



TOWN OF LAKE PARK FLORIDA



Comprehensive Annual Financial Report

**FISCAL YEAR ENDED
SEPTEMBER 30, 2008**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TOWN OF LAKE PARK, FLORIDA

Fiscal Year Ended September 30, 2008

**Prepared by
Finance Department**

**Anne M. Costello
Finance Director**

THE TOWN OF LAKE PARK, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

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THE TOWN OF LAKE PARK, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

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INTRODUCTORY SECTION



TOWN OF LAKE PARK

FINANCE DEPARTMENT

April 8, 2009

The Honorable Mayor,
Members of the Town Commission and Citizens
Town of Lake Park, Florida

The Comprehensive Annual Financial Report (CAFR) of the Town of Lake Park, Florida, (the "Town") for the fiscal year ended September 30, 2008, is hereby submitted. Florida law and the Rules of the Auditor General for the State of Florida require every municipality to complete a set of audited financial statements annually within twelve months of the close of the fiscal year. This report is published to fulfill that requirement for the year ended September 30, 2008.

This report consists of management's representation concerning the finances of the Town of Lake Park. Consequently, management assumes full responsibility for the completeness and reliability of all or the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Lake Park has established a comprehensive internal control framework that is designed both to protect the Town assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Lake Park's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Lake Park' comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Lake Park's financial statements have been audited by Nowlen, Holt & Miner, P.A., certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Lake Park for the fiscal year ended September 30, 2008 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in financial statements; assign the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Lake Park's financial statements for the fiscal year ended September 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is located at the front of the Financial Section of this report on page 1.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE TOWN

Originally incorporated in 1923 as Kelsey City, the city was renamed in 1939 to the Town of Lake Park. The Town of Lake Park is a political subdivision of the State of Florida with a population of approximately 9,100 residents, ideally located in the southeastern part of the State on the Atlantic Intracoastal Waterway. The Town is primarily residential but has several types of light industry and shopping centers.

The Town of Lake Park operates under a commission-manager form of government. Policymaking and legislative authority are vested in a governing commission consisting of the Mayor, Vice-Mayor and three Commissioners. The governing body is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the Town Manager and Town Attorney. The Mayor and Commission Members are elected on a non-partisan basis. All are elected for three-year terms.

Elections are staggered with only the Mayor being elected in one election year, two commissioners are elected in the next election year and the remaining two commissioners are elected in the next election year. The Town Manager is responsible for carrying out the policies and ordinances of the governing commission, for overseeing the day-to-day operations of the government and for appointing the heads of the various departments.

The Town of Lake Park provides a full range of services, including building inspections, code enforcement, residential and commercial sanitation service, recreation and cultural events. Police and fire protection are contracted through Palm Beach County. Water and sewer service is provided through a separate utility authority.

The Town's financial statements also include the Lake Park Community Redevelopment Agency (CRA), a dependent special district established by the Town, under authority granted by Florida Statute 163, Section III. The Town is financially accountable for the CRA which is included in the Town's financial statements as a blended component unit reported in a governmental (special revenue) fund, the CRA Fund.

The Town is required by State law to adopt an annual budget for the general fund. The annual budget serves as the foundation for the Town's financial planning and control. The budget is prepared by fund, function (e.g., public safety) and department (e.g., police). The Town Manager may transfer resources within a department as needed. Budgetary transfers between departments require the approval of the Town Commission.

LOCAL ECONOMY

In fiscal year 2008, the Town's economic growth slowed due to the national recession and collapse of the housing and real estate market. Property values increased dramatically throughout Palm Beach County and the Town of Lake Park between the years of 2002 through 2006, but slowed significantly in 2007 and 2008. The Town does not anticipate any significant changes in the pace of planned new growth since most of the vacant parcels within the municipal limits has already been developed. The Town does not anticipate any increase in the taxable values of properties within its boundaries due to the softening of the real estate market and the overall economic downturn that has impacted both home values and sales.

On January 28, 2008, voters approved a constitutional amendment intended to lower property taxes. With the passing of this amendment, known as Amendment One (Property Tax Reform), the Town's assessed taxable values were negatively impacted. The property tax amendment increased the homestead exemption by up to an additional \$25,000 per homestead, provided for an exemption on tangible personal property in the amount of \$25,000, provided portability for "Save Our Homes" constitutional amendment and limited increases on non-homestead properties to 10% per year.

The resulting decrease in taxable values within the Town due to this amendment exceeded more than \$40 million dollars, or 5.5%, which translated to a loss of \$292,500 in tax revenue. Although property values declined significantly in other areas, the Town of Lake Park experienced only a slight decrease, less than 1%, due to the economic slide. Since public safety costs consume 85% of our tax revenue, and public safety is paramount, a tax increase of nearly \$1.00 per thousand dollars of assessed value was unanimously approved for Fiscal Year 2009.

The Town continues to look for ways to provide essential services to the public in the most cost efficient, effective way without the health, safety and welfare of the community being compromised. The use of one time sources of revenue for recurring expenditures is not an option given the modest level of reserves and the threat of hurricanes an annual possibility. Alternative sources of revenue and possibly increased fees will be explored for future budgets.

The Town of Lake Park currently enjoys a favorable economic environment and local indicators point to continued growth and stability. The region has a varied manufacturing and light industrial base that adds to the stability of the unemployment rate. The economic base of the Town has historically been dependent on the real estate and construction industries associated with producing housing for the increasing population of the County. During the winter and spring months, many businesses rely on the economic gain from the increase in tourism. Tourists are drawn to South Florida due to our warm weather and major league baseball training camps.

During fiscal year 2008, the Town experienced major growth in its commercial/industrial area with the addition of a Kohl's department store. In addition a Bank of America branch opened on Congress Avenue along with a Sonic Drive-in restaurant. Chick-Fil-A, a fast food chicken franchise, constructed a restaurant in the Kmart Plaza on Northlake Blvd. The Town entered into an agreement with Sprint/Nextel to construct a cell tower at its public works site which was completed in December of 2008. During 2008, the Town issued 875 building permits and 176 new business tax receipts were issued, accounting for 474 new jobs for the community.

The Community Redevelopment Agency purchased three residential properties along Foresteria Drive that border the downtown. That area is projected to be used for additional downtown parking. A major refurbishing of the downtown's alleyways are just being completed in FY2009. The CRA has initiated a façade improvement grant program that will provide for up to \$25,000 in matching grant monies to improve building facades.

For the first part of FY2009, building permits are down by 9%, business tax receipts are up by 5% and new jobs created are up 73% due mainly to Kohl's providing 169 new jobs. The Town has been feeling the pinch of the economy. A major construction project that would have included an Office Depot was cancelled and a major car dealer expansion has been put on hold. In addition, two flex building projects let their permits expire. One Park Place, a commercial/residential project on Park Avenue, has completed the first building and will be receiving a certificate of occupancy by early spring 2009.

ACCOUNTING AND BUDGETARY CONTROLS

The accounting and financial reporting of the Town's general government operations takes place in four broad categories: the General Fund, Special Revenue Funds, Debt Service Fund and Insurance Internal Service Fund. The records and reports for these funds are maintained on the modified accrual basis, with revenue being recorded when measurable and available, and expenditures being recorded when the services or goods are received and the liabilities incurred. Accounting records for the Town's enterprise operations and pension trust funds are maintained on the accrual basis.

Management of the government is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP). The internal control is designed to provide reasonable, rather than absolute, assurance these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimate and

judgments by management.

As a recipient of federal, state and local awards, the Town is responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control is subject to periodic evaluation by management.

Annually, tests are performed by external auditors to determine the adequacy of the Town's internal control, including that portion related to federal awards programs, as well as to determine that the Town has complied with applicable laws and regulations. The audit cited certain deficiencies in internal control over financial reporting that are being addressed in the subsequent fiscal year.

In addition, the government maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the legal provisions embodied in the annual budget approved by the government's governing body. Activities of the General Fund, Community Redevelopment Agency, Debt Service Fund and proprietary funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level within the individual fund. The government also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

As demonstrated by the basic financial statements and schedules included in the financial section of the report, the government continues to meet its responsibility for sound financial management.

MAJOR INITIATIVES

During recent years, the Town has devoted a significant amount of time, energy and resources to the continuing growth and redevelopment of the Town. The Town continued its work with the older neighborhoods to develop improvement plans and then commit the financial resources to help them achieve their goals. Systematic resurfacing of streets and repair of the storm drainage system in the Town has continued. With additional Community Development Block Grant funds received from Palm Beach County, the Town has repaired a large portion of drainage on the Town's southwest side.

The Commission and staff are continuing to move ahead with ambitious plans to revitalize the Town, and develop the western corridor. Grant monies will continue to be vigorously pursued to supplement Town funds for operations and improvements.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Lake Park for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2007. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. This report must satisfy both U.S. Generally Accepted Accounting Principles (GAAP) and applicable legal requirements. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

A Certificate of Achievement is valid for a period of one year only. The Town of Lake Park has received a Certificate of Achievement for the past three years. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

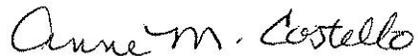
ACKNOWLEDGEMENTS

A comprehensive annual financial report of this type and depth, illustrating the results of operations of the entire Town and its various diversified funds and activities, could not have been prepared so

completely without the dedication and efficiency of the entire Finance Department staff; Deborah Doiron, Merry Ann Catusus and Dena Davis. Their dedication and hard work is greatly appreciated. My appreciation is also extended to our independent auditors, Nowlen, Holt & Miner, P.A. for their cooperation and guidance.

Special appreciation is extended to the Mayor, Town Commission, Town Manager, and Department Heads for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "Anne M. Costello".

Anne M. Costello
Director of Finance

TOWN OF LAKE PARK

List of Principal Officials

September 30, 2008

Mayor

Desca DuBois

Vice Mayor

Ed Daly

Town Commission

G. Chuck Balius

Jeffrey Carey

Patricia Osterman

Town Manager

Maria V. Davis

Finance Director

Anne M. Costello

Public Works Director

Community Development Director

Library Director

Community Affairs Director

Town Clerk

Harbor Marina Manager

Human Resources Director

Information Technology Director

Abubakr Canady

Patrick Sullivan

Michael Kennelly

Gregory Dowling

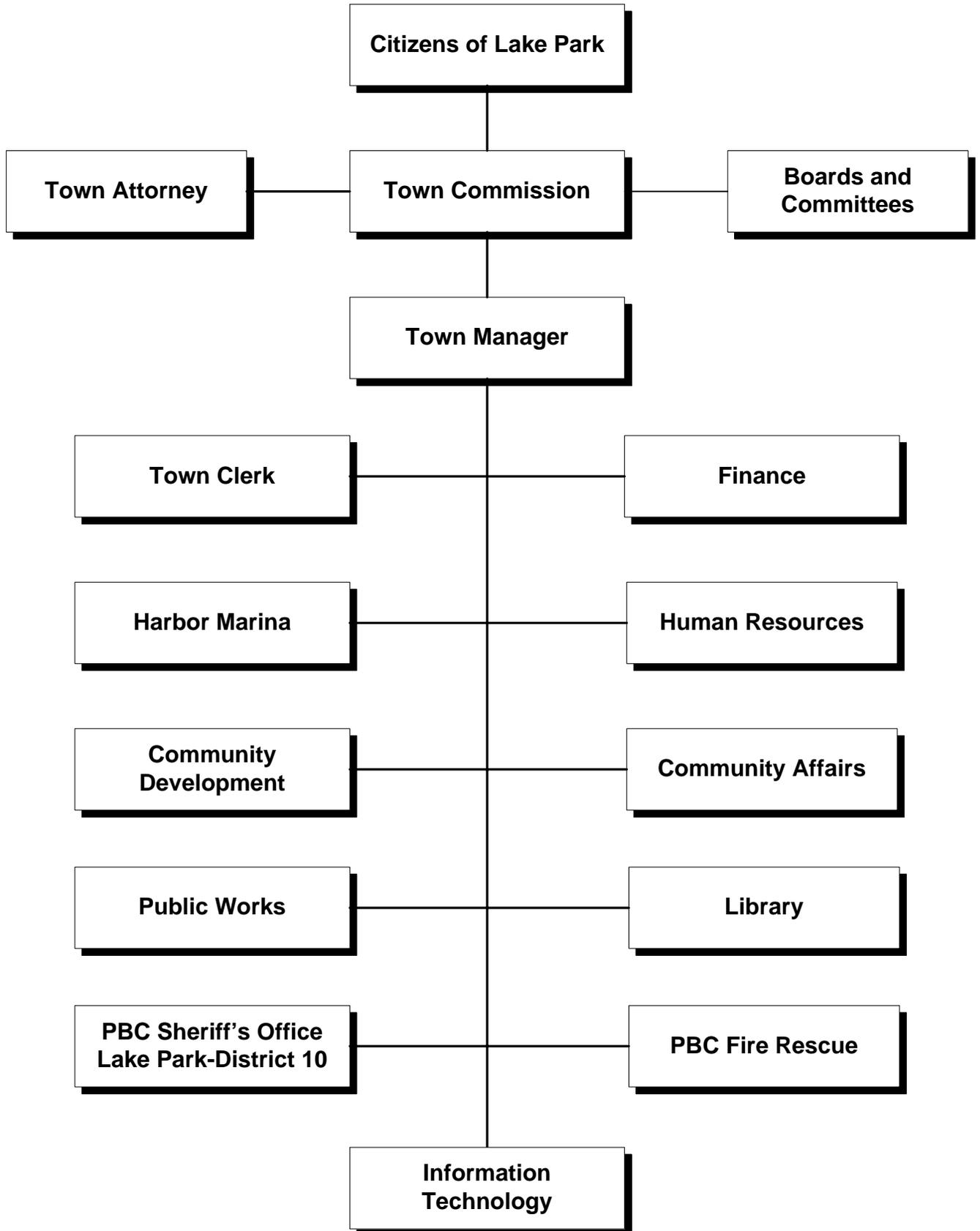
Vivian Lemley

Michael Pisano

Bambi McKibbon-Turner

Hoa Hoang

**TOWN OF LAKE PARK, FLORIDA
ORGANIZATIONAL CHART**



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Lake Park
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

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



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

FINANCIAL SECTION



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
215 FIFTH STREET, SUITE 200
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628

EVERETT B. NOWLEN (1930-1984), CPA
EDWARD T. HOLT, CPA
WILLIAM B. MINER, CPA
ROBERT W. HENDRIX, JR., CPA
JANET R. BARICEVICH, CPA

KATHLEEN A. MINER, CPA
ROBERT W. HELMREICH, CPA
TERRY L. MORTON, JR., CPA
N. RONALD BENNETT, CPA
J. MICHAEL STEVENS, CPA
DANIEL A. KIRCHMAN, CPA
ALEXIA G. VARGA, CPA
BRIAN J. BRESCIA, CFP®, CPA
DANIEL S. YOUNG, CPA
KARA D. PETERSON, CPA

INDEPENDENT AUDITORS' REPORT

BELLE GLADE OFFICE
333 S. E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

The Honorable Mayor and Members of the Town Commission
Town of Lake Park, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lake Park, Florida as of and for the year ended September 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Lake Park, Florida's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lake Park, Florida as of September 30, 2008, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2009, on our consideration of the Town of Lake Park, Florida's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis on pages 3 through 12 and the Required Supplementary Information on pages 64 through 74 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lake Park, Florida's basic financial statements. The information contained in the Introductory Section, Other Supplementary Information, and Statistical Section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Town of Lake Park, Florida. The Other Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Nowlen, Holt & Mimer, P.A.

April 8, 2009
West Palm Beach, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town of Lake Park, Florida (Town) administration offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2008. Readers are encouraged to consider the information presented here in conjunction with additional information that has been furnished in the transmittal letter and the accompanying basic financial statements.

The information contained within this Management's Discussion and Analysis (MD&A) is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the Notes to the Financial Statements and the Required Supplementary Information that is provided in addition to this MD&A.

Financial Highlights

- The assets of the Town of Lake Park exceeded its liabilities at September 30, 2008 by \$8,731,066. Of this amount, unrestricted net assets of \$2,762,626 may be used to meet the government's ongoing obligations to citizens and creditors.
- The total net assets decreased by \$134,763, of which an increase of \$704,691 was associated with governmental activities and a decrease of \$839,454 was related to business-type activities. The changes in net assets can be attributed to the issuance of debt for the settlement of the firefighters' pension lawsuit, alleyway improvements in the CRA, improvements within the marina and the purchase of vehicles for the sanitation department. These transactions were outstanding as of September 30, 2008 and the cash has been restricted for the specific uses for which the debt was issued. Additionally, a property at 725 Foresteria Drive was purchased for future development of a municipal parking lot.
- As of the close of the 2008 Fiscal Year, the Town of Lake Park's General Fund reported ending fund balance of \$2,187,630, an increase of \$78,822 from the prior year. This increase can be attributed to the receipt of unanticipated FEMA reimbursements for the 2004 and 2005 hurricanes. Of this amount \$1,501,345 is reserved or specifically designated and not available for spending and \$686,285 is unreserved, undesignated and available for future uses by the Town Commission.
- At the end of the 2008 Fiscal Year, the unreserved fund balance for the general fund represented 6.6% of total general fund expenditures or just less than 30 days of available funding.
- The Town of Lake Park's total long term obligations increased by \$3,927,360. General Obligation debt realized a decrease of \$477,269 due to scheduled principal payments along with a decrease in Capital Lease obligations in the amount of \$61,116. Claims and Settlements decreased in the amount of

\$741,783 for the settlement of the judgment in favor of the Board of Trustees of the Town of Lake Park Firefighters' Pension Plan (see Notes to the Financial Statements #9). Governmental and Business activities had an increase in debt obligations in the amount of \$5,237,900 due to the aforementioned loan that was issued for various purposes throughout the different funds.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements that include the Statement of Net Assets and the Statement of Activities. These statements provide information about the activities of the Town as a whole. (2) Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. (3) Notes to the basic financial statements expand upon information reported in the government-wide and governmental fund statements.

