	<u>(1)</u>
Net change in fund balance	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	(17,838)	\$ <u><u>(17,838)</u></u>
Fund Balance (Deficit), Beginning of Year			<u>(11,078)</u>	
Fund Balance (Deficit), End of Year			\$ <u><u>(28,916)</u></u>	

City of Lighthouse Point, Florida
Special Revenue - Stormwater Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Non ad valorem assessments:				
Stormwater fees	\$ 265,000	\$ 265,000	\$ 269,214	\$ 4,214
	<u>265,000</u>	<u>265,000</u>	<u>269,214</u>	<u>4,214</u>
Miscellaneous:				
Interest income	1,500	1,500	2,237	737
Contributions	-	-	-	-
	<u>1,500</u>	<u>1,500</u>	<u>2,237</u>	<u>737</u>
Allocation of fund balance	-	-	-	-
Total revenues	<u>266,500</u>	<u>266,500</u>	<u>271,451</u>	<u>4,951</u>
Expenditures:				
Finance/administration:				
Operating expenditures	8,500	8,500	9,281	(781)
	<u>8,500</u>	<u>8,500</u>	<u>9,281</u>	<u>(781)</u>
Physical environment:				
Operating expenditures	43,500	80,914	55,180	25,734
Capital outlay	145,000	-	-	-
	<u>188,500</u>	<u>80,914</u>	<u>55,180</u>	<u>25,734</u>
Total expenditures	<u>197,000</u>	<u>89,414</u>	<u>64,461</u>	<u>24,953</u>
Excess (deficiency) of revenues over expenditures	<u>69,500</u>	<u>177,086</u>	<u>206,990</u>	<u>(20,002)</u>
Other Financing sources (uses):				
Transfers out	(55,000)	(55,000)	(55,000)	-
Budget surplus	<u>(14,500)</u>	<u>(133,608)</u>	<u>-</u>	<u>(133,608)</u>
Total other financing sources (uses)	<u>(69,500)</u>	<u>(188,608)</u>	<u>(55,000)</u>	<u>(133,608)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>(11,522)</u>	151,990	\$ <u>(153,610)</u>
Fund Balance, Beginning of Year			<u>192,748</u>	
Fund Balance, End of Year			<u>\$ 344,738</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ad valorem taxes	\$ 400,000	\$ 400,000	\$ 403,725	\$ 3,725
Miscellaneous:				
Interest income	60	60	147	87
Allocation of fund balance	7,659	7,659	-	(7,659)
Total revenues	<u>407,719</u>	<u>407,719</u>	<u>403,872</u>	<u>(3,847)</u>
Expenditures:				
Debt service:				
Principal	364,247	364,247	364,088	159
Interest	43,472	43,472	43,632	(160)
Total expenditures	<u>407,719</u>	<u>407,719</u>	<u>407,720</u>	<u>(1)</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(3,848)</u>	<u>(3,846)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(3,848)</u>	<u>\$ (3,846)</u>
Fund Balance, Beginning of Year			<u>14,673</u>	
Fund Balance, End of Year			<u>\$ 10,825</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 lighted clay courts and Pro Shop located at Frank McDonough Park.

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

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

Permanent Fund

Walt and Mary Barker Library Fund - This fund was established in FY 2015 to provide resources that enhance or augment the educational enjoyment of the City's library by residents. The funds were received from the Mary M. Barker Trust and shall be invested for growth and income. Each year, an amount equal to 5% of the January 1st value of the trust may be spent on library resources; however any expenditure of trust fund proceeds shall be at the discretion of the Lighthouse Point City Commission.

Debt Service Fund

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

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

City of Lighthouse Point, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017

	Special Revenue	
	Tennis Center Fund	Stormwater Fund
Assets:		
Cash and cash equivalents, and investments	\$ 100	\$ 349,642
Due from other funds	-	-
Accounts receivable	11,345	-
Due from other governments	-	11
Total assets	\$ <u>11,445</u>	\$ <u>349,653</u>
Liabilities and Fund Balances (Deficit):		
Accounts payable	\$ 3,803	\$ 4,915
Accrued payroll and related taxes	4,225	-
Due to other funds	25,364	-
Unearned revenue	6,969	-
Total liabilities	<u>40,361</u>	<u>4,915</u>
Fund balances (deficit):		
Nonspendable	-	-
Restricted	-	344,738
Committed	-	-
Unassigned	(28,916)	-
Total fund balances (deficit)	<u>(28,916)</u>	<u>344,738</u>
Total liabilities and fund balances (deficit)	\$ <u>11,445</u>	\$ <u>349,653</u>

<u>Special Purpose Fund</u>	<u>Total</u>	<u>Permanent Walt and Mary Barker Library Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 1,247	\$ 350,989	\$ 577,555	\$ 10,825	\$ 939,369
353,036	353,036	-	-	353,036
-	11,345	-	-	11,345
-	11	-	-	11
<u>354,283</u>	<u>715,381</u>	<u>577,555</u>	<u>10,825</u>	<u>1,303,761</u>
\$ 1,150	\$ 9,868	\$ -	\$ -	\$ 9,868
-	4,225	-	-	4,225
-	25,364	-	-	25,364
-	6,969	-	-	6,969
<u>1,150</u>	<u>46,426</u>	<u>-</u>	<u>-</u>	<u>46,426</u>
-	-	500,000	-	500,000
-	344,738	77,555	10,825	433,118
353,133	353,133	-	-	353,133
-	(28,916)	-	-	(28,916)
<u>353,133</u>	<u>668,955</u>	<u>577,555</u>	<u>10,825</u>	<u>1,257,335</u>
\$ <u>354,283</u>	\$ <u>715,381</u>	\$ <u>577,555</u>	\$ <u>10,825</u>	\$ <u>1,303,761</u>

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

	Special Revenue	
	Tennis Center Fund	Stormwater Fund
Revenues:		
Ad valorem taxes	\$ -	\$ -
Intergovernmental revenue	-	-
Charges for services	90,035	-
Non ad valorem assessments	-	269,214
Miscellaneous	1,000	2,237
Total revenues	<u>91,035</u>	<u>271,451</u>
Expenditures:		
Current:		
General government	-	9,281
Physical environment	-	55,180
Culture/recreation	237,201	-
Capital outlay	-	-
Debt service:		
Principal	-	-
Interest	-	-
Total expenditures	<u>237,201</u>	<u>64,461</u>
Excess (deficiency) of revenues over expenditures	<u>(146,166)</u>	<u>206,990</u>
Other Financing Sources (Uses):		
Transfers in	128,328	-
Transfers out	-	(55,000)
Total other financing sources (uses)	<u>128,328</u>	<u>(55,000)</u>
Net change in fund balance	(17,838)	151,990
Fund Balance (Deficit), Beginning of Year	<u>(11,078)</u>	<u>192,748</u>
Fund Balance (Deficit), End of Year	\$ <u><u>(28,916)</u></u>	\$ <u><u>344,738</u></u>

<u>Special Purpose Fund</u>	<u>Total</u>	<u>Permanent Walt and Mary Barker Library Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 403,725	\$ 403,725
18,719	18,719	-	-	18,719
247	90,282	-	-	90,282
-	269,214	-	-	269,214
<u>108,515</u>	<u>111,752</u>	<u>57,996</u>	<u>147</u>	<u>169,895</u>
<u>127,481</u>	<u>489,967</u>	<u>57,996</u>	<u>403,872</u>	<u>951,835</u>
-	9,281	-	-	9,281
6,530	61,710	-	-	61,710
109,145	346,346	20	-	346,366
5,605	5,605	-	-	5,605
-	-	-	364,088	364,088
-	-	-	<u>43,632</u>	<u>43,632</u>
<u>121,280</u>	<u>422,942</u>	<u>20</u>	<u>407,720</u>	<u>830,682</u>
<u>6,201</u>	<u>67,025</u>	<u>57,976</u>	<u>(3,848)</u>	<u>121,153</u>
24,000	152,328	-	-	152,328
-	(55,000)	-	-	(55,000)
<u>24,000</u>	<u>97,328</u>	<u>-</u>	<u>-</u>	<u>97,328</u>
30,201	164,353	57,976	(3,848)	218,481
<u>322,932</u>	<u>504,602</u>	<u>519,579</u>	<u>14,673</u>	<u>1,038,854</u>
\$ <u><u>353,133</u></u>	\$ <u><u>668,955</u></u>	\$ <u><u>577,555</u></u>	\$ <u><u>10,825</u></u>	\$ <u><u>1,257,335</u></u>

City of Lighthouse Point, Florida
 Combining Statement of Fiduciary Net Position
 September 30, 2017

	Defined Contribution Pension Plans				
	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>Management</u>	<u>Total</u>
Assets:					
Investments	\$ 3,869,133	\$ 4,071,164	\$ 2,111,818	\$ 5,087,732	\$ 15,139,847
Participant loans receivable	<u>85,799</u>	<u>51,946</u>	<u>30,189</u>	<u>30,218</u>	<u>198,152</u>
Total assets	3,954,932	4,123,110	2,142,007	5,117,950	15,337,999
Liabilities:					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position:					
Held in trust for pension and other benefits	<u>\$ 3,954,932</u>	<u>\$ 4,123,110</u>	<u>\$ 2,142,007</u>	<u>\$ 5,117,950</u>	<u>\$ 15,337,999</u>

<u>Police and Fire Defined Benefit</u>	<u>Deferred Compensation</u>	<u>Retirement Health Savings Plan</u>	<u>Total</u>
\$ 23,442,126	\$ 8,401,646	\$ 461,353	\$ 47,444,972
-	-	-	198,152
23,442,126	8,401,646	461,353	47,643,124
-	-	-	-
<u>\$ 23,442,126</u>	<u>\$ 8,401,646</u>	<u>\$ 461,353</u>	<u>\$ 47,643,124</u>

City of Lighthouse Point, Florida
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2017

	Defined Contribution Pension Plans				
	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>Management</u>	<u>Total</u>
Additions:					
Contributions					
City	\$ 182,395	\$ 37,441	\$ 13,687	\$ 132,378	\$ 365,901
Employees	<u>43,775</u>	<u>21,395</u>	<u>5,866</u>	<u>56,734</u>	<u>127,770</u>
Total contributions	<u>226,170</u>	<u>58,836</u>	<u>19,553</u>	<u>189,112</u>	<u>493,671</u>
Investment earnings and expenses:					
Interest, dividend and investment value changes	395,866	501,416	170,561	456,705	1,524,548
Less investment expense	<u>30,172</u>	<u>31,455</u>	<u>16,341</u>	<u>39,044</u>	<u>117,012</u>
Net investment earnings	<u>365,694</u>	<u>469,961</u>	<u>154,220</u>	<u>417,661</u>	<u>1,407,536</u>
Total additions	<u>591,864</u>	<u>528,797</u>	<u>173,773</u>	<u>606,773</u>	<u>1,901,207</u>
Deductions:					
Benefits paid	<u>163,985</u>	<u>359,630</u>	<u>13,482</u>	<u>165,578</u>	<u>702,675</u>
Refund of contributions:					
City	11,343	-	-	3,558	14,901
Employees	<u>4,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,041</u>
Total deductions	<u>179,369</u>	<u>359,630</u>	<u>13,482</u>	<u>169,136</u>	<u>721,617</u>
Change in net position	412,495	169,167	160,291	437,637	1,179,590
Net Position Held in Trust for Pension and Other Benefits:					
Beginning of Year	<u>3,542,437</u>	<u>3,953,943</u>	<u>1,981,716</u>	<u>4,680,313</u>	<u>14,158,409</u>
End of Year	<u>\$ 3,954,932</u>	<u>\$ 4,123,110</u>	<u>\$ 2,142,007</u>	<u>\$ 5,117,950</u>	<u>\$ 15,337,999</u>