REPORTING THE TOWN AS A WHOLE

Statement of Net Assets and the Statement of Activities (Government-wide)

A frequently asked question regarding the Town's financial health is whether the year's activities contributed positively to the overall financial well being. The Statement of Net Assets and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the Town's net assets and changes therein. Net assets, the difference between assets and liabilities, are one way to measure the Town's financial health, or financial position. Over time, increases or decreases in net assets are an indicator of whether the financial health is improving or deteriorating.

The Statement of Net Assets and the Statement of Activities present information about the following:

- **Governmental activities** - All of the Town's basic services are considered to be governmental activities, including general government, community development, public safety, public services, library, and recreation. Property taxes, sales taxes, utility taxes, intergovernmental revenue and franchise fees finance most of these activities.
- **Proprietary activities/Business-type activities** - The Town charges a fee to customers to cover all or most of the cost of the services provided. The Town's Sanitation Fund and Marina are reported in this category.

REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by State law. However, management establishes other funds, which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The Town's four kinds of funds, governmental, proprietary, fiduciary, and special revenue, use different accounting approaches as explained below.

- Governmental funds - Most of the Town's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out, with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The basic governmental fund financial statements can be found on pages 16-19 of this report.
- Enterprise funds - The Town has two enterprise funds, Sanitation and Marina, which charge customers for the services they provide. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The basic proprietary fund financial statements can be found on pages 20-22 of this report.
- Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 23-24 of this report.
- Special Revenue funds - Special Revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The Town has two funds in this category: the CRA Fund and Streets & Roads Fund. The basic fund financial statements can be found on pages 16-19 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-63 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information for pension benefits can be found on page 64-65 of this report.

The Town adopts annual appropriated budgets for the General Fund and CRA. Budgetary comparison schedules for the General Fund and CRA are included as *Required Supplementary Information* on pages 66-74 to demonstrate compliance with the budget.

The Town also adopts an annual budget for the Streets and Roads Fund, Insurance Fund, and Debt Service Fund. Budgetary comparison schedules for these funds are also included as Other Supplementary Information section of this report. The combining and individual fund statements and schedules are presented immediately following the required supplementary information on pages 75-79 of this report.

Government-Wide Financial Analysis

Net Assets: As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, governmental activity assets exceeded liabilities by \$4,962,374. Business-type activity assets exceeded liabilities by \$3,768,692. The Town-wide total net assets were \$8,731,066 at the close of the fiscal year ended September 30, 2008. The Statement of Net Assets is on page 13 of this report.

The Town's investment in capital assets (e.g., land, buildings, equipment and vehicles, less any related debt used to acquire those assets that is still outstanding) was \$5,848,660 or 67% of total net assets at September 30, 2008. Capital assets total \$18,002,618 at September 30, 2008, or 68% of all assets, which total \$26,589,563. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that 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 the net assets (1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$2,762,626) may be used to meet the government's ongoing obligations to citizens and creditors. The following table reflects the condensed Statement of Net Assets for the current year as compared to the prior year.

Net Assets

	Governmental		Business		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Assets:						
Current and other assets	\$ 7,473,479	\$ 5,398,209	\$ 1,113,466	\$ 491,080	\$ 8,586,945	\$ 5,889,289
Capital assets	8,917,406	6,619,331	9,085,212	9,349,650	18,002,618	15,968,981
Total assets	<u>16,390,885</u>	<u>12,017,540</u>	<u>10,198,678</u>	<u>9,840,730</u>	<u>26,589,563</u>	<u>21,858,270</u>
Liabilities:						
Long-term liabilities	9,734,268	7,279,060	6,237,773	4,911,834	15,972,041	12,190,894
Other liabilities	1,694,243	480,797	192,213	320,750	1,886,456	801,547
Total liabilities	<u>11,428,511</u>	<u>7,759,857</u>	<u>6,429,986</u>	<u>5,232,584</u>	<u>17,858,497</u>	<u>12,992,441</u>
Net assets:						
Invested in capital assets, net of related debt	1,781,760	179,115	4,066,900	4,461,916	5,848,660	4,641,031
Restricted	119,780	239,847	-	-	119,780	239,847
Unrestricted	3,060,834	3,838,721	(298,208)	146,230	2,762,626	3,984,951
Total net assets	<u>\$ 4,962,374</u>	<u>\$ 4,257,683</u>	<u>\$ 3,768,692</u>	<u>\$ 4,608,146</u>	<u>\$ 8,731,066</u>	<u>\$ 8,865,829</u>

Governmental Activities: Governmental activities increased the Town's net assets by \$704,691 while net assets for business activities decreased by \$839,454 for 2008 resulting in a net decrease of \$134,763 or 1.5%. The following is a summary of the changes in net assets for the years ended September 30, 2008 and 2007:

Changes in Net Assets

	Governmental		Business		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 893,595	\$ 1,049,949	\$ 2,703,827	\$ 2,703,874	\$ 3,597,422	\$ 3,753,823
Operating grants and contributions	32,047	127,787	-	-	32,047	127,787
Capital grants and contributions	325,270	366,002	-	825	325,270	366,827
General revenues:						
Taxes	8,220,895	8,360,336	-	-	8,220,895	8,360,336
Intergovernmental	974,834	1,062,715	-	-	974,834	1,062,715
Investment earnings	174,117	306,398	29,038	78,419	203,155	384,817
Miscellaneous revenues	38,971	24,658	-	7,168	38,971	31,826
Gain on sale of equipment	26	-	-	14,720	26	14,720
Total revenues	<u>\$ 10,659,755</u>	<u>\$ 11,297,845</u>	<u>\$ 2,732,865</u>	<u>\$ 2,805,006</u>	<u>\$ 13,392,620</u>	<u>\$ 14,102,851</u>

Charges for services for governmental activities decreased \$156 thousand, primarily due to a decrease in building permits as new construction slowed while charges for services for business activities remained relatively the same. Intergovernmental revenues are down nearly \$88 thousand due to decreasing State shared entitlement proceeds and reduced collections of communication services tax and sales tax. Investment earnings as a whole have decreased due to declining market conditions worldwide.

	Governmental Activities		Business Activities		Total	
	2008	2007	2008	2007	2008	2007
Expenses:						
General government	\$ 2,538,501	\$ 2,237,149	\$	\$	\$ 2,538,501	\$ 2,237,149
Public safety	5,211,776	5,008,257		-	5,211,776	5,008,257
Physical environment	361,170	652,725		-	361,170	652,725
Transportation	683,463	573,501		-	683,463	573,501
Culture and recreation	1,161,870	1,450,650		-	1,161,870	1,450,650
Interest on						
long-term debt	320,280	314,933		-	320,280	314,933
Marina	-	-	1,898,460	1,610,274	1,898,460	1,610,274
Sanitation	-	-	1,351,863	1,283,851	1,351,863	1,283,851
Total expenses	<u>10,277,060</u>	<u>10,237,215</u>	<u>3,250,323</u>	<u>2,894,125</u>	<u>13,527,383</u>	<u>13,131,340</u>
Transfers In/(Out)	<u>321,996</u>	<u>75,000</u>	<u>(321,996)</u>	<u>(75,000)</u>	<u>-</u>	<u>-</u>
Increase in net assets	704,691	1,135,630	(839,454)	(164,119)	(134,763)	971,511
Net assets - beginning						
of year, as restated	<u>4,257,683</u>	<u>3,122,053</u>	<u>4,608,146</u>	<u>4,772,265</u>	<u>8,865,829</u>	<u>7,894,318</u>
Net assets - end of year	<u>\$ 4,962,374</u>	<u>\$ 4,257,683</u>	<u>\$ 3,768,692</u>	<u>\$ 4,608,146</u>	<u>\$ 8,731,066</u>	<u>\$ 8,865,829</u>

For the most part, the changes in expenses closely paralleled inflation and the demand for services. A noteworthy item is expenditures for public safety. The Town's contractual obligations with the Palm Beach County Sheriff's Office increased approximately \$193,000 (8%) and with Palm Beach County Fire-Rescue approximately \$55,000 (2.7%) for services in 2008. Higher personnel costs resulting from collective bargaining agreements were major contributing factors to these increases. Expenditures for Physical Environment (public works) reflected a decrease of approximately \$290,000 due to the lack of hurricane activity in 2008 and staff reductions through attrition and budgetary cuts. Culture and recreation expenditures have decreased due to cut backs resulting from budgetary constraints. Several library and recreation programs have been eliminated. Events have been curtailed or reduced in scale and staff positions have been cut. Overall, governmental activities increased the Town's net assets \$704,691.

Business-type Activities: Business-type activities decreased the Town's net assets by \$839,454 for 2008. The Marina expenses increased more than \$288 thousand due extreme repair costs resulting from construction deficiency issues that have been identified and are being pursued through litigation. The increased transfer in the amount of \$275,000 from the Sanitation Fund to the General Fund had a direct impact on the reduction in net assets of the business activities and the corresponding increase to the governmental activities.

Financial Analysis of the Governments' Funds

As noted earlier, the Town of Lake Park uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The focus of the Town's governmental fund financial statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At September 30, 2008, the Town's primary operating fund, the general fund, reported ending fund balance of \$2,187,630 an increase of \$78,822 from the prior year. Of this amount, \$807,857 (37%) is considered unreserved fund balance however; \$121,572 is designated for specific purposes; (1) Community Improvement Beautification (CIB) Fund and (2) library donations designated for improvements. The balance, \$686,285 is undesignated and available for spending at the Town's discretion. The remainder of fund balance (\$1,379,773) is reserved to indicate that it is not available for new spending because it has already been committed (1) to liquidate contracts and purchase orders of the prior period (\$67,790), (2) for inventories and prepaid expenses, (3) for capital projects and (4) to cover the cash deficit in the pooled cash of the Marina Fund (\$1,023,918).

As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 8 percent (approximately 30 days) of total general fund expenditures, while total fund balance represents 21 percent of that same amount. A sound financial management policy would dictate that the unreserved, undesignated fund balance is equal to at least 10% of total expenditures. To that end, the budget for Fiscal Year 2009 has been constructed to provide an increase in the fund balance at the end of the year, absent significant revenue shortfalls or at least be able to maintain the current level of fund balance in the event of revenue shortfalls.

General Fund Budgetary Highlights

The annual General Fund budget is adopted after two public hearings and approval of the Town Commission. Any amendments that would exceed the original budget at the fund level or would require funds to be transferred from contingency would require a formal budget amendment requiring an ordinance and two readings by the Town Commission. The original General Fund appropriation was increased \$3,974,015 by the Town Commission during the year.

The budget was amended for new programs implemented after the adoption of the budget, revenues and corresponding expenditures not anticipated during the budget process and the use of reserves as approved by the Town Commission during the year. In addition, the Town financed several projects with a bank loan such as the downtown alleyway project, property acquisitions and the settlement of the fire pension lawsuit. These items had no appropriations in the original budget.

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets at September 30, 2008 amounts to \$18,002,618 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, equipment and vehicles and infrastructure. The Town's net capital assets at September 30, 2008 and 2007 are summarized as follows:

Capital Assets (Net of depreciation)

	Governmental Activities		Business Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 1,778,229	\$ 663,717	\$ 81,157	\$ 81,157	\$ 1,859,386	\$ 744,874
Construction in progress	60,352	137,880	104,397	52,021	164,749	189,901
Buildings	3,491,797	3,620,935	-	-	3,491,797	3,620,935
Equipment and vehicles	493,420	410,676	630,131	713,640	1,123,551	1,124,316
Streets, roads, and sidewalks	3,093,608	1,786,123	8,269,527	8,502,832	11,363,135	10,288,955
Total assets	<u>\$ 8,917,406</u>	<u>\$ 6,619,331</u>	<u>\$ 9,085,212</u>	<u>\$ 9,349,650</u>	<u>\$ 18,002,618</u>	<u>\$ 15,968,981</u>

Capital projects completed during the current fiscal year included the following:

- The final phase, the northern third, of the Lake Shore Park Renovation was started prior to the end of the fiscal year with completion after the New Year. This included construction of the northern portion of the seawall which was funded with a grant through the Florida Inland Navigation District.
- 10th Street was repaved from Park Avenue to Northlake Boulevard.
- Park Avenue Landscape Project from 10th Street to 7th Street was substantially underway.
- Ilex Park was renovated with landscaping and irrigation.
- A records storage facility was installed in the building that houses the Sheriff's office.
- The elevator in Town Hall was completely refurbished.
- An emergency generator was installed at the Public Works compound.
- A 25 passenger bus was purchased for the Recreation Department.
- The clock tower chimes were refurbished on Park Avenue.
- Drainage improvements were constructed in the Neighborhood Target Area that included Bayberry Drive from 7th Court to 8th Street. The project consisted of additional storm water drainage along with street and sidewalk replacements, reconstruction of swales and new sod.
- Property was purchased at 725 Foresteria Drive for the future construction of a municipal parking lot.

- Initial improvements to the break water at the Marina were completed.

Additional information on the Town's capital assets can be found in Note #5 on pages 43-44 of this report.

Long-term debt. At the end of the current fiscal year, the Town had \$15,972,041 in outstanding long-term debt consisting of loans payable of \$15,533,931, capital lease obligations of \$154,827 and compensated absences of \$146,453. The Town's net long-term debt increased by \$3,781,147 during the fiscal year. This is due to the combination of a decrease in the amount of \$1,640,399 due to scheduled annual repayments and the settlement of the fire pension lawsuit and an increase of \$5,430,929 due to the issuance of new debt to pay the settlement of the lawsuit, purchase property and the construction of various capital improvement projects. The Town's outstanding debt is summarized as follows:

	Governmental Activities		Business Activities		Total	
	2008	2007	2008	2007	2008	2007
Loans Payable	\$ 9,553,519	\$ 6,313,300	5,980,412	4,550,000	\$ 15,533,931	\$ 10,863,300
Capital lease obligations	63,034	124,150	91,793	191,521	154,827	315,671
Claims and settlements	-	741,783	-	-	-	741,783
Compensated absences	117,715	99,827	28,738	24,100	146,453	123,927
Unamortized premium	-	-	136,830	146,213	136,830	146,213
Total	\$ 9,734,268	\$ 7,279,060	\$ 6,237,773	\$ 4,911,834	\$ 15,972,041	\$ 12,190,894

Additional information on the Town's debt can be found in Note #7 on pages 45-53 of this report.

Economic factors and Next Year's Budgets and Rates

The Town has a stable property tax base in that a large portion of the Town is commercial/industrial development. Property taxes represent approximately 53% of the budgeted General Fund revenues of the Town. The balance of revenue comes from sales and use taxes, intergovernmental revenues, utility taxes, charges for Town services, licenses, permits and fines.

For fiscal year 2008-2009 the Town Commission adopted a General Fund budget of \$10,607,865 compared with the final amended budget for fiscal year 2007-2008 in the amount of \$14,471,430. Excluding the loan proceeds, the General Fund budget actually decreased only 1.5% from the prior year.

The State electorate voted for a constitutional amendment known as “Amendment One” (Property Tax Reform). This new amendment doubled the homestead exemption for residential properties, provided for an exemption of up to \$25,000 on tangible personal property and limited increases on non-homesteaded properties to 10%. The amendment also provided for “portability” of the “Save Ours Homes” constitutional amendment. The impact of this amendment on the taxable values within the Town was a reduction of approximately \$40,332,000. Additionally, property values have declined which further exacerbates the diminishing revenue stream. The financial impact to the general fund as a result of “Amendment One” was \$292,500. Further, state sales tax and other state sharing revenue streams have been anticipated to be reduced by an estimated \$100,000.

The greatest impact on the General Fund expenditures is Public Safety which represents 45% of the total and uses 85% of the property tax revenue. In an effort to off-set some of the impact on the general fund revenue, the Town Commission increased user fees wherever possible. In order to maintain the same level of service for public safety, the millage rate was increased over one mill to a combined rate of 9.6663 for operating purposes and debt.