<u>Police and Fire Defined Benefit</u>	<u>Deferred Compensation</u>	<u>Retirement Health Savings Plan</u>	<u>Total</u>
\$ 991,535	\$ -	\$ -	\$ 1,357,436
<u>722,202</u>	<u>358,228</u>	<u>46,093</u>	<u>1,254,293</u>
1,713,737	358,228	46,093	2,611,729
2,701,278	796,409	46,232	5,068,467
<u>47,806</u>	<u>65,039</u>	<u>5,863</u>	<u>235,720</u>
2,653,472	731,370	40,369	4,832,747
<u>4,367,209</u>	<u>1,089,598</u>	<u>86,462</u>	<u>7,444,476</u>
388,786	175,417	38,778	1,305,656
-	-	-	14,901
<u>66,903</u>	<u>-</u>	<u>-</u>	<u>70,944</u>
455,689	175,417	38,778	1,391,501
3,911,520	914,181	47,684	6,052,975
<u>19,530,606</u>	<u>7,487,465</u>	<u>413,669</u>	<u>41,590,149</u>
\$ <u><u>23,442,126</u></u>	\$ <u><u>8,401,646</u></u>	\$ <u><u>461,353</u></u>	\$ <u><u>47,643,124</u></u>

STATISTICAL SECTION

(NOT COVERED BY INDEPENDENT AUDITOR'S REPORT)

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

Contents	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	80-87
Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	88-94
Debt Capacity These schedules contain information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	95-99
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	100-101
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	102-107

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

City of Lighthouse Point, Florida
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental activities				
Net investment in capital assets	\$ 18,960,079	\$ 19,261,328	\$ 17,949,228	\$ 16,691,679
Restricted	2,951,222	2,680,004	3,995,702	3,250,412
Unrestricted	<u>7,480,739</u>	<u>7,603,373</u>	<u>7,469,821</u>	<u>5,899,447</u>
Total governmental activities net position	<u>\$ 29,392,040</u>	<u>\$ 29,544,705</u>	<u>\$ 29,414,751</u>	<u>\$ 25,841,538</u>

Notes: The City has no business-type activities.

Table 1

Year					
<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 16,705,644	\$ 15,540,755	\$ 15,392,168	\$ 15,316,538	\$ 14,921,902	\$ 14,713,746
3,191,909	3,331,058	3,410,406	4,048,277	4,529,846	5,112,882
<u>6,421,799</u>	<u>6,339,706</u>	<u>6,237,128</u>	<u>6,110,724</u>	<u>5,407,842</u>	<u>4,958,569</u>
<u>\$ 26,319,352</u>	<u>\$ 25,211,519</u>	<u>\$ 25,039,702</u>	<u>\$ 25,475,539</u>	<u>\$ 24,859,590</u>	<u>\$ 24,785,197</u>

City of Lighthouse Point, Florida
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal			
	2017	2016	2015	2014
Expenses:				
Governmental activities:				
General government	\$ 1,781,048	\$ 1,717,475	\$ 1,624,496	\$ 1,465,093
Public safety	10,120,375	9,827,589	8,684,687	9,134,305
Physical environment	4,380,588	4,054,749	3,550,580	3,506,609
Transportation	44,246	42,655	43,471	46,027
Culture/recreation	1,286,251	1,262,675	1,196,903	1,122,567
Interest expense	50,790	60,161	65,540	71,369
Total governmental activities expenses	<u>17,663,298</u>	<u>\$ 16,965,304</u>	<u>\$ 15,165,677</u>	<u>\$ 15,345,970</u>
Program Revenues:				
Charges for services:				
General government	\$ 48,203	\$ 53,324	\$ 51,423	\$ 34,564
Public safety	2,477,037	2,423,816	2,040,455	1,891,940
Physical environment	1,936,657	2,133,587	2,100,378	2,068,101
Culture/recreation	189,145	184,524	161,164	150,725
Operating grants and contributions	130,980	129,830	162,097	119,455
Capital grants and contributions	-	-	1,202,548	-
Total governmental activities program revenues	<u>\$ 4,782,022</u>	<u>\$ 4,925,081</u>	<u>\$ 5,718,065</u>	<u>\$ 4,264,785</u>
Total governmental activities net expense	<u>\$ 12,881,276</u>	<u>\$ 12,040,223</u>	<u>\$ 9,447,612</u>	<u>\$ 11,081,185</u>
General Revenues and Change in Net Position:				
Taxes:				
Ad valorem taxes	\$ 7,652,001	\$ 7,270,669	\$ 6,928,063	\$ 6,583,961
Franchise taxes	873,192	850,214	864,725	869,058
Utility service taxes	2,264,796	2,212,221	2,256,338	3,124,968
Intergovernmental revenues	1,297,569	1,209,109	1,166,306	1,153,978
Miscellaneous	641,053	627,964	1,805,393	416,655
Total general revenues	<u>\$ 12,728,611</u>	<u>\$ 12,170,177</u>	<u>\$ 13,020,825</u>	<u>\$ 12,148,620</u>
Change in net position	<u>\$ (152,665)</u>	<u>\$ 129,954</u>	<u>\$ 3,573,213</u>	<u>\$ 1,067,435</u>

Table 2

						Year					
2013		2012		2011		2010		2009		2008	
\$	1,415,364	\$	1,320,586	\$	1,370,967	\$	1,363,611	\$	1,440,339	\$	1,491,969
	8,686,485		8,903,618		8,569,761		8,428,182		8,161,594		8,078,961
	3,854,194		3,284,930		3,989,844		4,413,816		4,776,528		4,007,031
	44,667		40,788		40,474		39,679		40,852		53,925
	1,156,366		1,115,321		1,201,806		1,166,238		1,141,223		1,258,251
	77,180		206,131		197,849		215,231		229,439		212,550
	<u>15,234,256</u>		<u>14,871,374</u>		<u>15,370,701</u>		<u>15,626,757</u>		<u>15,789,975</u>		<u>15,102,687</u>
\$	27,335	\$	30,614	\$	22,940	\$	13,861	\$	11,479	\$	84,577
	1,603,627		1,858,897		1,609,068		1,363,035		1,256,534		1,392,705
	2,236,065		2,264,373		2,369,597		2,487,291		1,901,360		2,055,722
	125,904		136,784		142,928		139,700		142,078		146,133
	153,494		93,412		222,371		188,259		214,979		4,025,992
	-		155,985		102,386		261,156		369,768		349,741
	<u>4,146,425</u>		<u>4,540,065</u>		<u>4,469,290</u>		<u>4,453,302</u>		<u>3,896,198</u>		<u>8,054,870</u>
\$	<u>11,087,831</u>	\$	<u>10,331,309</u>	\$	<u>10,901,411</u>	\$	<u>11,173,455</u>	\$	<u>11,893,777</u>	\$	<u>7,047,817</u>
\$	6,393,001	\$	6,120,388	\$	6,138,909	\$	6,945,061	\$	7,080,510	\$	6,950,839
	862,148		825,196		929,559		970,558		1,011,721		1,015,706
	2,195,295		2,184,080		2,135,681		2,116,737		1,930,017		1,768,345
	1,288,713		1,089,223		1,073,390		1,352,185		1,276,444		1,143,836
	537,573		284,239		188,035		404,863		669,478		541,360
	<u>11,276,730</u>		<u>10,503,126</u>		<u>10,465,574</u>		<u>11,789,404</u>		<u>11,968,170</u>		<u>11,420,086</u>
\$	<u>188,899</u>	\$	<u>171,817</u>	\$	<u>(435,837)</u>	\$	<u>615,949</u>	\$	<u>74,393</u>	\$	<u>4,372,269</u>

City of Lighthouse Point, Florida
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal			
	2017	2016	2015	2014
General Fund:				
Nonspendable	\$ 76,661	\$ 62,003	\$ 59,549	\$ 57,923
Committed	1,598,527	1,365,837	1,379,797	1,560,813
Assigned	3,750,000	3,750,000	3,750,000	3,750,000
Unassigned	380,815	887,155	349,186	158,139
Total general fund	\$ 5,806,003	\$ 6,064,995	\$ 5,538,532	\$ 5,526,875
All Other Governmental Funds:				
Major Funds:				
Garbage and trash fund:				
Restricted	\$ 221,423	\$ -	\$ -	\$ -
Committed	393,327	393,327	324,682	342,805
Public safety fund:				
Restricted	1,796,681	1,953,004	2,069,312	2,202,826
Committed	-	-	-	-
*Infrastructure fund:				
Committed	447,370	845,438	1,355,656	-
Nonmajor Funds:				
Debt service fund:				
Restricted	10,825	14,673	14,103	7,580
Walt and Mary Barker Library fund:				
Nonspendable	500,000	500,000	473,483	-
Restricted	77,555	19,579	-	-
Capital projects fund:				
Committed	-	-	-	-
Other nonmajor funds:				
Nonspendable	-	-	-	-
Restricted	344,738	192,748	1,438,804	1,040,006
Committed	353,133	322,932	295,443	1,046,300
Unassigned (deficit)	(28,916)	(11,078)	(8,826)	(9,641)
Total all other governmental funds	\$ 4,116,136	\$ 4,230,623	\$ 5,962,657	\$ 4,629,876

* Prior to 2015, the infrastructure fund was a nonmajor fund
Note: The General Fund contained no restricted funds in the last ten years.

Table 3

						Year					
<u>2013</u>		<u>2012</u>		<u>2011</u>		<u>2010</u>		<u>2009</u>		<u>2008</u>	
\$	550,156	\$	64,938	\$	89,064	\$	414,244	\$	363,675	\$	393,116
	1,665,151		1,889,680		2,245,350		2,028,184		1,208,392		1,258,087
	3,250,000		3,750,000		3,750,000		3,823,043		3,794,819		2,569,115
	<u>174,354</u>		<u>249,129</u>		<u>125,363</u>		<u>142,563</u>		<u>183,131</u>		<u>344,758</u>
\$	<u>5,639,661</u>	\$	<u>5,953,747</u>	\$	<u>6,209,777</u>	\$	<u>6,408,034</u>	\$	<u>5,550,017</u>	\$	<u>4,565,076</u>
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
	471,867		520,338		617,829		796,575		861,392		1,121,534
	2,328,298		2,656,131		2,925,378		2,984,981		3,290,715		3,269,697
	-		-		-		1,225		-		132,081
	-		-		-		-		-		-
	323		4,226		56,363		50,095		43,319		45,163
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		10,903
	750		-		-		-		-		-
	863,288		670,701		428,665		172,244		-		-
	859,603		744,121		761,417		989,080		1,318,266		1,790,913
	<u>-</u>		<u>-</u>		<u>(6,522)</u>		<u>(1,847)</u>		<u>-</u>		<u>-</u>
\$	<u>4,524,129</u>	\$	<u>4,595,517</u>	\$	<u>4,783,130</u>	\$	<u>4,992,353</u>	\$	<u>5,513,692</u>	\$	<u>6,370,291</u>

City of Lighthouse Point, Florida
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2017	2016	2015	2014
Revenues:				
Ad valorem taxes	\$ 7,652,001	\$ 7,270,669	\$ 6,928,063	\$ 6,583,961
Franchise fees	867,349	847,516	874,245	862,847
Utility service taxes	2,397,754	2,360,010	2,353,013	2,260,186
Licenses and permits	953,071	1,083,509	913,141	707,214
Intergovernmental revenues	1,431,410	1,348,559	1,333,079	1,278,800
Charges for services	565,855 *	2,423,630	2,368,838	2,250,635
Nonadvalorem assessments	2,549,895 *	885,813	883,227	883,144
Fines and forfeitures	582,221	402,299	188,214	304,337
Interest income	91,912	65,359	74,328	41,337
Miscellaneous	586,528	566,985	2,946,439	419,966
Total revenues	17,677,996	17,254,349	18,862,587	15,592,427
Expenditures:				
General government	1,735,223	1,651,595	1,542,644	1,433,511
Public safety	10,355,168	9,650,329	9,320,877	8,901,379
Physical environment	4,176,377	3,887,800	3,406,984	3,417,866
Transportation	44,246	42,655	43,471	46,027
Culture/recreation	1,155,759	1,099,429	1,120,957	986,683
Capital outlay	449,298	1,680,540	1,737,933	686,317
Debt service:				
Principal	503,408	484,229	476,214	525,369
Interest	51,996	60,343	66,747	72,506
Other	-	1,000	-	-
Total expenditures	18,471,475	18,557,920	17,715,827	16,069,658
Excess of revenues over (under) expenditures	(793,479)	(1,303,571)	1,146,760	(477,231)
Other Financing Sources (Uses):				
Insurance proceeds	-	-	-	-
Capital leases	420,000	98,000	197,678	470,192
Net proceeds of notes payable	-	-	-	-
Payment to fiscal agent	-	-	-	-
Transfers in	762,328	313,784	336,889	273,000
Transfers out	(762,328)	(313,784)	(336,889)	(273,000)
Total other financing sources (uses)	420,000	98,000	197,678	470,192
Net change in fund balances	\$ <u>(373,479)</u>	\$ <u>(1,205,571)</u>	\$ <u>1,344,438</u>	\$ <u>(7,039)</u>
Debt service as a % of noncapital expenditures	3.1%	3.2%	3.4%	3.9%