Another factor in the economic outlook for the Town is its Community Redevelopment Agency (CRA). Now that the Town is properly contributing its tax increment finance revenue to the CRA, several infrastructure projects have been completed or are underway. A new \$330,000 Streetscape Project on Park Avenue from 7th to 10th Streets is currently under construction. The alleyways south of Park Ave. from 7th to 10th Streets and north of Park Avenue from 10th Street to Northern Drive are being refurbished for an estimated amount of \$1.2 million. Again this year sidewalk replacements in the amount of \$50,000 are planned for various areas throughout the CRA. Additionally the CRA has begun to acquire properties adjacent to the downtown corridor projected to be used for municipal parking.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town’s finances and to demonstrate the Town’s accountability. Questions concerning information provided in this report or requests for additional financial information should be directed to:

Finance Department
Town of Lake Park
535 Park Avenue
Lake Park, FL 33403
(561) 881-3350

BASIC FINANCIAL STATEMENTS

TOWN OF LAKE PARK, FLORIDA
Statement of Net Assets
September 30, 2008

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Pooled cash and cash equivalents	\$ 3,743,988	\$ 1,274,964	\$ 5,018,952
Restricted cash and cash equivalents	1,270,936	1,106,044	2,376,980
Investments	73,442	43,116	116,558
Accounts receivable, net	247,414	107,890	355,304
Due from other governments	237,816	3,838	241,654
Internal balances	1,559,126	(1,559,126)	
Inventory	13,427	50,278	63,705
Prepaid items	327,330	1,782	329,112
Unamortized bond costs		84,680	84,680
Capital assets			
Capital assets not being depreciated	1,838,581	185,554	2,024,135
Capital assets being depreciated, net of accumulated depreciation	7,078,825	8,899,658	15,978,483
Total assets	<u>16,390,885</u>	<u>10,198,678</u>	<u>26,589,563</u>
Liabilities			
Accounts payable	180,403	37,156	217,559
Pension settlement payable	1,204,200		1,204,200
Accrued expenses	115,366	27,559	142,925
Accrued interest payable	68,408	92,042	160,450
Unearned revenue	124,466		124,466
Deposits	1,400	35,456	36,856
Noncurrent liabilities:			
Due within one year	819,988	341,143	1,161,131
Due in more than one year	8,914,280	5,896,630	14,810,910
Total liabilities	<u>11,428,511</u>	<u>6,429,986</u>	<u>17,858,497</u>
Net Assets			
Invested in capital assets, net of related debt	1,781,760	4,066,900	5,848,660
Restricted for:			
Debt service	119,780		119,780
Unrestricted	3,060,834	(298,208)	2,762,626
Total net assets	<u>\$ 4,962,374</u>	<u>\$ 3,768,692</u>	<u>\$ 8,731,066</u>

See notes to the financial statements.

TOWN OF LAKE PARK, FLORIDA
Statement of Activities
For the Year Ended September 30, 2008

Functions/Programs	Expenses	Charges for Activities
Government:		
Governmental activities		
General government	\$ 2,538,501	\$ 40,726
Public safety	5,211,776	796,094
Physical environment	361,170	
Transportation	683,463	
Culture and recreation	1,161,870	56,775
Interest on long-term debt	320,280	
Total governmental activities	<u>10,277,060</u>	<u>893,595</u>
Business-type activities		
Marina	1,898,460	1,220,299
Sanitation	1,351,863	1,483,528
Total business-type activities	<u>3,250,323</u>	<u>2,703,827</u>
Total	<u><u>\$ 13,527,383</u></u>	<u><u>\$ 3,597,422</u></u>

Program Revenues		Net Expense (Revenue) and Changes in Net Assets		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 15,879	\$ 8,637	\$ (2,481,896)	\$	\$ (2,481,896)
	91,533	(4,407,045)		(4,407,045)
	225,100	(361,170)		(361,170)
16,168		(591,930)		(591,930)
		(863,827)		(863,827)
		(320,280)		(320,280)
<u>32,047</u>	<u>325,270</u>	<u>(9,026,148)</u>		<u>(9,026,148)</u>
			(678,161)	(678,161)
			131,665	131,665
			(546,496)	(546,496)
<u>\$ 32,047</u>	<u>\$ 325,270</u>	(9,026,148)	(546,496)	(9,572,644)
General Revenues:				
Taxes:				
Property taxes		6,156,686		6,156,686
Franchise fees		630,215		630,215
Utility service taxes		681,568		681,568
Local option gas taxes		246,643		246,643
Communication services taxes		505,783		505,783
Unrestricted intergovernmental shared revenues		974,834		974,834
Sale of surplus property		26		26
Miscellaneous revenues		38,971		38,971
Investment earnings		174,117	29,038	203,155
Transfers		321,996	(321,996)	
Total general revenues and transfers		<u>9,730,839</u>	<u>(292,958)</u>	<u>9,437,881</u>
Change in net assets		704,691	(839,454)	(134,763)
Net assets, beginning of year, as restated		<u>4,257,683</u>	<u>4,608,146</u>	<u>8,865,829</u>
Net assets, end of year		<u>\$ 4,962,374</u>	<u>\$ 3,768,692</u>	<u>\$ 8,731,066</u>

See notes to the financial statements.

TOWN OF LAKE PARK, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2008

	<u>Major Governmental Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>CRA Fund</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
Assets				
Pooled cash and cash equivalents	\$ 2,482,373	\$ 932,292	\$ 329,323	\$ 3,743,988
Restricted cash and cash equivalents	25,800	1,245,136		1,270,936
Investments	54,736	7,062	11,644	73,442
Accounts receivable, net	239,528		7,886	247,414
Due from other governments	102,323		135,493	237,816
Due from other funds	883,433	250,000		1,133,433
Advances to other funds	1,023,918	1,203,477		2,227,395
Inventory	13,427			13,427
Prepaid items	248,838			248,838
Total assets	<u>\$ 5,074,376</u>	<u>\$ 3,637,967</u>	<u>\$ 484,346</u>	<u>\$ 9,196,689</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 106,700	\$ 65,433	\$ 8,270	\$ 180,403
Pension settlement payable	1,204,200			1,204,200
Accrued items	107,953	2,753	4,660	115,366
Deferred revenue	13,016		120,550	133,566
Due to other funds	250,000		279,335	529,335
Advance from other funds	1,203,477			1,203,477
Deposits	1,400			1,400
Total liabilities	<u>2,886,746</u>	<u>68,186</u>	<u>412,815</u>	<u>3,367,747</u>
Fund balances				
Reserved for/reported in:				
Inventories and prepaids	262,265			262,265
Encumbrances	67,790	1,068,194	26,296	1,162,280
Advances to other funds	1,023,918	1,203,477		2,227,395
Debt service/debt service fund			119,780	119,780
Capital projects	25,800	336,513		362,313
Unreserved				
Designated for community improvement	99,272			99,272
Designated for library improvement	22,300			22,300
Undesignated, reported in				
General fund	686,285			686,285
Special revenue funds		961,597	(78,475)	883,122
Capital projects funds			3,930	3,930
Total fund balances	<u>2,187,630</u>	<u>3,569,781</u>	<u>71,531</u>	<u>5,828,942</u>
Total liabilities and fund balances	<u>\$ 5,074,376</u>	<u>\$ 3,637,967</u>	<u>\$ 484,346</u>	<u>\$ 9,196,689</u>

See notes to the financial statements.

TOWN OF LAKE PARK, FLORIDA
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Assets
Governmental Funds
September 30, 2008

Total Fund Balances - Governmental Funds \$ 5,828,942

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

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

Governmental capital assets	\$ 13,805,682	
Less accumulated depreciation	<u>(4,888,276)</u>	8,917,406

Revenue is recognized when earned in the government-wide statements, regardless of activity. Governmental funds report based on modified accrual, i.e., both measurable and available

Grant revenues		9,100
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

Accrued interest payable on long-term debt	(68,408)	
Compensated absences	(117,715)	
Loans payable	(3,717,488)	
General obligation bonds	(5,836,031)	
Capital leases	<u>(63,034)</u>	(9,802,676)

Internal service funds are used by management to charge costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.

9,602

Net assets of governmental activities

\$ 4,962,374

See notes to the financial statements.

TOWN OF LAKE PARK
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2008

	<u>Major Governmental Funds</u>		<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>CRA Fund</u>		
Revenues				
Taxes	\$ 6,518,226	\$	\$ 646,820	\$ 7,165,046
Licenses and permits	579,519			579,519
Intergovernmental	1,532,840	305,949	842,766	2,681,555
Charges for services	295,517			295,517
Fines and forfeitures	174,643			174,643
Miscellaneous	226,431	1,290	23,078	250,799
Total revenues	<u>9,327,176</u>	<u>307,239</u>	<u>1,512,664</u>	<u>11,147,079</u>
Expenditures				
Current				
General government	2,895,281	372,371		3,267,652
Public safety	5,206,596			5,206,596
Physical environment	368,740			368,740
Transportation	337,169		289,197	626,366
Culture and recreation	1,020,990		18,200	1,039,190
Capital outlay	312,858	1,766,860	619,551	2,699,269
Debt service				
Principal	56,838		481,547	538,385
Interest charges	17,010		291,471	308,481
Other debt service charges	17,488			17,488
Total expenditures	<u>10,232,970</u>	<u>2,139,231</u>	<u>1,699,966</u>	<u>14,072,167</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(905,794)</u>	<u>(1,831,992)</u>	<u>(187,302)</u>	<u>(2,925,088)</u>
Other financing sources (uses)				
Transfers in	421,992	3,155,494	290,527	3,868,013
Transfer out	(3,155,494)		(390,523)	(3,546,017)
Loan proceeds	3,717,488			3,717,488
Proceeds from sale of assets	630			630
Total other financing sources (uses)	<u>984,616</u>	<u>3,155,494</u>	<u>(99,996)</u>	<u>4,040,114</u>
Net change in fund balances	78,822	1,323,502	(287,298)	1,115,026
Fund balances				
Beginning of year	2,108,808	2,246,279	358,829	4,713,916
End of year	<u>\$ 2,187,630</u>	<u>\$ 3,569,781</u>	<u>\$ 71,531</u>	<u>\$ 5,828,942</u>

See notes to the financial statements.

TOWN OF LAKE PARK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of the Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2008

Net change in fund balances - total governmental funds	\$	1,115,026
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	\$ 2,754,635	
Less: current year depreciation	<u>(455,956)</u>	2,298,679
Gains and losses on disposal of capital assets are reported in the statement of activities, whereas in the governmental funds the proceeds from the sale increases financial resources. The difference is the net book value of the assets retired.		
		(604)
Governmental Funds report revenues when earned and available. However, in the Statement of Activities, revenues are recognized when earned, regardless of availability.		
FEMA grant	(85,255)	
Park Avenue Streetscape grant	(50,168)	
Lakeshore Park Playground grant	(142,170)	
Urban Forestry Grant	<u>9,100</u>	(268,493)
The repayment (issuance) of long-term debt consumes (provides) the current financial resources of governmental funds. However, these transactions do not have any effect on net assets of the governmental activities.		
Long term debt repayments:		
General obligation bonds	477,269	
Capital lease obligations	61,116	
Long term debt issuances:		
Loans payable	<u>(3,717,488)</u>	(3,179,103)
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 settlement claims	741,783	
Change in compensated absences	(17,888)	
Change in accrued interest	<u>5,689</u>	729,584
Internal service funds are used by management to charge the costs of certain activities to individual funds.		
Net income allocable to governmental activities		<u>9,602</u>
Change in net assets of governmental activities	\$	<u><u>704,691</u></u>

See notes to the financial statements.

TOWN OF LAKE PARK, FLORIDA
Statement of Net Assets
Proprietary Funds
September 30, 2008

	<u>Major Enterprise Funds</u>		<u>Total Enterprise Funds</u>	<u>Governmental Activities</u>
	<u>Marina Fund</u>	<u>Sanitation Fund</u>		<u>Internal Service Fund</u>
Assets				
Current assets				
Pooled cash and cash equivalents	\$ 8,806	\$ 1,266,158	\$ 1,274,964	\$
Restricted cash and cash equivalents	506,044	600,000	1,106,044	
Investments		43,116	43,116	
Accounts receivable, net	16,308	91,582	107,890	
Due from other governments		3,838	3,838	
Prepaid expenses	1,782		1,782	78,492
Inventory	50,278		50,278	
Total current assets	<u>583,218</u>	<u>2,004,694</u>	<u>2,587,912</u>	<u>78,492</u>
Noncurrent assets				
Unamortized bond issue costs	84,680		84,680	
Capital assets not being depreciated	121,396	64,158	185,554	
Capital assets net of accumulated depreciation	8,260,358	639,300	8,899,658	
Total noncurrent assets	<u>8,466,434</u>	<u>703,458</u>	<u>9,169,892</u>	
Total assets	<u>9,049,652</u>	<u>2,708,152</u>	<u>11,757,804</u>	<u>78,492</u>
Liabilities				
Current liabilities				
Accounts payable	22,061	15,095	37,156	
Accrued payroll and payroll taxes	8,381	19,178	27,559	
Due to other funds		544,072	544,072	60,026
Advance from other funds	1,023,918		1,023,918	
Deposits payable - slip rentals	35,456		35,456	
Accrued interest payable	92,042		92,042	
Compensated absences payable, current portion	2,899	19,500	22,399	
Capital lease obligations payable, current portion		84,733	84,733	
Bonds payable, current maturities	135,197	98,814	234,011	
Total current liabilities	<u>1,319,954</u>	<u>781,392</u>	<u>2,101,346</u>	<u>60,026</u>
Long-term liabilities				
Compensated absences payable, less current portion	2,898	3,441	6,339	
Capital lease obligations payable, less current portion		7,060	7,060	
Bonds payable, net of unamortized premium and current maturities	5,278,691	604,540	5,883,231	
Total long-term liabilities	<u>5,281,589</u>	<u>615,041</u>	<u>5,896,630</u>	
Total liabilities	<u>6,601,543</u>	<u>1,396,433</u>	<u>7,997,976</u>	<u>60,026</u>
Net assets				
Invested in capital assets, net of related debt	3,558,590	508,310	4,066,900	
Unrestricted	(1,110,481)	803,409	(307,072)	18,466
Total net assets	<u>\$ 2,448,109</u>	<u>\$ 1,311,719</u>	<u>3,759,828</u>	<u>\$ 18,466</u>
Adjustment to reflect consolidation of internal service fund activities			8,864	
Net assets of business-type activities			<u>\$ 3,768,692</u>	

See notes to the financial statements.

TOWN OF LAKE PARK, FLORIDA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2008

	<u>Major Enterprise Funds</u>		<u>Total</u>	<u>Governmental</u>
	<u>Marina</u>	<u>Sanitation</u>	<u>Enterprise</u>	<u>Activities</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Internal</u>
				<u>Service Fund</u>
Operating revenue				
Charges for services	\$ 1,190,815	\$ 1,478,878	\$ 2,669,693	\$ 452,656
Miscellaneous	29,484	4,650	34,134	
Total operating revenues	<u>1,220,299</u>	<u>1,483,528</u>	<u>2,703,827</u>	<u>452,656</u>
Operating expenses				
Personal services	223,213	501,692	724,905	
Operating expenses	1,017,572	580,706	1,598,278	434,190
Depreciation	435,885	261,829	697,714	
Total operating expenses	<u>1,676,670</u>	<u>1,344,227</u>	<u>3,020,897</u>	<u>434,190</u>
Operating income (loss)	<u>(456,371)</u>	<u>139,301</u>	<u>(317,070)</u>	<u>18,466</u>
Nonoperating revenues (expenses)				
Amortization	918		918	
Interest revenue	2,536	26,502	29,038	
Loss on disposal	(1,545)		(1,545)	
Interest expense	(225,964)	(11,699)	(237,663)	
Total nonoperating revenues (expenses)	<u>(224,055)</u>	<u>14,803</u>	<u>(209,252)</u>	
Transfers out	<u>(46,992)</u>	<u>(275,004)</u>	<u>(321,996)</u>	
Change in net assets	(727,418)	(120,900)	(848,318)	18,466
Net assets - beginning of year, as restated	<u>3,175,527</u>	<u>1,432,619</u>	<u>4,608,146</u>	
Net assets - ending	<u>\$ 2,448,109</u>	<u>\$ 1,311,719</u>	<u>\$ 3,759,828</u>	<u>\$ 18,466</u>
Change in net assets			\$ (848,318)	
Adjustment to reflect consolidation of internal service fund activities			8,864	
Change in net assets of business-type activities			<u>\$ (839,454)</u>	

See notes to the financial statements.

TOWN OF LAKE PARK, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2008

	Major Enterprise Funds		Total Enterprise Funds
	Marina Fund	Sanitation Fund	
Cash flows from operating activities:			
Cash received from customers	\$ 1,174,104	\$ 1,497,800	\$ 2,671,904
Cash paid to suppliers	(1,070,878)	(596,496)	(1,667,374)
Cash paid to employees	(220,711)	(494,117)	(714,828)
Payments from other funds	298,918		298,918
Other receipts	29,484	4,650	34,134
Net cash provided (used) by operating activities	<u>210,917</u>	<u>411,837</u>	<u>622,754</u>
Cash flows from noncapital financing activities:			
Operating transfers in (out)	(46,992)	(275,004)	(321,996)
Net cash provided (used) by noncapital financing activities	<u>(46,992)</u>	<u>(275,004)</u>	<u>(321,996)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of property and equipment	(262,987)	(173,743)	(436,730)
Loan proceeds	817,058	703,354	1,520,412
Interest paid on debt	(227,089)	(11,699)	(238,788)
Principal repayments on capital lease obligation		(99,728)	(99,728)
Principal repayments on revenue bonds	(90,000)		(90,000)
Net cash provided (used) by capital and related financing activities	<u>236,982</u>	<u>418,184</u>	<u>655,166</u>
Cash flows from investing activities:			
Purchase of investments		(43,116)	(43,116)
Interest on investments	2,536	25,752	28,288
Net cash provided (used) by investing activities	<u>2,536</u>	<u>(17,364)</u>	<u>(14,828)</u>
Net increase (decrease) in cash and cash equivalents	403,443	537,653	941,096
Cash and cash equivalents at beginning of year	111,407	1,328,505	1,439,912
Cash and cash equivalents at end of year	<u>\$ 514,850</u>	<u>\$ 1,866,158</u>	<u>\$ 2,381,008</u>
Cash flows from operating activities:			
Operating income (loss)	\$ (456,371)	\$ 139,301	\$ (317,070)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	435,885	261,829	697,714
Change in assets and liabilities:			
(Increase) in accounts receivable	66,893	22,760	89,653
(Increase) in accounts due from other governments		(3,838)	(3,838)
(Increase) in inventory	(18,364)		(18,364)
(Increase) decrease in prepaid expenses	(1,485)		(1,485)
Increase (decrease) in accounts payable	(33,457)	(15,790)	(49,247)
Increase (decrease) in accrued liabilities	1,101	4,338	5,439
Increase (decrease) in deposits	(36,781)		(36,781)
Increase (decrease) in deferred revenue	(46,823)		(46,823)
Increase (decrease) in compensated absences	1,401	3,237	4,638
Increase (decrease) in due to other funds	298,918		298,918
Total adjustments	<u>667,288</u>	<u>272,536</u>	<u>939,824</u>
Net cash provided (used) by operating activities	<u>\$ 210,917</u>	<u>\$ 411,837</u>	<u>\$ 622,754</u>
Noncash investing, capital and financing activities			
Amortization of bond issue costs	<u>\$ 5,806</u>	<u>\$</u>	<u>\$ 5,806</u>
Amortization of premium on bonds	<u>\$ 9,382</u>	<u>\$</u>	<u>\$ 9,382</u>
Property, plant and equipment disposals	<u>\$ 3,911</u>	<u>\$ 38,815</u>	<u>\$ 42,726</u>

See notes to the financial statements.