* For FY17, solid waste fees for the garbage and trash fund were designated as nondavalorem assessments.

Table 4

		Fiscal Year									
		2013	2012	2011	2010	2009	2008				
\$	6,393,001	\$	6,120,388	\$	6,138,909	\$	6,945,061	\$	7,080,510	\$	6,950,839
	864,519		905,559		929,559		970,558		1,011,721		1,015,706
	2,239,104		2,138,837		2,139,372		2,120,424		1,932,024		1,763,939
	605,477		635,114		529,905		530,797		417,812		517,443
	1,432,563		1,328,975		1,398,147		1,455,493		1,587,770		2,249,872
	2,412,786		2,689,844		2,789,909		2,891,524		2,339,440		2,476,338
	841,554		576,532		577,446		581,566		554,199		527,540
	133,114		389,178		247,273		346,107		273,421		3,427,513
	33,226		49,056		42,643		117,250		123,842		158,098
	518,735		228,658		153,676		294,943		606,343		424,998
	<u>15,474,079</u>		<u>15,062,141</u>		<u>14,946,839</u>		<u>16,253,723</u>		<u>15,927,082</u>		<u>19,512,286</u>
	1,345,069		1,307,179		1,291,841		1,284,206		1,285,048		1,186,532
	8,782,071		8,578,790		8,184,831		7,943,944		7,656,733		7,428,115
	3,712,686		3,470,209		3,845,327		4,254,355		4,579,722		4,233,546
	44,579		40,807		40,365		39,662		43,198		53,719
	1,000,339		1,037,569		1,061,719		1,013,857		1,009,842		1,016,718
	397,492		534,520		284,292		769,111		590,233		2,513,393
	499,021		460,611		446,369		457,481		451,335		389,098
	78,296		202,774		199,025		217,673		229,641		222,993
	-		20,000		550		550		550		5,300
	<u>15,859,553</u>		<u>15,652,459</u>		<u>15,354,319</u>		<u>15,980,839</u>		<u>15,846,302</u>		<u>17,049,414</u>
	<u>(385,474)</u>		<u>(590,318)</u>		<u>(407,480)</u>		<u>272,884</u>		<u>80,780</u>		<u>2,462,872</u>
	-		-		-		-		-		300,000
	-		126,675		-		63,795		47,562		700,833
	-		3,685,000		-		-		-		-
	-		(3,665,000)		-		-		-		-
	235,511		180,000		221,051		118,564		306,017		481,463
	<u>(235,511)</u>		<u>(180,000)</u>		<u>(221,051)</u>		<u>(118,564)</u>		<u>(306,017)</u>		<u>(481,463)</u>
	-		146,675		-		63,795		47,562		1,000,833
\$	<u>(385,474)</u>	\$	<u>(443,643)</u>	\$	<u>(407,480)</u>	\$	<u>336,679</u>	\$	<u>128,342</u>	\$	<u>3,463,705</u>
	3.7%		4.5%		4.3%		4.4%		4.5%		4.2%

City of Lighthouse Point, Florida
Assessed Value and Estimated Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year	Tax Year	Real Property			Personal Property
		Residential	Commercial	Other	
2008	2007	3,142,495	152,286	18,307	26,707
2009	2008	2,830,154	158,127	22,048	25,537
2010	2009	2,269,144	161,598	22,154	24,775
2011	2010	1,853,180	151,486	23,355	22,922
2012	2011	1,897,551	144,278	22,972	23,332
2013	2012	1,994,093	143,483	24,009	21,967
2014	2013	2,109,780	140,854	28,578	24,317
2015	2014	2,370,635	140,326	29,413	25,995
2016	2015	2,630,639	141,754	30,113	26,671
2017	2016	2,780,511	155,879	30,118	27,196

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

Source: Broward County Property Appraiser

Table 5

<u>Less: Exemptions</u>		<u>Total Taxable Assessed Value</u>	<u>City Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Net Assessed Value as a Percentage of Estimated Actual Value</u>
<u>Real Property</u>	<u>Personal Property</u>				
1,138,178	8	2,201,609	3.2934	3,339,795	65.92%
941,210	5,159	2,089,497	3.5142	3,035,867	68.83%
617,028	4,568	1,856,075	3.8825	2,477,671	74.91%
406,911	4,075	1,639,957	3.8825	2,050,943	79.96%
435,107	4,230	1,648,796	3.8602	2,088,133	78.96%
472,386	3,996	1,707,170	3.8691	2,183,551	78.18%
523,322	3,946	1,776,261	3.8307	2,303,550	77.11%
679,481	4,978	1,881,910	3.8175	2,566,369	73.33%
844,533	4,979	1,979,665	3.8028	2,829,177	69.97%
896,758	5,305	2,091,641	3.7892	2,993,718	69.87%