TOWN OF LAKE PARK, FLORIDA
Statement of Fiduciary Net Assets
Pension Trust Funds
September 30, 2008

	<u>Pension Trust Funds</u>
Assets	
Cash and cash equivalents	\$ 47,546
Investments:	
Closed end equity funds	1,069,037
Closed end taxable bond funds	467,749
Receivables	
Contributions	1,204,200
Prepaid retirement benefits	10,622
Total assets	<u>2,799,154</u>
Liabilities	
Accounts payable	6,262
Termination refunds payable	1,197,938
Total liabilities	<u>1,204,200</u>
Net assets	
Held in trust for pension benefits	<u><u>\$ 1,594,954</u></u>

See notes to the financial statements.

TOWN OF LAKE PARK, FLORIDA
Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For the Year Ended September 30, 2008

	<u>Pension Trust Funds</u>
Additions	
Contributions	
Employer	\$ 562,454
Investment income	
Net decrease in fair value of investments	(315,402)
Interest and dividends	<u>61,057</u>
Net investment income	<u>(254,345)</u>
Total additions	308,109
Deductions	
Retirement benefits	166,881
Refunds of contributions	556,192
Administrative expenses	<u>30,965</u>
Total deductions	<u>754,038</u>
Change in net assets	(445,929)
Net assets held in trust for pension benefits	
Net assets - beginning of year	<u>2,040,883</u>
Net assets - end of year	<u><u>\$ 1,594,954</u></u>

See notes to the financial statements.

**TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Lake Park, Florida (the “Town”) was incorporated in 1923. The Town’s Charter was approved by the Laws of Florida, Chapter 61-2375. The Town is governed by an elected Mayor and Town Commission which appoints a Town Manager. The Town provides the following services: public safety, recreation, sanitation, streets and roads, planning and zoning, and general administrative services.

In accordance with Statement 14 of the Government Accounting Standards Board, the underlying concept of the governmental financial reporting entity is that governmental organizations are responsible to elected governing officials; therefore, financial reporting should report on the elected officials' accountability for those organizations. Furthermore, the financial statements of the reporting entity should allow users to distinguish between the primary government and its component units, if any, by communicating information about the component units and their relationships with the primary government. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Determining factors of financial accountability includes appointment of a voting majority, imposition of will, financial benefit or burden on a primary government, or fiscal dependency. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Community Redevelopment Agency (CRA)

Based on the application of these criteria, management has determined that the Lake Park Community Redevelopment Agency (the “CRA”) is a dependent special district established by the Town of Lake Park, Florida, under authority granted by Florida Statute 163, Section III. The CRA is included in the Town’s financial reporting entity as a blended component unit reported in a governmental (special revenue) fund, the *Community Redevelopment Fund*. The purpose of the CRA is to promote and guide the physical and economic development of certain areas in the Town of Lake Park. The CRA is a legally separate entity established by ordinance of the Lake Park Town Commission. The governing body of the CRA consists of the Town Commission and the Town handles the management and administration of the CRA’s financial matters. Separate financial statements for the CRA are not prepared.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 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 not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements and proprietary fund financial statements are reported using the accrual basis of accounting and the economic resources measurement focus. Fiduciary funds use the accrual basis of accounting and, except for agency funds, the economic resources measurement focus. Agency funds do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers revenue to be available if it is collected within ninety days of the end of the current fiscal year, except for property taxes, for which the period is 60 days.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Unearned revenue consists primarily of grant funds and occupational licenses and other fees collected in advance of the year to which they relate.

Expenditures are generally recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt, which is recognized when due. Property taxes, intergovernmental revenue, franchise fees, charges for services and investment income are all considered susceptible to accrual and so have been recognized as revenue in the current fiscal year. All other revenue items are considered to be measurable and available only when received in cash by the Town. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

General Fund

The General Fund is the primary operating fund and is used to account for all financial resources applicable to the general operations of the Town except those required to be accounted for in another fund.

CRA Fund

The CRA fund is a special revenue fund and is used to account for all financial resources applicable to the promotion of the physical and economic development of certain areas in the Town of Lake Park.

The Town reports the following major proprietary funds:

Marina Fund

This enterprise fund accounts for the operations of the Town's municipal marina, which are financed primarily by user charges.

Sanitation Fund

This enterprise fund accounts for the operations of the Town's garbage and trash collection services, which are financed primarily by user charges.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Additionally, the Town reports the following non-major funds:

Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. In addition to the CRA Fund, a major governmental fund, the Town has one non-major special revenue fund: the Streets and Roads Fund.

Debt Service Fund

This fund is used to account for resources accumulated and payments made for principal and interest financed by the proceeds of the Town's general obligation bond which are payable from ad valorem taxes.

Capital Projects Funds

The Capital Projects Fund and Special Projects Fund are used to account for construction and renovation projects.

Internal Service Fund

Internal service funds account for operations that provide services to other departments on a cost reimbursement basis. The Insurance Fund accounts for the Town's general liability and workers' compensation insurance plans.

Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The pension trust funds are held under the terms of a formal trust agreement. The fiduciary funds of the Town are as follows:

Retired Police Officers' Pension Fund - This fund was established in 2004 to receive and invest Town contributions in a defined benefit pension plan and to disburse these monies to Police retirees in accordance with the Pension Plan Ordinance.

Municipal Firemen's Pension Fund - This fund was established to receive and invest Town, State and Fire employees' contributions in a defined benefit pension plan and to disburse these monies to Fire employees in accordance with the Pension Plan Ordinance. This plan was terminated at September 30, 2007. The Town paid \$1,204,200 for the final distribution of net plan assets on October 1, 2008. (See Note 9.)

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fiduciary Funds (Continued)

the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's enterprise funds and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's marina and sanitation enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

Cash and Cash Equivalents

All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to a known amount of cash, and at the day of purchase, have a maturity date no longer than three months.

Investments

Investments are reported at fair value, which is determined by using various third party pricing sources. The Local Government Surplus Funds Trust is a "2a-7 like" pool and, thus, these investments are valued using the pooled share price. Investments in "Pool A" of the Local Government Surplus Funds Trust are reported as cash and cash equivalents.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Accounts Receivable

Accounts receivable represent amounts due from local businesses for franchise taxes, utility taxes, delinquent property taxes and other charges in the General Fund, and solid waste disposal fees and marina slip rentals in the Enterprise Funds. The Town does not require collateral for accounts receivable. Accounts receivable are net of allowances for uncollectible accounts determined based on the age of the individual receivable, with age categories ranging from 30 days past due to several years past due. Generally the allowance includes accounts over 90 days past due. Accounts receivable are written off on an individual basis in the year the Town deems them uncollectible.

Interfund Transactions

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as “advance to/advance from other funds.” Any residual balance outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Transfers and interfund balances totally within governmental activities and those that are totally within business-type activities are eliminated and not presented in the government wide financial statements. Transfers and balances between governmental and business-type activities are presented in the government-wide financial statements.

Inventories

Inventories are valued at cost determined on a first-in, first-out basis. Inventories in the General Fund consist of expendable supplies held for consumption. Inventories in the Marina Fund consist of goods for sale to the public. The initial cost is recorded as an asset at the time the individual inventory items are purchased and are charged against operations in the period when used.

Prepaid Items/Expenses

Expenditures/expenses for insurance premiums and other administrative costs extending over more than one accounting period are accounted for as prepaid items and allocated between accounting periods. Prepaid items in governmental funds are accounted for using the consumption method.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Capital Assets and Depreciation

Capital assets, which include property, plant, infrastructure, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The Town defines capital assets as assets with an initial individual cost of \$750 or more and an estimated life in excess of one year. In accordance with GASB Statement No. 34, the Town has elected not to record infrastructure assets purchased prior to October 1, 2003 in the accompanying financial statements.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are assets of the Town as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized as assets in the government-wide statement of net assets. General capital assets are carried at historical cost. Where cost cannot be determined from the available records, estimated historical cost has been used to record the estimated value of the assets. Assets acquired by gifts or bequests are recorded at their fair value at the date of acquisition.

Capital assets of the enterprise funds are capitalized in the fund. The valuation basis for enterprise fund capital assets is the same as those used for general capital assets. Additionally, net interest cost is capitalized on enterprise fund projects during the construction period.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated lives for each major class of depreciable fixed assets are as follows:

Buildings and infrastructure	30-50 years
Building improvements	7- 50 years
Equipment and vehicles	5 years
Docks and channels	20 years

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Deferred Revenue

The government reports deferred revenue on its government wide statement of net assets, proprietary statement of net assets, and governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

Deferred revenue in the General Fund is composed of grant funds that were not received within ninety days of fiscal year end, and of business tax fees received prior to September 30, 2008 for the fiscal year beginning October 1, 2008. Deferred revenue in the Special Projects Fund is composed of unexpended grant funds.

Compensated Absences

Unused compensated absences are payable upon separation from service. Vacation is accrued as a liability when the employee earns benefits. This means that the employee has rendered services that give rise to a vacation liability and it is probable that the Town will compensate the employee in some manner, e.g., in cash or paid time-off, now or upon termination or retirement. The Town uses the vesting method in accruing sick leave liability. Under the vesting method, the liability for sick leave is accrued for employees who are eligible to receive termination payments upon separation. The Town's policy is to allow employees to accumulate annual leave to a maximum of 240 hours. At the time of retirement or termination all annual leave is payable at 100% to the employee. Except for liabilities incurred by employment terminations, such benefits are paid only when taken.

Compensated absences are accrued when incurred in the government-wide and proprietary financial statements. Benefits that were earned but not used during the current year were accrued at employees' pay rates in effect at September 30, 2008. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements. For the governmental funds, compensated absences are liquidated by the General Fund. The amount attributable to the business-type activities is charged to expense with a corresponding liability established in the government-wide financial statements as well as the Enterprise Fund. The Town does not contribute to post-employment benefits for employees.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Unamortized debt issue costs are included in assets and unamortized bond premiums are presented as an addition to bonds payable.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Assets

Equity in the government-wide statement of net assets and the proprietary funds is displayed in three categories: 1) invested in capital assets net of related debt, 2) net pension asset, 3) restricted, and 4) unrestricted. Net assets invested in capital assets net of related debt consist of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets. Net pension assets represent pension contributions above the actuarially required amount. Net assets are reported as restricted when there are legal limitations imposed on their use by Town legislation or external restrictions by other governments, creditors, or grantors. Unrestricted net assets consist of all net assets that do not meet the definition of the other three components.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Unreserved fund balance amounts that are reported as designations of fund balances represent tentative plans for financial resource utilization in a future period. The following is a description of the reserves used by the Town.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Fund Equity (Continued)

Reserved for debt service – Restricted for future debt service expenditures.

Reserved for inventories, prepaid items and deposits – Indicates that a portion of fund balance is segregated since these items do not represent “available spendable resources.”

Reserved for encumbrances – Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as part of the budgetary accounting system in the General Fund. Encumbrances outstanding at year end, if any, are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

Reserved for advances to other funds – Advances to other funds are reserved from fund balance since they are not available for appropriation and expenditure at the balance sheet date.

Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include the collectibility of accounts receivable, the use and recoverability of inventory, the useful lives and impairment of tangible assets, and the realization of net pension assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

Statement of Cash Flows

For purposes of the statement of cash flows, the Town considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to a known amount of cash, and at the day of purchase, have a maturity date no longer than three months.

**TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

Formal budgetary integration is employed as a management control device during the year for the General Fund and the enterprise funds. All budgets are legally enacted. The annual appropriated budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles. Except for budgeting capital expenditures and not budgeting for depreciation, the annual appropriated budgets for the enterprise funds are adopted on a basis consistent with generally accepted accounting principles. For budgeting purposes, current year encumbrances are not treated as expenditures. In 2008, the other funds with legally adopted budgets include the Community Redevelopment Fund, Streets and Roads Funds, Debt Service Fund, Insurance Fund, Marina Fund, and Sanitation fund.

The procedures for establishing budgetary data are as follows:

- Prior to September 1, the Town Manager submits a proposed operating budget to the Town Commission for the next fiscal year commencing the following October 1st. The proposed budget includes expenditures and the means of financing them.
- Public hearings are conducted at the Town Hall to obtain taxpayer comments.
- The Town advises the Palm Beach County Tax Collector's office of the proposed millage rate, the rolled back millage rate and the day, time and place of the public hearing for budget acceptance.
- A public hearing is held to obtain taxpayer input and to adopt the final budget and millage rate.
- Upon completion of the public hearings and prior to October 1, a final operating budget and related millage rates are legally enacted through the passage of an ordinance. Estimated beginning fund balances are considered in the budgetary process. Effective for fiscal year ending September 30, 2009, a final operating budget and related millage rates are legally enacted through the passage of a resolution.
- Changes or amendments to the total budgeted expenditures of the Town or a department must be approved by the Town Commission; however, changes within a department which do not affect the total departmental expenditures may be approved by the Town Manager. Accordingly, the legal level of control is at the department level.
- All unencumbered balances lapse on September 30th.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

A. Budgetary Data (Continued)

Budgeted amounts are as originally adopted, or as amended by appropriate action. During the year several supplementary appropriations were necessary.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

B. Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and the County Tax Collector. All property is reassessed according to its fair market value on January 1 of each year and each assessment roll is submitted to the State Department of Revenue for review to determine if the assessment rolls meet all of the appropriate requirements of State law. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills for operating purposes.

The tax levy of the Town is established by the Town Commission prior to October 1 of each year during the budget process. The Palm Beach County Property Appraiser incorporates the Town's millage into the total tax levy, which includes the County, County School Board, and special district tax requirements. The millage rate assessed by the Town for the year ended September 30, 2008, was 8.5850 (\$8.59 for each \$1,000 of assessed valuation), which includes .95 mills for debt service.

Taxes may be paid less a 4% discount in November or at declining discounts each month through the month of February. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1 following the tax year, certificates are offered for sale for all delinquent taxes on real property.

After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. The certificate holder may make application for a tax deed on any unredeemed tax certificate after a period of two years. The County holds unsold certificates. Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations. At September 30, 2008, unpaid delinquent taxes are not material and have not been recorded by the Town.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

C. Contractual and Legal Obligations to Pay

In prior years, the Town failed to make the required annual incremental tax contributions to the Community Redevelopment Agency (CRA) since its inception, causing penalties and interest for non-payment to accrue beginning in fiscal year ending September 30, 2000. The General Fund made a payment of \$500,000 on December 7, 2007 toward the 2007 principal due. (See Note 14.) Annual payments of current and prior year obligations will continue to be paid by the General Fund.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

As of September 30, 2008, the carrying amount of deposits (including fiduciary funds) was \$3,295,364 and the bank balances were \$3,498,058. The Town also had \$675 of petty cash. In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or other banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The Town's deposits at year end are considered insured for custodial credit risk purposes.

The Town maintains a pooled account for cash and cash equivalents that is available for use by all funds. Each fund's portion of the pooled account is displayed on the financial statements as "Pooled cash and cash equivalents". Interest income from pooled checking accounts is allocated back to the General Fund. Investment income from the pooled SBA accounts is allocated to the following funds based on each fund's relative equity in the pool: General, CRA, Debt Service, Marina, and Sanitation.

Restricted cash

As September 30, 2008, the Town reported restricted cash for unexpended loan proceeds restricted for capital projects.

**TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments

As of September 30, 2008, the Town held the following investments:

	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
State Board of Administration:			
Investment Pool A	N/R	\$ 4,137,344	8.5 days
Investment Pool B	N/R	116,558	9.36 years
Money market funds	N/R	10,095	N/A
Closed end taxable bond funds	N/R	467,749	N/A
Closed end equity funds	N/R	<u>1,069,037</u>	N/A
Total investments		<u><u>\$ 5,800,783</u></u>	

All the investments other than the State Board of Administration are held in the fiduciary funds. The credit ratings are Moody's.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the time to maturity, the greater the exposure to interest rate risks. The Town limits its exposure to fair value losses resulting from rising interest rates by structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and investing operating funds primarily in short-term securities, money market mutual funds, or similar investment pools unless it is anticipated that long-term securities can be held to maturity without jeopardizing the liquidity requirements. The Retirement Funds do not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Custodial credit risk – For an investment, custodial credit is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments that are in the possession of an outside party. At September 30, 2008 all investments were insured or collateralized, except the Town's two pension funds, in which the underlying securities are held by counterparty, or by its trust department or agent but not in the Town's name and is uninsured and unregistered. However, all securities are registered in the funds' names.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. There was no exposure to foreign currency risk in the Town's investments at September 30, 2008.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments

The money market and closed end funds are owned by the Pension Trust Funds.

The Town is authorized to invest its funds as follows:

1. Interest-bearing checking or savings accounts in qualified public depositories, as defined in Chapter 280, Florida Statutes;
2. Interest-bearing time deposits in qualified public depositories, as defined in Chapter 280, Florida Statutes;
3. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Chapter 163, Florida Statutes;
4. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
5. Direct obligations of the United States Treasury;
6. Federal agencies and instrumentalities;
7. Securities of, or interest in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. sections 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian;
8. Other investments authorized by law or by ordinance by the Town.

The State Board of Administration is part of the Local Governments Surplus Funds Trust Fund and is governed by Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the Local Governments Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration. The Local Government Surplus Funds Trust Fund is not a registrant with the Securities and Exchange Commission (SEC); however, the board has adopted operating procedures consistent with the requirements for a 2a-7 fund.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Pool coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub prime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A, (Local Government Surplus Funds Trust Fund Investment Pool) consisted of all money market appropriate assets, which was approximately \$12 billion or 86% of Pool assets. Pool B, (Surplus Funds Trust Fund) consisted of assets that defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$2 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B.

At September 30, 2008, Pool A participants could withdraw 65% of their balance or \$12 million, whichever is greater, without penalty. On December 23, 2008, this restriction was withdrawn and Pool A participants could withdraw 100% of their balances without penalty.

On December 21, 2007, Standard and Poor's Ratings Services assigned its "AAAM" principal stability fund rating to Pool A. Pool A is considered a SEC 2a7-like fund, thus, the account balance should also be considered its fair value. Pool B is not rated by any nationally recognized rating agency.

Pool B is accounted for as a fluctuating NAV pool. The fair value factor for September 30, 2008 was .799. The factor should be multiplied by the account balance in order to calculate the fair value of the investment in Pool B.

The weighted average days to maturity (WAM) of Pool A at September 30, 2008 was 8.5 days. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of Pool A to interest rate changes.

The weighted average life (WAL) of Pool B at September 30, 2008 was 9.36 years. A portfolio's WAL is the dollar weighted average length of time until securities held reach maturity. WAL is based on legal final maturity dates for Pool B as of September 30, 2008.

As of September 30, 2008, the Town of Lake Park had \$4,137,344 invested in Pool A. The cost basis of Pool B as of September 30, 2008 was \$145,879 and the fair value and adjusted book value was \$116,558. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Investments of the Fire and Police Retirement Fund can consist of the following:

1. Time or savings accounts of a national bank, a state bank insured by the Bank Insurance Fund, or a savings, building, and loan association insured by the Saving Insurance Association Insurance Fund which is administered by the Federal Deposit Insurance Corporation or a state or federal chartered credit union whose share accounts are insured by the National Credit Union Share Insurance Fund.
2. Obligations issued by the United States Government or obligations guaranteed as to principal and interest by the United States Government or by an agency of the United States Government.
3. Stocks, bonds or other evidence of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or the District of Columbia, provided that the corporation is listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market. Bonds or other evidence of indebtedness must hold a rating in one of the highest classifications by a major rating service.
 - a. Investments in equities shall not exceed 70% of the Pension Fund's total assets at cost.
 - b. Not more than then (5) percent of the Pension Fund's assets shall be invested in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed (5) percent of the outstanding capital stock of that company.
 - c. Not more than five (5) percent of the Fund's fixed income portfolio (at cost) shall be invested in the securities of any single corporate issuer. This limitation does not include issues of any U.S. government agency.
4. Commingled stock, bond, real estate or money market funds whose investments are restricted to securities meeting the above criteria.
5. Foreign securities, provided they do not exceed 10% of the Pension Fund's assets at cost.

**TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

6. Real estate through a security listed on one or more of the recognized national exchanges or other unit investment trust with shares redeemable on demand, provided the holdings do not exceed 10% of the Pension Fund's assets at cost.

A reconciliation of deposit and investments as shown on the statement of net assets and statement of fiduciary net assets for the Town is as follows:

By Category:	
Deposits	\$ 3,295,364
Petty cash	675
Investments	5,800,783
Total deposits and investments	<u>\$ 9,096,822</u>
Presented in the statement of net assets	
Governmental activities	
Cash and cash equivalents	\$ 3,743,988
Restricted cash and cash equivalents	1,270,936
Investments	73,442
Business-type activities	
Cash and cash equivalents	1,274,964
Restricted cash and cash equivalents	1,106,044
Investments	43,116
Total statements of net assets	<u>7,512,490</u>
Presented in the statement of fiduciary net assets	
Pension trust funds	
Cash and cash equivalents	47,546
Investments	1,536,786
Total fiduciary funds	<u>1,584,332</u>
Total deposits and investments	<u>\$ 9,096,822</u>

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 4 – RECEIVABLES

Receivables at September 30, 2008, were as follows:

	General Fund	Nonmajor Governmental Funds	Marina Fund	Sanitation Fund	Total
Accounts receivable	\$ 42,915	\$ 2,415	\$ 30,964	\$ 98,423	\$ 174,717
Accrued receivables	196,613	5,471		2,418	204,502
Total receivables	239,528	7,886	30,964	100,841	379,219
Less allowance for uncollectible accounts			(14,656)	(9,260)	(23,916)
Accounts receivable, net	<u>\$ 239,528</u>	<u>\$ 7,886</u>	<u>\$ 16,308</u>	<u>\$ 91,581</u>	<u>\$ 355,303</u>

NOTE 5 – CAPITAL ASSETS

Capital Assets activity for the year ended September 30, 2008, was as follows:

Primary Government

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 663,717	\$1,114,512	\$	\$1,778,229
Construction in progress	137,880	976,745	(1,054,273)	60,352
Capital assets being depreciated:				
Buildings	7,057,883	42,236		7,100,119
Improvements	1,824,526	1,488,748		3,313,274
Machinery and equipment	1,418,220	186,667	(51,179)	1,553,708
Total at historical cost:	11,102,226	3,808,908	(1,105,452)	13,805,682
Less accumulated depreciation for:				
Buildings	(3,436,948)	(171,374)		(3,608,322)
Improvements	(38,403)	(181,263)		(219,666)
Machinery and equipment	(1,007,544)	(103,319)	50,575	(1,060,288)
Total accumulated depreciation	(4,482,895)	(455,956)	50,575	(4,888,276)
Governmental activities capital assets, net	<u>\$6,619,331</u>	<u>\$ 3,352,952</u>	<u>(\$1,054,877)</u>	<u>\$8,917,406</u>

**TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 5 – CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	\$ 254,322
Public safety	2,687
Physical environment	21,195
Transportation	58,604
Culture and recreation	119,148
Total depreciation expense governmental activities	<u><u>\$ 455,956</u></u>

The capital asset activity of business-type activities for the year ended September 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 81,157	\$	\$	\$ 81,157
Construction in progress	52,021	256,335	(203,959)	104,397
Capital assets being depreciated:				
Improvements	9,162,228	203,960		9,366,188
Machinery and equipment	<u>1,625,955</u>	<u>177,737</u>	<u>(42,726)</u>	<u>1,760,966</u>
Total at historical cost:	<u>10,921,361</u>	<u>638,032</u>	<u>(246,685)</u>	<u>11,312,708</u>
Less accumulated depreciation for:				
Improvements	(659,397)	(437,264)		(1,096,661)
Machinery and equipment	<u>(912,314)</u>	<u>(260,450)</u>	<u>41,929</u>	<u>(1,130,835)</u>
Total accumulated depreciation	<u>(1,571,711)</u>	<u>(697,714)</u>	<u>41,929</u>	<u>(2,227,496)</u>
Business-type activities capital assets, net	<u><u>\$9,349,650</u></u>	<u><u>\$ 59,682</u></u>	<u><u>\$ 204,756</u></u>	<u><u>\$ 9,085,212</u></u>

**TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 6 – CONTRACT COMMITMENTS

Contracts awarded but not yet completed were as follows:

Construction Commitments:	
Drainage improvements	\$ 30,484
Lake Shore Park improvements	18,154
CRA Alleyway improvements	884,650
Marina – Breakwater improvements	539,076
Other Town improvements	<u>51,072</u>
Subtotal, construction commitments	1,523,436
Commitment to purchase Sanitation vehicle	155,396
Consulting contracts	<u>46,250</u>
Total contract commitments	<u><u>\$1,725,082</u></u>

NOTE 7 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2008, was as follows:

	Balance October 1, 2007	Additions	Reductions	Balance September 30, 2008	Amount due within one year
<u>Governmental activities</u>					
Loans payable	\$6,313,300	\$3,717,488	\$ 477,269	\$9,553,519	\$ 705,580
Capital lease obligations	124,150		61,116	63,034	34,332
Claims and settlements	741,783		741,783		
Compensated absences payable	<u>99,827</u>	<u>158,924</u>	<u>141,036</u>	<u>117,715</u>	<u>80,076</u>
Total	<u><u>\$7,279,060</u></u>	<u><u>\$3,876,412</u></u>	<u><u>\$1,421,204</u></u>	<u><u>\$9,734,268</u></u>	<u><u>\$ 819,988</u></u>
<u>Business-type activities:</u>					
Loans payable	\$4,550,000	\$1,520,412	\$ 90,000	\$5,980,412	\$ 234,011
Capital lease obligations	191,521		99,728	91,793	84,733
Compensated absences payable	<u>24,100</u>	<u>34,105</u>	<u>29,467</u>	<u>28,738</u>	<u>22,399</u>
Total	<u><u>\$4,765,621</u></u>	<u><u>\$1,554,517</u></u>	<u><u>\$219,195</u></u>	6,100,943	<u><u>\$ 341,143</u></u>
Unamortized premium				<u>136,830</u>	
				<u><u>\$6,237,773</u></u>	

**TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Compensated absences for governmental activities are generally liquidated by the General Fund and by the Marina Fund for business-type activities.

General Obligation Bonds: The debt service for general obligation bonds are payable from a separate ad valorem tax levy for the debt service fund. The Town’s outstanding governmental activities general obligation bonds at September 30, 2008, are summarized as follows:

General Obligation Bonds, Series 1997: On March 11, 1997, the voters of the Town approved the issuance of up to \$9,806,000 general obligation bonds for the purpose of financing the repair and redevelopment of the Town Hall, marina and other projects, and the construction of a new fire/medical facility and library addition. On August 7, 1997, the Town issued \$4,800,000 Town of Lake Park, Florida, General Obligation Bonds, Series 1997. Principal and interest at 4.96% are payable in semi-annual installments of \$189,725 on January 1 and July 1, commencing January 1, 1998, through maturity on July 1, 2017

The required debt service payments on the Series 1997 bond at September 30, 2008 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Amount</u>
2009	\$ 247,174	\$ 132,276	\$ 379,450
2010	259,586	119,864	379,450
2011	272,621	106,829	379,450
2012	286,310	93,140	379,450
2013	300,687	78,763	379,450
2014	315,787	63,663	379,450
2015	331,644	47,806	379,450
2016	348,297	31,153	379,450
2017	<u>365,786</u>	<u>13,661</u>	<u>379,447</u>
	<u>\$2,727,892</u>	<u>\$ 687,155</u>	<u>\$3,415,047</u>

General Obligation Bond, Series 1998: On November 17, 1998, the Town issued a \$5,000,000 Town of Lake Park, Florida, General Obligation Bond, Series 1998. This bond represents the second and final series of the bonds approved by the voters of the Town in a special referendum on March 11, 1997, for the purpose of financing the repair and redevelopment of the Town Hall, marina and other projects, and the construction of a new fire/medical facility and library addition. Principal and interest at 4.46% are payable in semi-annual installments of \$194,329 on January 1 and July 1, commencing July 1, 1999, through maturity on July 1, 2018.

**TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 7 – LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The required debt service payments on the Series 1998 bond at September 30, 2008 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Amount</u>
2009	\$ 252,822	\$ 135,835	\$ 388,657
2010	264,224	124,433	388,657
2011	276,140	112,517	388,657
2012	288,593	100,064	388,657
2013	301,608	87,049	388,657
2014	315,209	73,448	388,657
2015	329,424	59,233	388,657
2016	344,280	44,377	388,657
2017	359,806	28,851	388,657
2018	<u>376,033</u>	<u>12,624</u>	<u>388,657</u>
	<u>\$3,108,139</u>	<u>\$ 778,431</u>	<u>\$3,886,570</u>

Obligations Under Capital Lease: Capital lease obligations are generally liquidated by the General Fund. The Town's outstanding governmental activities obligations under capital lease at September 30, 2008 are summarized as follows:

Equipment: Lease purchase agreements dated March 2005 through September 2006 for vehicles and other equipment with an original cost of \$183,833 and accumulated depreciation in an amount of \$154,349. Minimum future lease payments under these agreements at September 30, 2008, are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Amount</u>
2009	\$ 34,332	\$ 2,167	\$ 36,499
2010	18,932	1,033	19,965
2011	<u>9,770</u>	<u>210</u>	<u>9,980</u>
	<u>\$ 63,034</u>	<u>\$ 3,410</u>	<u>\$ 66,444</u>

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Revenue Bonds: The Town’s outstanding business-type activities revenue bonds at September 30, 2008 are summarized as follows:

Revenue Bonds, Series 2003A: On May 12, 2003 the Town entered into an agreement with the Florida Municipal Loan Council (the “Council”) to borrow funds for the construction of improvements at the Town’s marina. On May 16, 2003, the Council issued \$4,810,000 Florida Municipal Loan Council Revenue Bonds, Series 2003A, dated May 1, 2003, to finance the Town’s project and pay the costs of issuance for the bonds. The Town is required to meet certain minimum financial amounts, debt limitations and reporting requirements. Interest on the bonds is payable by the Town semi-annually on April 20 and October 20 and principal payments are due on April 20. Debt service on the bonds is payable from the net revenues of the marina operations.

The debt service requirements and interest rates of the bonds at September 30, 2008, are as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	3.00	\$ 95,000	\$ 220,900	\$ 315,900
2010	5.00	95,000	218,050	313,050
2011	5.00	100,000	213,300	313,300
2012	5.00	105,000	208,300	313,300
2013	5.25	115,000	203,050	318,050
2014	5.25	120,000	197,012	317,012
2015	5.25	125,000	190,713	315,713
2016	5.25	130,000	184,150	314,150
2017	5.25	140,000	177,325	317,325
2018	5.25	145,000	169,975	314,975
2019	5.25	155,000	162,363	317,363
2020	5.25	160,000	154,225	314,225
2021	5.00	170,000	145,825	315,825
2022	5.00	180,000	137,325	317,325
2023	4.50	185,000	128,325	313,325
2024	4.50	195,000	120,000	315,000
2025	4.50	205,000	111,225	316,225
2026	5.00	215,000	102,000	317,000
2027	5.00	225,000	91,250	316,250
2028	5.00	235,000	80,000	315,000

**TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Revenue Bonds (Continued)

Revenue Bonds, Series 2003A (Continued)

<u>Year Ending September 30</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2029	5.00	\$ 245,000	\$ 68,250	\$ 313,250
2030	5.00	260,000	56,000	316,000
2031	5.00	275,000	43,000	318,000
2032	5.00	285,000	29,250	314,250
2033	5.00	<u>300,000</u>	<u>15,000</u>	<u>315,000</u>
		<u>\$4,460,000</u>	<u>\$3,426,813</u>	<u>\$7,886,813</u>

Obligations Under Capital Lease: Obligations under capital lease of the Town’s business-type activities at September 30, 2008, consisted of the following:

Vehicles: Lease purchase agreements dated June 2004 through March 2006 for sanitation vehicles with an original cost of \$482,749. The accumulated depreciation on the vehicles at September 30, 2008 was \$359,950. The capital lease obligations are payable from the net revenues of the Sanitation operations.

The minimum future lease payments due under this agreement at September 30, 2008, are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Amount</u>
2009	\$ 84,733	\$ 2,180	\$ 86,913
2010	4,657	254	4,911
2011	<u>2,403</u>	<u>52</u>	<u>2,455</u>
	<u>\$ 91,793</u>	<u>\$ 2,486</u>	<u>\$ 94,279</u>

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Promissory Notes: The Town’s outstanding promissory notes payable at September 30, 2008 are summarized as follows:

Promissory Note, Series 2008A: On August 28, 2008, the Town executed a tax-exempt note in the principal amount of \$4,928,350 with the Bank of America. Loan proceeds are restricted to finance the settlement of the pension obligation to the Town of Lake Park Firefighters’ Pension and for the construction of improvements in the marina. In addition, \$2,420,000 of the governmental loan proceeds were transferred to the CRA as a grant for the acquisition of property and for the construction of improvements within the Town’s community redevelopment area in accordance with an interlocal agreement between the Town and the CRA executed on August 20, 2008. (See Note 14.) The agreement does not require the CRA to repay the grant from the Town; however, if the CRA makes a voluntary payment to the Town, the Town will use the payment to pay debt service on the note.