**City of Lighthouse Point, Florida
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years**

Fiscal Year	City of Lighthouse Point			Broward County			School Board
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage
2007/08	3.0887	0.2047	3.2934	4.8889	0.3979	5.2868	7.4770
2008/09	3.2822	0.2320	3.5142	4.8889	0.4256	5.3145	7.4170
2009/10	3.6188	0.2637	3.8825	4.8889	0.4256	5.3145	7.4310
2010/11	3.6188	0.2637	3.8825	5.1021	0.4509	5.5530	7.6310
2011/12	3.5893	0.2709	3.8602	5.1860	0.3670	5.5530	7.4180
2012/13	3.5893	0.2798	3.8691	5.2576	0.2954	5.5530	7.4560
2013/14	3.5893	0.2414	3.8307	5.4400	0.2830	5.7230	7.4800
2015/14	3.5893	0.2282	3.8175	5.4584	0.2646	5.7230	7.4380
2016/15	3.5893	0.2135	3.8028	5.4741	0.2489	5.7230	7.2030
2017/16	3.5893	0.1999	3.7892	5.4474	0.2216	5.6690	6.8360

Source: Broward County Property Appraiser

Table 6

School Board		Overlapping Rates					Total Direct and Overlapping Rate
		Child Services Council	South Florida Water Management District	Florida Inland Navigation District	North Broward Hospital District	Hillsboro Inlet	
Debt Service Millage	Total School Board Millage						
0.1714	7.6484	0.3572	0.6240	0.0345	1.6255	0.0860	18.9558
-	7.4170	0.3754	0.6240	0.0345	1.7059	0.0860	19.0715
-	7.4310	0.4243	0.6240	0.0345	1.7059	0.0860	19.5027
-	7.6310	0.4696	0.6240	0.0345	1.8750	0.0860	20.1556
-	7.4180	0.4789	0.4363	0.0345	1.8750	0.0860	19.7419
-	7.4560	0.4902	0.4289	0.0345	1.8564	0.0860	19.7741
-	7.4800	0.4882	0.4110	0.0345	1.7554	0.0860	19.8088
-	7.4380	0.4882	0.3842	0.0345	1.5939	0.0860	19.5653
0.0710	7.2740	0.4882	0.3551	0.0320	1.4425	0.0860	19.2036
0.0703	6.9063	0.4882	0.3307	0.0320	1.3462	0.0860	18.6476

**City of Lighthouse Point, Florida
Principal Property Taxpayers
Current Year and Ten Years Ago**

Table 7

Taxpayer	Fiscal Year 2017			Fiscal Year 2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Centro Heritage Venetian Isle	\$ 17,428,440	1	0.83%	\$ 19,598,410	1	0.89%
Acheson, James C & Suzanne J	8,333,900	2	0.40%	11,183,240	2	0.51%
Florida Power & Light Co	8,100,529	3	0.39%	-		
Silver Seas Hotel, Inc.	6,421,400	4	0.31%	6,880,110	4	0.31%
Wye, Jane & Thomas	5,734,280	5	0.27%	-		
Grove Gateway LLC & JCS Investment Mgmt	5,727,100	6	0.27%	-		
Verrillo, James & Teresa	5,487,570	7	0.26%	9,345,810	3	0.43%
Foxman, Leonard A Trstee Leonard A Foxman Liv Tr	5,075,410	8	0.24%	-		
ACL Holdings LLC	4,972,380	9	0.24%	-		
Lighthouse Point Auto Investors I Inc	4,726,160	10	0.23%	5,031,310	10	0.23%
Shawn and Susan Ryan	-		-	5,629,590	5	0.26%
First States Investors 5000A	-		-	5,465,300	6	0.25%
Lighthouse Point Assoc. LLC	-		-	5,368,490	7	0.24%
Robert and Beverly Plath	-		-	5,164,470	8	0.24%
Manuel and Jenny Marin	-		-	5,049,840	9	0.23%
Total	\$ 72,007,169		3.44%	\$ 78,716,570		3.59%

Source: Broward County Revenue Collector

**City of Lighthouse Point, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>		
	<u>Gross Levy</u>	<u>Discount</u>	<u>Net Levy</u>
2008	7,251,082	310,816	6,940,266
2009	7,368,624	316,056	7,052,568
2010	7,208,468	309,283	6,899,185
2011	6,380,071	273,740	6,106,331
2012	6,382,448	273,944	6,108,504
2013	6,610,703	283,841	6,326,862
2014	6,812,658	340,039	6,472,619
2015	7,195,575	358,575	6,837,000
2016	7,535,473	372,364	7,163,109
2017	7,930,348	359,908	7,570,440

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

Collections in subsequent years include prior year's collections, corrections, and penalties.

Source: Broward County Property Appraiser

Table 8

<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections In Subsequent Years</u>	<u>Total Collections to Date</u>	
<u>Amount</u>	<u>Percentage of Gross Levy</u>		<u>Amount</u>	<u>Percentage of Gross Levy</u>
6,939,363	95.70%	311,719	7,251,082	100.00%
6,627,949	89.95%	98,399	6,726,348	91.28%
6,846,662	94.98%	212,441	7,059,103	97.93%
5,926,606	92.89%	188,496	6,115,102	95.85%
5,931,892	92.94%	164,493	6,096,385	95.52%
6,228,508	94.22%	162,200	6,390,708	96.67%
6,421,761	94.26%	159,268	6,581,029	96.60%
6,768,795	94.07%	170,320	6,939,115	96.44%
7,100,350	94.23%	188,367	7,288,717	96.73%
7,463,634	94.11%	-	7,463,634	94.11%

City of Lighthouse Point, Florida
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Table 9

Fiscal Year	Governmental Activities			Total Primary Government	Per Capita Personal Income	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Notes Payable				
2008	4,765,000	805,281	-	5,570,281	43,274	1.17%	508
2009	4,505,000	661,440	-	5,166,440	40,437	1.16%	469
2010	4,235,000	537,755	-	4,772,755	41,481	1.05%	436
2011	3,955,000	371,386	-	4,326,386	42,194	0.99%	418
2012	-	328,452	3,684,000	4,012,452	43,351	0.88%	381
2013	-	166,208	3,347,222	3,513,430	43,792	0.77%	338
2014	-	454,476	3,003,777	3,458,253	43,283	0.77%	333
2015	-	526,137	2,653,532	3,179,669	44,909	0.68%	307
2016	-	496,857	2,296,583	2,793,440	46,906	0.57%	266
2017	-	777,537	1,932,495	2,710,032	N/A	N/A	N/A