Non-ad valorem revenues of the Town secure the promissory note. The Town is required to meet certain minimum financial amounts, debt limitations and reporting requirements. The continued exclusion of interest on the Tax-Exempt Note from gross income for federal income tax purposes depends, in part, upon compliance with the arbitrage limitations imposed by Sections 103(b)(2) and 148 of the Internal Revenue Code. Interest on the note is payable by the Town semi-annually on April 1 and October 1 and principal payments are due on April 1 with a final maturity date of April 1, 2028. The note bears an annual interest rate of 3.67%, which is subject to adjustment upon the occurrence of a Determination of Taxability.

Amounts currently outstanding on the note are as follows:

<u>Purpose</u>	<u>Amount</u>
Governmental activities	\$ 3,667,488
Business-type activities	<u>1,260,862</u>
	<u>\$ 4,928,350</u>

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Promissory Note, Series 2008A (Continued)

Annual debt service requirements to maturity are as follows:

Governmental Activities:

Year Ending September 30	Principal	Interest	Total Amount
2009	\$ 198,622	\$ 79,637	\$ 278,259
2010	150,951	127,308	278,259
2011	156,491	121,768	278,259
2012	162,235	116,024	278,259
2013	168,189	110,070	278,259
2014-2018	938,187	453,106	1,391,293
2019-2023	1,123,452	267,841	1,391,293
2024-2028	769,361	86,739	856,100
Total	<u>\$3,667,488</u>	<u>\$1,362,493</u>	<u>\$5,029,981</u>

Business-type activities:

Year Ending September 30	Principal	Interest	Total Amount
2009	\$ 125,966	\$ 27,378	\$ 153,344
2010	111,693	41,651	153,344
2011	115,793	37,551	153,344
2012	120,042	33,302	153,344
2013	124,448	28,896	153,344
2014-2018	339,217	85,242	424,459
2019-2023	147,307	48,978	196,285
2024-2028	176,396	19,888	196,284
Total	<u>\$ 1,260,862</u>	<u>\$ 322,886</u>	<u>\$ 1,583,748</u>

Promissory Note, Series 2008B: On August 28, 2008, the Town executed a note in the principal amount of \$309,550 with the Bank of America to finance the construction of improvements in the marina and the purchase of recreation vehicles. Non-ad valorem revenues of the Town secure the promissory note. The Town is required to meet certain minimum financial amounts, debt limitations and reporting requirements. Interest on the note is payable by the Town semi-annually on April 1 and October 1 and principal payments are due on April 1 with a final maturity date of April 1, 2028. The note bears an annual interest rate of 6.78%.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Promissory Note, Series 2008B (Continued)

Amounts currently outstanding on the note are as follows:

<u>Purpose</u>	<u>Amount</u>
Governmental activities	\$ 50,000
Business-type activities	<u>259,550</u>
	<u>\$ 309,550</u>

Annual debt service requirements to maturity are as follows:

Governmental Activities:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Amount</u>
2009	\$ 6,962	\$ 2,006	\$ 8,968
2010	6,050	2,918	8,968
2011	6,460	2,508	8,968
2012	6,898	2,070	8,968
2013	7,366	1,602	8,968
2014-2018	16,264	1,671	17,935
Total	<u>\$ 50,000</u>	<u>\$ 12,775</u>	<u>\$ 62,775</u>

Business-type activities:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Amount</u>
2009	\$ 13,046	\$ 10,412	\$ 23,458
2010	6,745	16,713	23,458
2011	7,202	16,256	23,458
2012	7,691	15,767	23,458
2013	8,212	15,246	23,458
2014-2018	50,206	67,084	117,290
2019-2023	69,696	47,594	117,290
2024-2028	96,752	20,537	117,289
Total	<u>\$ 259,550</u>	<u>\$ 209,609</u>	<u>\$ 469,159</u>

**TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Annual Maturities: The aggregate maturities for all long-term debt of the Town with scheduled maturities (excluding compensated absences and claims and settlements), are as follows:

Year Ending September 30	Principal	Interest	Total Amount
2009	\$ 1,058,657	\$ 612,791	\$ 1,671,448
2010	917,838	652,224	1,570,062
2011	946,880	610,991	1,557,871
2012	976,769	568,667	1,545,436
2013	1,025,510	524,676	1,550,186
2014-2018	5,090,140	1,901,094	6,991,234
2019-2023	2,190,455	1,092,476	3,282,931
2024-2028	2,117,509	631,639	2,749,148
2029-2033	1,365,000	211,500	1,576,500
Total	<u>\$15,688,758</u>	<u>\$ 6,806,058</u>	<u>\$ 22,494,816</u>

NOTE 8 – DEFERRED COMPENSATION PLAN ASSETS

Employees of the Town may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the Town. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. A third party administers the deferred compensation plan.

In 1999, the Town Adopted GASB-32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The Town modified its Deferred Compensation Plan to conform with the changes in the Internal Revenue Code brought about by the Small Business Job Protection Act of 1996 (the “Act”). The Act requires that eligible deferred compensation plans established and maintained by governmental employers be amended to provide that all assets of the plan be held in trust, or under one or more appropriate annuity contracts or custodial accounts, for the exclusive benefit of plan participants and their beneficiaries. As a result of this change, these plan assets are no longer property of the Town and will no longer be subject to the claims of the Town’s general creditors.

Because the Town has little administrative involvement and does not perform the investing function for funds in the Plan, the Town’s activities do not meet the criteria for inclusion in the fiduciary funds of a government.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 9 – PENSION PLANS

Defined Contribution Plan:

The General Employees Retirement Plan is a defined contribution pension plan established by the Town to provide benefits at retirement for all current employees. Defined contribution plans have terms that specify how contributions to an individual's account are to be determined rather than the amount of pension benefits the individual is to receive. In a defined contribution plan, the pension benefits a participant will receive depend only on the amount contributed to the participant's account, earnings on investments of these contributions, and forfeitures of other participants' benefits that will be allocated to the participant's account. Plan assets are not considered the Town's assets; therefore, they are not included in the Town's basic financial statements. The Plan does not issue a stand alone financial report.

The Town is required to contribute 5% of the plan members' annual compensation and matches 50% of the employees' voluntary contributions under the deferred compensation plan, up to a maximum of 2.5% of participants' annual compensation. Total contributions for the year ended September 30, 2008 were \$113,603 by the Town and \$93,396 by the employees. Plan provisions and contribution requirements are established and may be amended by the Town Commission, which may also terminate the Plan at any time, at its sole discretion.

Vesting of the City's contributions in the 401(a) plan commences after two years of service, with 20% vesting in year two and 20% each year thereafter until fully vested after six years. If an employee terminates before becoming fully vested, forfeited amounts will be reallocated to accounts of remaining participants as an additional employer contribution. Year of service begins upon an eligible employee successfully completing one year of service and having reached age 18 of service. A year of service is a computation period during which an employee is credited with at least 1,000 hours of service. Plan provisions and contribution requirements are established and may be amended by the City Council. The Town's finance director is the plan administrator.

Defined Benefit Plans: The Town administers two single employer defined benefit pension plans that cover no current Town employees. The Retired Police Officers' Pension Fund (RPOPF) covers certain police retirees and the Municipal Firemen's Pension Fund (MFPF) is a terminated pension plan that covered substantially all former full-time fire department employees. The plans are established by the Town and administered by a separate board of trustees for each plan. The RPOPF and MFPF plans are included as blended component units in the financial statements of the Town of Lake Park as pension trust funds. The plans do not issue stand alone financial reports.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 9 – PENSION PLANS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: All pension fund financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments: Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Post-retirement Benefits: The Town offers continuation of health and life insurance benefits to employees upon retirement. The cost of such benefits is paid by the retirees and the Town has no further liability for post-retirement benefits.

The Retired Police Officers' Pension Fund

Effective October 1, 2001, the Palm Beach County Sheriff's Office (PBSO) was contracted to provide police services for the Town in connection with the transfer of Town police services to the PBSO, the active plan members of the plan were terminated and eligible for a lump sum payout. Effective November 20, 2002, the Town terminated the Municipal Police Officers' Retirement Trust Fund and distributed lump sum payouts to the vested participants. On October 15, 2003, the Town established the Retired Police Officers' Pension Fund for the retirees covered by the original plan and transferred substantially all remaining assets of the original plan to the new plan in April 2004. Accordingly, at September 30, 2008 only four years of plan information was available for the Retired Police Officers' Pension Fund.

The plan is a substituted trust established on October 1, 2003 by Town Ordinance No. 13-2003 to provide the retired members of the previous defined benefit pension plan with the monthly retirement benefits that were accrued under the prior plan. Accordingly, the Retired Police Officers' Pension Fund covers only retirees and has no active plan members or employees of the Town that are eligible to participate and the provisions of the Retired Police Officers' Pension Fund as established by Town ordinance, do not address any provisions related to vesting, eligibility for retirement, future retirement benefits, other benefits, or employee contributions. The Town is required to contribute actuarially determined amounts sufficient to fund the plan. An actuarial valuation report had not been performed and completed as of October 1, 2007. This report would have contained the contribution requirements for the plan year ended September 30, 2008. Therefore, the Town did not make a contribution. At October 1, 2006, the date of the latest actuarial valuation, the RPOPF included three service retirees and four disability retirees.

**TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 9 – PENSION PLANS (Continued)

The Retired Police Officers' Pension Fund (Continued)

Schedule of Employer Contributions

<u>Year Ended September 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2005	\$ 26,482	100%
2006	7,959	100%
2007	17,768	100%

Annual Pension Costs and Related Information: The significant actuarial assumptions used in the most recent actuarial valuation of the Retired Police Officers' Pension Fund are summarized as follows:

Valuation date	October 1, 2005
Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Level dollar amount - closed
Remaining amortization period	15 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increase *	N/A
*Included inflation at	N/A
Post retirement COLA	N/A

Three Year Trend Information

	<u>Actuarially Determined Contribution</u>	<u>Percentage of APC* Contributed</u>	<u>Net Pension Obligation</u>
2004	\$ 9,622	100%	
2005	26,482	100	
2006	7,959	100	

* Annual Pension Cost from Town sources.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 9 – PENSION PLANS (Continued)

Municipal Firemen's Pension Fund

On October 1, 2001 the Palm Beach County Fire Rescue Department was contracted to provide fire protection and emergency medical services for the Town. In connection with the transfer of Town fire protection and emergency medical services to Palm Beach County Fire Rescue, the active plan members of the Municipal Firemen's Pension Fund were terminated and eligible for a lump sum payout. There were no retirees under the plan at the time of termination. On June 29, 2002, the Municipal Firemen's Pension Fund was terminated and the Board of Trustees of the Municipal Firemen's Pension Trust Fund (the "Board") through the year ended September 30, 2007, distributed lump sum payouts to the vested participants and the remaining pro-rata distributions according to the calculations performed by the actuary. At September 30, 2008 the Municipal Firemen's Pension Trust Fund is considered a terminated pension plan and actuarial information is not provided.

However, the Board actuarially determined a lump sum payout of accrued pension benefits, including interest, to be approximately \$2.1 million as of January 6, 2003, which was \$641,783 more than the fair value of the plan net assets. The Board through its attorney, made a demand that the Town pay the Municipal Firemen's Pension Trust Fund the shortfall of \$641,783, plus accrued interest and attorney fees to the date of settlement. The Town, based on the advice of its legal counsel, did not believe that it was obligated to pay any additional amounts resulting from the decision of the Board of Trustees to make an immediate, lump sum payout of accrued pension benefits and filed an action asking the court to determine whether the Town must pay the shortfall.

In October 2007, the 4th District Court of Appeal reversed the trial court's ruling in favor of the Town, and held that the Town had a legal obligation to fund the actuarial deficiency that was created when the pension plan was terminated and the pension board decided to distribute the assets in the form of lump sum payments to each member. Based on the order of the 4th District Court of Appeal, the Town and the Board entered into a general release of claims agreement, in which the Town agreed to pay to the Board the sum of \$1,204,200, in full settlement of the law suit. (See Note 1.) Subsequent to September 30, 2008, the Board received the settlement from the Town and distributed the accrued pension benefits to the vested participants and the accrued legal and actuarial fees.

Generally accepted accounting principles (GAAP) requires that financial statements for individual pension plans be presented in the notes to the financial statements of the primary government if separate, GAAP financial reports have not been issued. The individual pension funds of the Town of Lake Park, Florida do not have separate GAAP reports issued and the financial information for these is presented below.

**TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 9 – PENSION PLANS FINANCIAL INFORMATION

**Statement of Fiduciary Net Assets
September 30, 2008**

	<u>Retired Police Officers' Pension Fund</u>	<u>Municipal Firemen's Pension Fund</u>
ASSETS		
Cash and cash equivalents	\$ 46,460	\$ 1,086
Investments		
Closed end equity funds	1,069,037	
Closed end taxable bond funds	467,749	
Receivables:		
Contributions		1,204,200
Prepaid retirement benefits	<u>10,622</u>	
Total assets	<u>1,593,868</u>	<u>1,205,286</u>
LIABILITIES		
Accounts payable		6,262
Termination refunds payable	<u> </u>	<u>1,197,938</u>
Total liabilities	<u> </u>	<u>1,204,200</u>
NET ASSETS held in trust for pension benefits	<u>\$ 1,593,868</u>	<u>\$ 1,086</u>

**TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 9 - PENSION PLANS FINANCIAL INFORMATION (Continued)

**Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended September 30, 2008**

	<u>Retired Police Officers' Pension Fund</u>	<u>Municipal Firemen's Pension Fund</u>
ADDITIONS		
Contributions		
Employer	\$	\$ 562,454
Investment income		
Net decrease in fair value of investments	(315,402)	
Interest and dividends	<u>61,057</u>	<u> </u>
Net investment income	<u>(254,345)</u>	<u> </u>
Total additions	<u>(254,345)</u>	<u>562,454</u>
DEDUCTIONS		
Retirement benefits	166,881	
Refunds of contributions		556,192
Administrative expenses	<u>12,533</u>	<u>18,432</u>
Total deductions	<u>179,414</u>	<u>574,624</u>
Changes in net assets	(433,759)	(12,170)
Net assets, beginning of year	<u>2,027,627</u>	<u>13,256</u>
Net assets, end of year	<u>\$ 1,593,868</u>	<u>\$ 1,086</u>

NOTE 10 - RESERVED FUND BALANCES

The Town has established reserves to account for that portion of fund balance that is not appropriable for expenditure or is legally segregated for a specific future use. The reserves for inventory, encumbrances, debt service, and advances to other funds are amounts that are not appropriable for expenditure. The reserves for capital projects are funds that are legally segregated for a specific future use.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 11 - DEFICIT FUND EQUITY

At September 30, 2008 the following funds had deficits in fund equity which will be eliminated through future revenue of those funds:

<u>Fund</u>	<u>Deficit</u> <u>Fund Equity</u>
Streets and Roads Fund	\$ 74,956
Special Projects Fund	\$ 39,440

NOTE 12 – JOINTLY GOVERNED ORGANIZATION

The Town, through an interlocal agreement with certain other municipalities and Palm Beach County, created the Seacoast Utility Authority (“Seacoast”) which provides water and sewer service to the citizens of each of the participating municipalities and a portion of Palm Beach County. Seacoast’s governing board is comprised of one member from each participating entity. Seacoast is an Independent Authority organized under the laws of the State of Florida, and the Town has no participating equity ownership in Seacoast. The Town paid \$72,400 to Seacoast during the fiscal year for water and sewer service.

NOTE 13 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance through the Florida League of Cities, Inc., a statewide commercial insurance program. The policy for comprehensive property, casualty and liability insurance provides coverage with a deductible of \$5,000 for property and casualty and \$25,000 for liability claims per occurrence, with a combined annual cap of \$1 million. The Town does not retain any risk of loss under this policy.

The Town has established a risk management program for workers’ compensation where premiums are paid from each department to the Florida League of Cities who fully insures all claims to a statutory level. The Town does not retain any risk of loss under this policy. There were no significant reductions in insurance coverage from the prior year. The amount of insurance settlements has not exceeded the Town’s insurance coverage in any of the prior three fiscal years.

The Town currently reports all of its risk management activities in the Insurance Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

**TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 13 – RISK MANAGEMENT (Continued)

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the U.S. Department of Homeland Security and the State of Florida. Any disallowed claims, including amounts already received, might constitute a liability of the Town for the return of those funds.

Litigation

The Town is a defendant in various lawsuits arising in the ordinary course of normal operations. Although the ultimate outcome of some of these lawsuits cannot be determined at the present time, it is the opinion of legal counsel that the likelihood of unfavorable outcome and the amounts of potential losses cannot be reasonably determined for all claims at this time.

NOTE 14 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

In governmental accounting, interfund loans are reported as interfund receivables in lender funds and interfund payables in borrower funds. There is no net effect in the governmental-wide financial statements. The current portion of the interfund loan is reported in the governmental funds as Due to and Due from other funds and the non-current portion is reported as Advance to and Advance from other funds. The composition of interfund balances at September 30, 2008, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Due to/from</u>	<u>Advance</u>	<u>Total</u>
CRA	General Fund	\$250,000	\$1,203,477	\$1,453,477
General Fund	Marina Fund		\$1,023,918	\$1,023,918
General Fund	Sanitation Fund	\$544,072		\$ 544,072
General Fund	Non-major governmental funds	\$279,335		\$ 279,335
General Fund	Insurance Fund	\$60,026		\$ 60,026

At September 30, 2008, the General Fund owed the CRA Fund \$1,453,477 for unpaid incremental tax revenue from fiscal year 2000 to the present. (See Note 2.) The amount due to the CRA to the General Fund includes outstanding principal of \$890,019 and penalties and interest of \$563,058.

**TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 14 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

The advance from the General Fund to the Marina Fund resulted from a cash overdraft in the Marina Fund’s pooled cash and cash equivalents account. The receivable from the Sanitation Fund to the General Fund is for prior year grant revenue that was reported in the wrong fund.

Interfund transfers during the year ended September 30, 2008 are as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
CRA Fund	\$3,155,494	
General Fund		\$3,155,494
Nonmajor Government	99,996	
General Fund		99,996
General Fund	275,004	
Sanitation Fund		275,004
General Fund	46,992	
Marina Fund		46,992

The transfer of \$3,155,495 from the General Fund to the CRA Fund included the following:

- a. Transfer of \$2,420,000 for the acquisition of property and capital improvements in the CRA district in accordance with the Interlocal Agreement executed August 20, 2008 between the Town and the CRA. (See Note 7.)
- b. Transfer of \$612,691 for the 2007 incremental tax obligation.
- c. Transfer of \$122,803 for interest for late payment of the incremental tax obligation. (See Note 2.)

The transfers were also used to: (1) fund the Lakeshore Park renovation project; (2) reimburse the General Fund for shared administrative costs; and (3) make payment in lieu of taxes for the Sanitation Fund and Marina Fund.

NOTE 15 - RELATED PARTY TRANSACTIONS – ENTERPRISE FUNDS

The General Fund provides the enterprise funds with various management services. Administrative costs totaling \$78,000 and \$115,954 were charged to the Marina and Sanitation funds, respectively, for 2008.

TOWN OF LAKE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 16 – NEW PRONOUNCEMENTS

The Town is required to implement Governmental Accounting Standards Board Statement 45 (GASB 45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* for the fiscal year ending September 30, 2009. Retirees of the Town pay an amount equal to the actual premium for health and life insurance charged by the carrier, but there is an implied subsidy in the insurance premiums for retirees under age 65 because the premium charged for these retirees is the same as the premium charged for active employees, who are younger than retirees on average. This implied subsidy constitutes other postemployment benefits (OPEB) under GASB 45. The impact of the implementation of GASB 45 will be determined by an actuarial valuation, which has not been completed.

NOTE 17 – SUBSEQUENT EVENTS

On December 19, 2008, the Town CRA purchased property located at 761 Foresteria Drive, Lake Park, Florida for \$337,000. An additional property located at 711 Foresteria Drive, Lake Park, Florida was purchased on January 23, 2009 for \$100,000. These properties will be used, along with the previously acquired property located at 725 Foresteria Drive, for the development of a municipal parking lot.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

FIDUCIARY FUNDS

Pension Trust Funds

Retired Police Officers' Pension Trust Fund

TOWN OF LAKE PARK, FLORIDA
Required Supplemental Information
September 30, 2008

Retired Police Officers' Pension Fund

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2003	\$ 2,095,114	\$ 2,177,473	\$ 82,359	96.22%	N/A	N/A
10/1/2004	1,924,445	2,156,800	232,355	89.23%	N/A	N/A
10/1/2005	1,971,286	2,030,035	58,749	97.11%	N/A	N/A
10/1/2006	1,919,359	2,061,642	142,283	93.10%	N/A	N/A

Schedule of Employer and State Contributions

Fiscal Year Ended September 30	Annual Required Contribution	Actual Contribution	State Contribution	Percentage Contributed
2004	\$ 9,622	\$ 9,622	\$	100.0%
2005	26,482	26,482		100.0%
2006	7,959	7,959		100.0%
2007	17,768	17,768		100.0%

Note 1: The Retired Police Officers' Pension Fund was established on October 1, 2003. The most recent actuarial valuation of the plan was at October 1, 2006. The fund is a substituted trust established to provide retired members of the predecessor Town of Lake Park Police Pension Plan with the monthly retirement benefits that were accrued under the former retirement plan. Accordingly, the plan includes only services retirees and has no active members, and receives no state money.

Note 2: An actuarial valuation report had not been performed and completed as of October 1, 2007. This report would have contained the contribution requirements for the plan year ended September 30, 2008. Therefore, the Town did not make a contribution.

TOWN OF LAKE PARK, FLORIDA
Notes to the Trend Data
September 30, 2008

	Retired Police Officers' Pension Fund
	<hr/>
Contribution rates as of 9/30/06:	
Town	N/A
Plan Members	N/A
Actuarially Determined Contribution	7,959
Contributions Made	7,959
Valuation date	10/1/2005
Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Amortized Method	Level dollar amount, closed
Remaining Amortization Period	15 Years
Asset Valuation Method	Market
Actuarial Assumption:	
Investment rate of return	8%
Projected salary increase *	N/A
*Includes inflation at	N/A
Post Retirement cost of living adjustments	N/A

(*) Annual pension costs from Town members.

GENERAL FUND

TOWN OF LAKE PARK, FLORIDA
Budgetary Comparison Schedule -
General Fund

For the year ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
General property taxes	\$ 5,334,743	\$ 5,334,743	\$ 5,206,442	\$ (128,301)
Franchise taxes				
Electricity	600,000	600,000	609,578	9,578
Gas	5,000	5,000	3,038	(1,962)
Solid Waste	24,000	24,000	17,599	(6,401)
Dunkin' Donuts	2,500	2,500		(2,500)
Utility taxes				
Electricity	575,000	575,000	563,614	(11,386)
Water	125,000	125,000	115,326	(9,674)
Gas	2,500	2,500	2,629	129
Total taxes	<u>6,668,743</u>	<u>6,668,743</u>	<u>6,518,226</u>	<u>(150,517)</u>
Licenses and permits				
Building permits	300,000	300,000	227,286	(72,714)
Alarm permits	5,000	5,000	5,089	89
Business tax receipts	360,000	360,000	330,006	(29,994)
Occupational license applications	2,500	2,500	14,423	11,923
Cost recovery	26,000	26,000		(26,000)
Special event fees			525	525
Contractors fees	3,000	3,000	2,190	(810)
Total licenses and permits	<u>696,500</u>	<u>696,500</u>	<u>579,519</u>	<u>(116,981)</u>
Intergovernmental revenues				
State shared revenues				
Local government sales tax	690,653	690,653	632,680	(57,973)
Local communication services taxes	558,485	558,485	505,784	(52,701)
State revenue sharing	231,113	231,113	234,332	3,219
Alcoholic beverage licenses	11,550	11,550	11,195	(355)
Motor fuel tax refund	3,696	3,696	9,204	5,508
County shared revenues				
County occupation licenses	25,000	25,000	25,828	828
Grant revenues				
State hurricane relief		98,625	98,609	(16)
State aid to libraries	12,000	12,000	15,208	3,208
Total intergovernmental revenues	<u>\$ 1,532,497</u>	<u>\$ 1,631,122</u>	<u>\$ 1,532,840</u>	<u>\$ (98,282)</u>

(Continued)

See notes to the budgetary comparison schedules.

TOWN OF LAKE PARK, FLORIDA
Budgetary Comparison Schedule -
General Fund

For the year ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues (Continued)				
Charges for services				
Administrative fees				
Sanitation	\$ 80,000	\$ 115,975	\$ 115,954	\$ (21)
CRA Fund	24,925	24,925	24,903	(22)
Marina Fund	78,000	78,000	78,000	
Plan review fees	15,000	15,000	16,933	1,933
Parks and recreation	42,700	88,040	54,684	(33,356)
Other charges for services	4,750	4,750	5,043	293
Total charges for services	<u>245,375</u>	<u>326,690</u>	<u>295,517</u>	<u>(31,173)</u>
Fines and forfeitures				
Court fines	26,250	26,250	25,452	(798)
Code violations	40,000	40,000	102,449	62,449
Code violations - administrative cost	26,250	26,250	19,551	(6,699)
Parking violations	7,500	7,500	3,740	(3,760)
Alarm violations	6,000	6,000	12,755	6,755
Occupational license penalties	6,825	6,825	9,021	2,196
Library fines	2,940	2,940	1,675	(1,265)
Total fines and forfeitures	<u>115,765</u>	<u>115,765</u>	<u>174,643</u>	<u>58,878</u>
Miscellaneous revenue				
Interest earnings	240,000	240,000	148,705	(91,295)
Interest earnings - tax collector	11,000	11,000	33,500	22,500
Rent	35,000	35,000	36,605	1,605
Sale of surplus property	20,000	20,000		(20,000)
Sale of scrap material			630	630
Transfer from Street & Roads	100,000	100,000	99,996	(4)
Transfer from Marina	47,000	47,000	46,992	(8)
Transfer from CRA Fund		15,000		(15,000)
Transfer from Sanitation Fund	275,000	275,000	275,004	4
Miscellaneous revenues	10,535	22,210	7,621	(14,589)
Total miscellaneous revenues	<u>738,535</u>	<u>765,210</u>	<u>649,053</u>	<u>(116,157)</u>
Balance brought forward	500,000	500,000		(500,000)
Loan proceeds		3,767,400	3,717,488	(49,912)
Total revenues	<u>\$ 10,497,415</u>	<u>\$ 14,471,430</u>	<u>\$ 13,467,286</u>	<u>\$ (1,004,144)</u>

(Continued)

See notes to the budgetary comparison schedules.

TOWN OF LAKE PARK, FLORIDA
Budgetary Comparison Schedule -
General Fund

For the year ended September 30, 2008

**Variance with
Final Budget**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
(Continued)				
Expenditures				
General government				
Legislative				
Personal services	\$ 51,471	\$ 51,866	\$ 51,864	\$ 2
Operating expenditures	31,400	52,690	52,671	19
Capital outlay		1,245	1,244	1
Total Legislative	<u>82,871</u>	<u>105,801</u>	<u>105,779</u>	<u>22</u>
Town manager				
Personal services	270,550	320,430	320,412	18
Operating expenditures	10,650	51,020	50,996	24
Total Town manager	<u>281,200</u>	<u>371,450</u>	<u>371,408</u>	<u>42</u>
Personnel				
Personal services	116,131	110,686	108,642	2,044
Operating expenditures	41,610	68,337	67,575	762
Total Personnel	<u>157,741</u>	<u>179,023</u>	<u>176,217</u>	<u>2,806</u>
Town Clerk				
Personal services	120,418	122,728	122,515	213
Operating expenditures	47,324	51,669	46,457	5,212
Capital outlay		2,325	2,324	1
Debt Service	3,095	3,100	3,095	5
Total Town Clerk	<u>170,837</u>	<u>179,822</u>	<u>174,391</u>	<u>5,431</u>
Finance				
Personal services	350,556	356,671	339,789	16,882
Operating expenditures	83,850	108,610	103,446	5,164
Total Finance	<u>434,406</u>	<u>465,281</u>	<u>443,235</u>	<u>22,046</u>
Legal				
Operating expenditures	245,000	193,380	183,487	9,893
Cost recovery	26,000	26,000		26,000
Total Legal	<u>271,000</u>	<u>219,380</u>	<u>183,487</u>	<u>35,893</u>
Information technology				
Personal services	86,010	94,230	94,189	41
Operating expenditures	39,550	42,780	42,657	123
Capital outlay	6,000	14,452	14,419	33
Contingency	7,000			
Total Information technology	<u>138,560</u>	<u>151,462</u>	<u>151,265</u>	<u>197</u>
Non-departmental				
Operating expenditures	100,000	103,355	103,353	2
Debt service		47,330	29,826	17,504
Grants and aids	5,000			
Total Non-departmental	<u>105,000</u>	<u>150,685</u>	<u>133,179</u>	<u>17,506</u>
Total General government	<u>1,641,615</u>	<u>1,822,904</u>	<u>1,738,961</u>	<u>83,943</u>

(Continued)

See notes to the budgetary comparison schedules.

TOWN OF LAKE PARK, FLORIDA
Budgetary Comparison Schedule -
General Fund

For the year ended September 30, 2008

**Variance with
Final Budget**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (Continued)				
Public Safety				
Law enforcement				
Operating expenditures	\$ 2,625,739	\$ 2,582,429	\$ 2,553,595	\$ 28,834
Disaster				
Operating expenditures		15,895	15,374	521
Capital outlay		50,210	50,107	103
Total Disaster		66,105	65,481	624
Fire department				
Operating expenditures	2,214,222	2,214,222	2,038,488	175,734
Community development				
Personal services	431,076	391,561	390,699	862
Operating expenditures	179,100	217,275	217,083	192
Capital outlay		17,700	17,698	2
Total Community development	610,176	626,536	625,480	1,056
Total Public safety	5,450,137	5,489,292	5,283,044	206,248
Physical environment				
Public works- Admin				
Personal services	227,731	216,111	131,616	84,495
Operating expenditures	32,800	75,195	73,483	1,712
Total Public works- admin	260,531	291,306	205,099	86,207
Public works- Ground Maint.				
Personal services	348,294	341,869	341,708	161
Operating expenditures	91,500	93,090	91,299	1,791
Capital outlay		13,905	13,901	4
Debt service	26,636	28,501	28,497	4
Total Public works- ground	466,430	477,365	475,405	1,960
Vehicle maintenance				
Personal services	119,790	122,625	122,602	23
Operating expenditures	25,750	43,605	43,593	12
Capital outlay	3,500	23,785	23,782	3
Total Vehicle maintenance	149,040	190,015	189,977	38
Total Physical environment	876,001	958,686	870,481	88,205
Transportation				
Facility maintenance				
Personal services	152,122	135,337	135,309	28
Operating expenditures	175,549	200,909	200,874	35
Capital outlay		51,589	20,195	31,394
Debt service	4,214	4,214	4,214	
Total Transportation	331,885	392,049	360,592	31,457

(Continued)

See notes to the budgetary comparison schedules.

TOWN OF LAKE PARK, FLORIDA
Budgetary Comparison Schedule -
General Fund

For the year ended September 30, 2008

Variance with
Final Budget
Positive
(Negative)

	Budgeted Amounts		Actual Amounts	
	Original	Final		
Expenditures (Continued)				
Culture and recreation				
Library				
Personal services	\$ 302,022	\$ 288,542	\$ 239,762	\$ 48,780
Operating expenditures	83,302	96,372	101,220	(4,848)
Capital outlay	25,000	25,000	613	24,387
Miscellaneous supplies - donations		410	409	1
Total Library	<u>410,324</u>	<u>410,324</u>	<u>342,004</u>	<u>68,320</u>
Recreation				
Personal services	216,824	144,769	144,094	675
Operating expenditures	92,450	122,655	108,715	13,940
Capital outlay	34,000	199,810	136,351	63,459
Debt service	12,950	12,950	311	12,639
Total Recreation	<u>356,224</u>	<u>480,184</u>	<u>389,471</u>	<u>90,713</u>
Total Culture and recreation	<u>766,548</u>	<u>890,508</u>	<u>731,475</u>	<u>159,033</u>
Total expenditures	<u>9,066,186</u>	<u>9,553,439</u>	<u>8,984,553</u>	<u>568,886</u>
Transfers out				
CRA fund	1,112,194	3,655,494	3,155,494	500,000
Police actuary		26,605	26,602	3
Other	319,035	1,235,892	1,205,267	30,625
Total Transfers out	<u>1,431,229</u>	<u>4,917,991</u>	<u>4,387,363</u>	<u>530,628</u>
Total expenditures and transfers	<u>10,497,415</u>	<u>14,471,430</u>	<u>13,371,916</u>	<u>1,099,514</u>
Net change in fund balances	<u>\$</u>	<u>\$</u>	<u>\$ 95,370</u>	<u>\$ 95,370</u>

See notes to the budgetary comparison schedules.

CRA FUND

TOWN OF LAKE PARK, FLORIDA
Budgetary Comparison Schedule -
Community Redevelopment Fund
For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental	\$1,415,564	\$ 1,415,564	\$ 303,424	\$ (1,112,140)
Grant revenue			2,525	2,525
Investment income	25,000	25,000	1,290	(23,710)
Miscellaneous revenue	316,100	316,100		(316,100)
Transfer from General Fund		2,420,000	3,155,494	735,494
Total revenues	<u>1,756,664</u>	<u>4,176,664</u>	<u>3,462,733</u>	<u>(713,931)</u>
Expenditures				
General government	456,182	480,687	483,041	(2,354)
Capital outlay	125,000	3,695,975	2,709,430	986,545
Unappropriated	1,175,482	2		2
Total expenditures	<u>1,756,664</u>	<u>4,176,664</u>	<u>3,192,471</u>	<u>984,193</u>
Net change in fund balances	<u>\$</u>	<u>\$</u>	<u>\$ 270,262</u>	<u>\$ 270,262</u>

See notes to the budgetary comparison schedules.

TOWN OF LAKE PARK
NOTES TO BUDGETARY COMPARISON SCHEDULES
SEPTEMBER 30, 2008

NOTE A - BUDGETARY ACCOUNTING

An appropriated budget has been legally adopted for the General Fund and Community Redevelopment Fund on the same modified-accrual basis used to reflect revenue and expenditures, except that for budgetary purposes, revenue includes proceeds from debt issuances, transfers from other funds, and proceeds from the sale of capital assets, and expenditures include encumbrances and transfers to other funds within each governmental function. The Town Commission approved budget amendments for the General Fund totaling \$3,974,015 during the year, which increased the original General Fund appropriations from \$10,497,415 to a revised total of \$14,471,430. For the Community Redevelopment Fund, approved budget amendments totaled \$2,420,000 during the year, which increased the original appropriations from \$1,756,664 to a revised total of \$4,176,664.