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

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

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

City of Lighthouse Point, Florida
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Table 10

Fiscal Year	General Obligation Bonds	Taxable Value	Percentage of Actual Taxable Value of Property	Per Capita
2008	4,765,000	2,187,108,778	0.22%	435
2009	4,505,000	2,076,613,016	0.22%	409
2010	4,235,000	1,843,382,439	0.23%	387
2011	3,955,000	1,631,901,386	0.24%	382
2012	-	1,648,795,869	0.00%	-
2013	-	1,707,169,924	0.00%	-
2014	-	1,776,261,097	0.00%	-
2015	-	1,881,909,580	0.00%	-
2016	-	1,979,665,674	0.00%	-
2017	-	2,091,641,994	0.00%	-

Source: Broward County Property Appraiser's Office

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

**City of Lighthouse Point, Florida
Direct and Overlapping Activities Debt
As of September 30, 2017**

Table 11

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Estimate Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Broward County	\$ 207,550,000	1.16%	\$ 2,407,580
School Board of Broward County	1,751,076	1.05%	<u>18,386</u>
Subtotal, overlapping debt			2,425,966
City direct debt			<u>2,710,032</u>
Total direct and overlapping debt			<u><u>\$ 5,135,998</u></u>

Sources: Debt outstanding data provided by each governmental unit.

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

The School Board of Broward County debt outstanding is as of June 30, 2017.

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

The City Charter does not set a debt margin.

The City does not have any pledged revenue.

**City of Lighthouse Point, Florida
Demographic and Economic Statistics
Last Ten Calendar Years**

Table 14

<u>Calendar Year</u>	<u>Population</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>	<u>Personal Income</u>	
				<u>Total</u>	<u>Per Capita</u>
2008	10,964	258,905	4.1%	74,588,165	43,274
2009	11,020	255,738	6.0%	70,090,397	40,437
2010	10,955	255,203	10.0%	72,712,604	41,481
2011	10,344	256,872	11.5%	75,315,293	42,194
2012	10,536	258,803	9.0%	78,687,882	43,351
2013	10,401	260,796	8.4%	80,525,783	43,792
2014	10,374	262,563	6.4%	80,905,552	43,283
2015	10,358	265,401	5.6%	85,167,498	44,909
2016	10,506	268,836	5.0%	89,572,271	46,906
2017	10,526	271,105	4.6%	N/A	N/A

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

Notes: School Enrollment data is County-wide.

Unemployment rates are representative of Miami / Fort Lauderdale / Pompano Beach metropolitan area.

Per capita personal income are representative of Fort Lauderdale / Pompano Beach / Deerfield Beach metropolitan area.

**City of Lighthouse Point, Florida
Principal Employers
Current Year and One Year Ago**

Table 15

Employer	Type of Business	Fiscal Year 2017			Fiscal Year 2016		
		Employees	Rank	Total County	Employees	Rank	Total County
Publix Supermarkets	Retail	281	1	0.029%	281	1	0.029%
City of Lighthouse Point	Municipality	105	2	0.011%	106	2	0.011%
Hendrick Honda	Automotive	103	3	0.011%	95	3	0.010%
Sheehan Buick GMC, Inc.	Automotive	100	4	0.010%	*	*	*
Bonefish Mac's Sports Grille	Restaurant	100		0.010%	75	5	0.008%
Lighthouse Point Yacht Club	Restaurant	87	5	0.009%	87	4	0.009%
The Nauti Dawg Marina Café	Restaurant	50	6	0.005%	39	7	0.004%
TJ Maxx	Retail	49	7	0.005%	39	7	0.004%
Papa's Raw Bar	Restaurant	40	8	0.004%	40	6	0.004%
JR Dunn Jewelers	Retail	40		0.004%	35	8	0.004%
Phil Smith Kia	Automotive	39	9	0.004%	39	7	0.004%
Bateman Gordon & Sands	Insurance	37	10	0.004%	40	6	0.004%
American Recovery Specialists of FI Office					95	3	0.010%
Unlimited Health Care Services	Health				40	6	0.004%
Trinity Learning Center	Nursery/Daycare				31	9	0.003%
Sicilian Oven	Restaurant				30	10	0.003%
Total		<u>1,031</u>		<u>0.108%</u>	<u>1,072</u>		<u>0.109%</u>

Source: Individual businesses upon payment of annual business tax.

* Data not available for fiscal year 2016

City of Lighthouse Point, Florida
Number of Employees by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General government:				
Finance and Administration	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>
Subtotal	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>
Public Safety:				
Police	<u>42.03</u>	<u>43.00</u>	<u>43.00</u>	<u>42.50</u>
Fire	<u>27.00</u>	<u>27.00</u>	<u>27.00</u>	<u>27.00</u>
Building	<u>3.50</u>	<u>3.50</u>	<u>3.00</u>	<u>3.00</u>
Code Enforcement	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>
Subtotal	<u>75.53</u>	<u>76.50</u>	<u>76.00</u>	<u>75.50</u>
Public Works	<u>12.00</u>	<u>12.00</u>	<u>12.00</u>	<u>12.00</u>
Transportation	<u>0.82</u>	<u>0.88</u>	<u>0.88</u>	<u>0.88</u>
Culture/Recreation:				
Library	<u>4.10</u>	<u>3.90</u>	<u>3.90</u>	<u>3.90</u>
Recreation	<u>7.60</u>	<u>7.68</u>	<u>6.04</u>	<u>6.04</u>
Subtotal	<u>11.70</u>	<u>11.58</u>	<u>9.94</u>	<u>9.94</u>
Total authorized employees	<u><u>105.05</u></u>	<u><u>105.96</u></u>	<u><u>103.82</u></u>	<u><u>103.32</u></u>

Source: City of Lighthouse Point departmental staff.

Note: All employee counts are reported as Full-Time Equivalent (FTE).

Table 16

2013	2012	2011	2010	2009	2008
5.00	5.00	5.00	5.00	5.00	6.00
5.00	5.00	5.00	5.00	5.00	6.00
42.50	42.50	41.50	43.00	42.60	43.08
27.00	27.00	27.00	27.00	27.00	27.00
2.00	3.00	3.00	3.00	3.00	3.00
3.00	3.00	2.50	3.07	3.07	3.07
74.50	75.50	74.00	76.07	75.67	76.15
12.00	12.00	14.00	15.00	15.00	17.00
0.88	0.88	0.88	0.88	1.09	1.09
3.45	4.45	4.45	3.45	3.95	4.30
6.04	6.04	6.04	6.04	6.04	6.04
9.49	10.49	10.49	9.49	9.99	10.34
101.87	103.87	104.37	106.44	106.75	110.58

City of Lighthouse Point, Florida
Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General government:				
Square miles	2.49	2.49	2.49	2.49
Elections				
Registered voters	8,379	8,640	7,827	7,848
Votes cast in last election	2,235	-	1,722	1,885
Lien searches processed	530	506	525	461
Business licenses issued	494	449	415	446
Ordinances prepared and adopted	9	16	10	15
Resolutions prepared and adopted	60	64	57	47
Commission minutes prepared adopted	19	21	29	29
Agenda packets prepared	17	19	26	24
Public safety:				
Police				
Stations	1	1	1	1
Uniformed employees	34	34	34	34
Calls-for-service handled	10,615	10,724	10,940	8,992
Traffic accidents handled	455	451	400	360
Traffic citations/warnings issued	2,231	3,070	3,462	1,973
Fire				
Stations	1	1	1	1
Uniformed employees	26	26	26	26
Incidents responded to	1,704	1,397	1,444	1,332
Building				
Permits issued	3,070	3,297	2,863	2,702
Value of construction	\$ 41,555,309	\$ 42,754,614	\$ 33,659,276	\$ 20,268,696
Physical environment				
Miles of streets	41.12	41.12	41.12	41.12
Miles of waterways	18.00	18.00	18.00	18.00
Culture/Recreation				
Library				
Books in collection	42,593	41,761	41,841	41,000
Circulation	41,272	39,482	40,377	40,000
Volunteer hours	9,447	10,000	10,400	10,500
Recreation				
Facilities				
Al Fletcher Park acreage	0.50	0.50	0.50	0.50
Dan Witt Park acreage	6.00	6.00	6.00	6.00
DeGroff Park acreage	4.60	4.60	4.60	4.60
Exchange Club park acreage	14.00	14.00	14.00	14.00
Frank McDonough Park acreage	6.10	6.10	6.10	6.10
Tennis Center	1	1	1	1

Source: City of Lighthouse Point departmental staff.

Notes:

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

Table 17

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
	2.49	2.49	2.49	2.49	2.49	2.49
	7,894	7,894	7,622	7,771	7,578	7,540
	2,639	2,639	2,614	2,614	2,614	2,614
	459	440	346	361	246	207
	460	462	481	500	509	502
	3	9	8	4	5	6
	51	57	50	61	60	59
	25	26	28	24	28	31
	20	26	24	24	24	28
	1	1	1	1	1	1
	34	33	33	33	35	35
	8,516	8,330	7,986	7,925	8,387	9,122
	347	324	362	339	314	384
	2,366	2,299	2,530	2,086	4,308	4,485
	1	1	1	1	1	1
	26	26	26	26	26	26
	1,235	1,297	1,293	1,242	1,202	1,246
	2,634	1,548	2,322	2,288	1,801	1,444
\$	26,680,297 \$	25,131,177 \$	19,231,270 \$	18,457,987 \$	14,663,933 \$	22,612,828
	41.12	41.12	41.12	41.12	41.12	41.12
	18.00	18.00	18.00	18.00	18.00	18.00
	38,323	42,227	41,662	37,721	38,756	36,507
	42,673	42,681	59,759	71,910	70,693	57,996
	10,200	10,166	8,600	8,250	8,600	8,600
	0.50	0.50	0.50	0.50	0.50	0.50
	6.00	6.00	6.00	6.00	6.00	6.00
	4.60	4.60	4.60	4.60	4.60	4.60
	14.00	14.00	14.00	14.00	14.00	14.00
	6.10	6.10	6.10	6.10	6.10	6.10
	1	1	1	1	1	1

City of Lighthouse Point, Florida
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2017	2016	2015	2014
Governmental activities:				
General government				
Miles of streets	41.12	41.12	41.12	41.12
Square feet of buildings	55,208	55,208	55,208	55,208
Public safety:				
Number of police stations	1	1	1	1
Number of fire stations	1	1	1	1
Culture/Recreation:				
Libraries	1	1	1	1
Acres of parks	31	31	31	31
Number of parks	5	5	5	5

* Data not available from City departments

Source: City Departments

Table 18

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
41.12 55,208	41.12 55,208	41.12 55,208	41.12 55,208	41.12 55,208	41.12 55,208
1 1	1 1	1 1	1 1	1 1	1 1
1 31 5	1 31 5	1 31 5	1 31 5	1 31 5	1 31 5

COMPLIANCE SECTION

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

Independent Auditor's Report to City Management

Independent Auditor's Report on Compliance with Section 218.415 Florida Statutes

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Lighthouse Point, Florida (the "City") as of and for the year ended September 30, 2017, and the related notes to the financial statements which collectively comprise the City's basic financial statements and have issued our report thereon dated March 27, 2018. Our report includes a reference to other auditors who audited the financial statements of the Police and Fire Defined Benefit Pension Trust Fund, as described in our report on the City's financial statements. The financial statements of the Police and Fire Defined Benefit Pension Trust Fund were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 27, 2018

INDEPENDENT AUDITOR'S REPORT TO CITY MANAGEMENT

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

Report on the Financial Statements

We have audited the basic financial statements of the City of Lighthouse Point, Florida (the "City") as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated March 27, 2018.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 27, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City was established in 1957 under the provision of Chapter 57-1534 of the laws of the State of Florida. The City does not have any component units.

Financial Condition and Management

Section 10.554(1)(i)5.a and 10.556 (7)., Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Annual Financial Report

Section 10.554(1)(i)5.b and 10.556 (7)., Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the City, for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Members of the City Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 27, 2018

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

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

We have examined the City of Lighthouse Point, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2017. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

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

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

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 27, 2018