The Town follows these procedures in establishing the annual budget:

1. Prior to September 1, the Town Manager submits to the Town Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Town Hall to obtain taxpayer comments.
3. The Town advises the Palm Beach County Tax Collector's office of the proposed millage rate, the rolled back millage rate and the day, time and place of the public hearing for budget acceptance.
4. A public hearing is held to obtain taxpayer input and to adopt the final budget and millage rate.
5. The budget and related millage rates are legally enacted through passage of an ordinance. Effective for fiscal year ending September 30, 2009, a final operating budget and related millage rates are legally enacted through the passage of a resolution.
6. Changes or amendments to the total budgeted expenditures of the Town or a department must be approved by the Town Commission; however, changes within a department which do not affect the total departmental expenditures may be approved by the Town Manager. Accordingly, the legal level of control is at the department level.

**TOWN OF LAKE PARK
NOTES TO BUDGETARY COMPARISON SCHEDULES
SEPTEMBER 30, 2008**

NOTE A - BUDGETARY ACCOUNTING (Continued)

7. All unencumbered balances lapse at the end of each fiscal year.

The reported budgetary data represents the final appropriated budget after amendments adopted by the Town Commission. An appropriated budget is legally required and has been legally adopted for the General Fund, Community Redevelopment Special Revenue Fund, Debt Service Fund, Streets, Roads Special Revenue Fund, and the Insurance Internal Service Fund on the same modified-accrual basis used to reflect actual revenues and expenditures, except that for budgetary purposes, current year encumbrances are treated as expenditures and transfers in and transfers out are treated as revenues and expenditures, respectively. The operations of the Town's other funds are non-budgeted financial activities, which are not legally required to adopt budgets. Budgetary comparison schedules for the Debt Service Fund and Streets and Roads Special Revenue Fund, non-major funds, and the Insurance Internal Service Fund, a proprietary fund, are not required to be presented and may be found in Other Supplementary Information at pages 77 to 79.

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 appropriations, is employed as an extension of formal budgetary control in the General Fund. Encumbrances outstanding at year end, if any, are reported as reservations of fund balance for subsequent year expenditures. For budgetary purposes, current year encumbrances are treated as expenditures and any unencumbered balances lapse at year end.

NOTE B - BUDGET AND ACTUAL COMPARISONS

The budgetary comparison schedule - General Fund, from pages 66-70, and Community Redevelopment Fund, from page 71, are prepared under the basis of accounting used in preparing the appropriated budget. As indicated in Note A, for budgetary purposes, proceeds from the sale of capital assets are treated as revenues, and current year encumbrances are treated as expenditures. As a result, revenues and expenditures reported in the budget and actual statement differ from the revenues and expenditures reported on the GAAP basis. These differences are reconciled as follows:

**TOWN OF LAKE PARK
NOTES TO BUDGETARY COMPARISON SCHEDULES
SEPTEMBER 30, 2008**

NOTE B - BUDGET AND ACTUAL COMPARISONS (Continued)

General Fund	<u>Revenues</u>	<u>Expenditures</u>
Current year encumbrances outstanding at year end	\$	\$ 41,790
Prior year encumbrances paid in the current year		(58,338)
Net encumbered amount		(16,548)
Transfers	421,992	3,155,494
Proceeds from the sale of capital assets	630	
Loan proceeds	3,717,488	
Net differences – GAAP and budgetary basis	4,140,110	3,138,946
GAAP basis	9,327,176	10,232,970
Budgetary basis	<u>\$ 13,467,286</u>	<u>\$13,371,916</u>
Community Redevelopment Fund	<u>Revenues</u>	<u>Expenditures</u>
Current year encumbrances outstanding at year end	\$	\$ 1,068,194
Prior year encumbrances paid in the current year		(14,954)
Net encumbered amount		1,053,240
Transfers	3,155,494	
Proceeds from the sale of capital assets		
Net differences – GAAP and budgetary basis	3,155,494	1,053,240
GAAP basis	307,239	2,139,231
Budgetary basis	<u>\$ 3,462,733</u>	<u>\$ 3,192,471</u>

NOTE C – EXPENDITURES OVER APPROPRIATIONS

There were no expenditures in excess of appropriations.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Debt Service Fund

Special Revenue Funds
Streets and Roads Fund

Capital Projects Funds
Capital Projects Fund
Special Projects Fund

TOWN OF LAKE PARK, FLORIDA
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2008

	Debt Service Fund	Special Revenue Fund	Capital Projects Funds		Total Nonmajor Governmental Funds
		Streets & Roads Fund	Capital Projects Bond Fund	Special Projects Fund	
Assets					
Pooled cash and cash equivalents	\$ 117,856	\$	\$ 211,467	\$	\$ 329,323
Investments	1,924		9,720		11,644
Accounts receivable		6,926		960	7,886
Due from other governments		20,877		114,616	135,493
Total assets	\$ 119,780	\$ 27,803	\$ 221,187	\$ 115,576	\$ 484,346
Liabilities and fund balances					
Liabilities					
Accounts payable	\$	\$ 4,618	\$	\$ 3,652	\$ 8,270
Accrued items		4,660			4,660
Deferred revenue				120,550	120,550
Due to other funds		93,481	155,040	30,814	279,335
Total liabilities		102,759	155,040	155,016	412,815
Fund balances (deficit)					
Reserved for/reported in:					
Encumbrances		3,519		22,777	26,296
Debt service / Debt Service Fund	119,780				119,780
Unreserved					
Undesignated (deficit)					
Special revenue funds		(78,475)			(78,475)
Capital projects fund			66,147	(62,217)	3,930
Total fund balances	119,780	(74,956)	66,147	(39,440)	71,531
Total liabilities and fund balances	\$ 119,780	\$ 27,803	\$ 221,187	\$ 115,576	\$ 484,346

TOWN OF LAKE PARK, FLORIDA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2008

	Debt Service Fund	Special Revenue Fund	Capital Projects Funds		Total Nonmajor Governmental Funds
		Streets & Roads Fund	Capital Projects Bond Fund	Special Projects Fund	
Revenues					
Taxes	\$ 646,820	\$	\$	\$	\$ 646,820
Intergovernmental		425,600		417,166	842,766
Miscellaneous	1,220	14,743	6,165	950	23,078
Total revenues	<u>648,040</u>	<u>440,343</u>	<u>6,165</u>	<u>418,116</u>	<u>1,512,664</u>
Expenditures					
Current					
Transportation		289,197			289,197
Culture and recreation				18,200	18,200
Capital outlay		75,340		544,211	619,551
Debt service					
Principal	477,269	4,278			481,547
Interest charges	290,838	633			291,471
Total expenditures	<u>768,107</u>	<u>369,448</u>		<u>562,411</u>	<u>1,699,966</u>
Excess of revenues over (under) expenditures	<u>(120,067)</u>	<u>70,895</u>	<u>6,165</u>	<u>(144,295)</u>	<u>(187,302)</u>
Other financing sources (uses)					
Transfers in				290,527	290,527
Transfers out		(99,996)	(290,527)		(390,523)
Total other financing sources (uses)		<u>(99,996)</u>	<u>(290,527)</u>	<u>290,527</u>	<u>(99,996)</u>
Net changes in fund balances	(120,067)	(29,101)	(284,362)	146,232	(287,298)
Fund balances - beginning (deficit)	<u>239,847</u>	<u>(45,855)</u>	<u>350,509</u>	<u>(185,672)</u>	<u>358,829</u>
Fund balances - ending (deficit)	<u>\$ 119,780</u>	<u>\$ (74,956)</u>	<u>\$ 66,147</u>	<u>\$ (39,440)</u>	<u>\$ 71,531</u>

TOWN OF LAKE PARK, FLORIDA
Budgetary Comparison Schedule -
Debt Service Fund
For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
	<u>Original</u>	<u>Final</u>		<u>Actual Amounts</u>
Revenues				
Taxes	\$ 644,361	\$ 644,361	\$ 646,820	\$ 2,459
Investment earnings	15,300	15,300	1,220	(14,080)
Fund balance appropriation	108,446	108,446		(108,446)
Total revenues	<u>768,107</u>	<u>768,107</u>	<u>648,040</u>	<u>(120,067)</u>
Expenditures				
Debt service	<u>768,107</u>	<u>768,107</u>	<u>768,107</u>	
Net change in fund balances - budgetary basis	<u>\$</u>	<u>\$</u>	<u>\$ (120,067)</u>	<u>\$ (120,067)</u>

TOWN OF LAKE PARK, FLORIDA
Budgetary Comparison Schedule -
Streets and Roads Fund
For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
	Revenues			
Intergovernmental	\$ 394,673	\$ 470,048	\$ 440,343	\$ (29,705)
Total revenues	<u>394,673</u>	<u>470,048</u>	<u>440,343</u>	<u>(29,705)</u>
Expenditures				
Transportation	319,673	370,048	368,748	1,300
Transfer to General Fund	75,000	100,000	99,996	4
Total expenditures	<u>394,673</u>	<u>470,048</u>	<u>468,744</u>	<u>1,304</u>
Net change in fund balances - budgetary basis	<u>\$</u>	<u>\$</u>	<u>\$ (28,401)</u>	<u>\$ (28,401)</u>

PROPRIETARY FUNDS

Internal Service Fund
Insurance Fund

TOWN OF LAKE PARK, FLORIDA
Budgetary Comparison Schedule -
Insurance Fund
For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Contributed revenue	\$	\$ 452,700	\$ 452,656	\$ (44)
Expenditures				
Personal services		167,575	167,566	9
Operating services		267,205	266,624	581
Other		17,920		17,920
Total expenditures		<u>452,700</u>	<u>434,190</u>	<u>18,510</u>
Net change in fund balances - budgetary basis	<u>\$</u>	<u>\$</u>	<u>\$ 18,466</u>	<u>\$ 18,466</u>

FIDUCIARY FUNDS

Pension Trust Funds

Retired Police Officers' Pension Trust Fund

Municipal Firemen's Pension Trust Fund

TOWN OF LAKE PARK, FLORIDA
Combining Statement of Fiduciary Net Assets
September 30, 2008

	Retured Police Officers' Pension Fund	Municipal Firemen's Pension Fund	Total
ASSETS			
Cash and cash equivalents	\$ 46,460	\$ 1,086	\$ 47,546
Investments			
Closed end equity funds	1,069,037		1,069,037
Closed end taxable bond funds	467,749		467,749
Receivables			
Contributions		1,204,200	1,204,200
Prepaid retirement benefits	10,622		10,622
Total assets	<u>1,593,868</u>	<u>1,205,286</u>	<u>2,799,154</u>
LIABILITIES			
Accounts payable		6,262	6,262
Termination refunds payable		1,197,938	1,197,938
Total liabilities		<u>1,204,200</u>	<u>1,204,200</u>
Net Assets			
Held in trust for pension benefits	<u>\$ 1,593,868</u>	<u>\$ 1,086</u>	<u>\$ 1,594,954</u>

TOWN OF LAKE PARK, FLORIDA
Combining Statement of Changes in Fiduciary Net Assets
Employee Retirement Funds
For the Year Ended September 30, 2008

	Retired Police Officers' Pension Fund	Municipal Firemen's Pension Fund	<u>Total</u>
Additions:			
Contributions:			
Employer	\$	\$ 562,454	\$ 562,454
Investment income:			
Net decrease in fair value of investments	(315,402)		(315,402)
Interest and dividends	<u>61,057</u>		<u>61,057</u>
Net investment income	<u>(254,345)</u>		<u>(254,345)</u>
Total additions	<u>(254,345)</u>	<u>562,454</u>	<u>308,109</u>
Deductions:			
Retirement benefits	166,881		166,881
Refunds of contributions		556,192	556,192
Administrative expenses	<u>12,533</u>	<u>18,432</u>	<u>30,965</u>
Total deductions	<u>179,414</u>	<u>574,624</u>	<u>754,038</u>
Change in net assets	(433,759)	(12,170)	(445,929)
Net assets held in trust for pension benefits, beginning of year	<u>2,027,627</u>	<u>13,256</u>	<u>2,040,883</u>
Net assets held in trust for pension benefits, end of year	<u>\$ 1,593,868</u>	<u>\$ 1,086</u>	<u>\$ 1,594,954</u>

STATISTICAL SECTION

STATISTICAL SECTION

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

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Financial Trends

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time. These schedules include:

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

TOWN OF LAKE PARK, FLORIDA
Net Assets by Component
Last Five Fiscal Years
(Accrual Basis of Accounting) Unaudited

	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental activities					
Invested in capital assets, net of related debt	\$ (2,042,578)	\$	\$ (1,219,252)	\$ 179,115	\$ 1,781,760
Restricted	88,879	114,301	149,558	239,847	119,780
Unrestricted	2,268,630	1,640,854	3,711,384	3,838,721	3,060,834
Total governmental activities net assets	<u>\$ 314,931</u>	<u>\$ 1,755,155</u>	<u>\$ 2,641,690</u>	<u>\$ 4,257,683</u>	<u>\$ 4,962,374</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 1,957,744	\$ 3,666,688	\$ 4,240,204	\$ 4,461,916	\$ 4,066,900
Restricted		292,141	61,648		
Unrestricted	2,094,262	904,990	996,718	146,230	(298,208)
Total business-type activities net assets	<u>\$ 4,052,006</u>	<u>\$ 4,863,819</u>	<u>\$ 5,298,570</u>	<u>\$ 4,608,146</u>	<u>\$ 3,768,692</u>
Primary government					
Invested in capital assets, net of related debt	\$ (84,834)	\$ 3,666,688	\$ 3,020,952	\$ 4,641,031	\$ 5,848,660
Restricted	88,879	406,442	211,206	239,847	119,780
Unrestricted	4,362,892	2,545,844	4,708,102	3,984,951	2,762,626
Total primary government net assets	<u>\$ 4,366,937</u>	<u>\$ 6,618,974</u>	<u>\$ 7,940,260</u>	<u>\$ 8,865,829</u>	<u>\$ 8,731,066</u>

Information prior to fiscal year 2004 is not available.

TOWN OF LAKE PARK, FLORIDA
Changes in Net Assets
Last Five Fiscal Years
(Accrual Basis of Accounting) Unaudited

	Fiscal Year				
	2004	2005	2006	2007	2008
Expenses					
Governmental activities:					
General government	\$ 1,315,158	\$ 1,462,056	\$ 1,704,011	\$ 2,237,149	\$ 2,538,501
Public safety	3,106,822	3,870,758	4,377,568	5,008,257	5,211,776
Physical environment	440,968	462,674	953,466	652,725	361,170
Transportation	531,581	559,433	820,777	573,501	683,463
Culture and recreation	887,990	1,052,857	1,242,254	1,450,650	1,161,870
Interest on long-term debt	367,469	351,729	334,083	314,933	320,280
Total governmental activities expenses	<u>6,649,988</u>	<u>7,759,507</u>	<u>9,432,159</u>	<u>10,237,215</u>	<u>10,277,060</u>
Business-type activities:					
Marina	118,893	216,922	1,143,506	1,610,274	1,902,634
Sanitation	1,040,062	1,321,437	1,245,151	1,283,851	1,355,926
Total business-type activities expenses	<u>1,158,955</u>	<u>1,538,359</u>	<u>2,388,657</u>	<u>2,894,125</u>	<u>3,258,560</u>
Total primary government expenses	<u>\$ 7,808,943</u>	<u>\$ 9,297,866</u>	<u>\$ 11,820,816</u>	<u>\$ 13,131,340</u>	<u>\$ 13,535,620</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 392,336	\$ 415,029	\$ 504,806	\$ 33,232	\$ 40,726
Public safety	221,502	607,252	451,805	967,365	796,094
Physical environment					
Culture and recreation	44,670	38,817	48,471	49,352	56,775
Operating contributions and grants:					
General government	118,178	200,470	324,969	103,021	15,879
Public safety				7,950	
Physical environment		22,662	10,000		
Transportation	463,685	748,968	810,226		
Culture and recreation	15,764			16,816	16,168
Capital contributions and grants:					
General government	76,697	327,408	226,097		
Public safety				3,435	8,637
Physical environment				40,000	
Transportation				15,709	91,533
Culture and recreation				306,858	225,100
Total governmental activities program revenues	<u>1,332,832</u>	<u>2,360,606</u>	<u>2,392,811</u>	<u>1,543,738</u>	<u>1,250,912</u>
Business-type activities:					
Charges for services:					
Marina	5,296	184,545	1,092,204	1,279,927	1,220,299
Sanitation	1,364,796	1,403,863	1,409,510	1,423,947	1,483,528
Operating contributions and grants					
Marina	210,807	22,098			
Sanitation		354,529	259,527		
Capital contributions and grants					
Marina		240,193		825	
Total business-type activities program revenues	<u>1,580,899</u>	<u>2,205,228</u>	<u>2,761,241</u>	<u>2,704,699</u>	<u>2,703,827</u>
Total primary government program revenues	<u>\$ 2,913,731</u>	<u>\$ 4,565,834</u>	<u>\$ 5,154,052</u>	<u>\$ 4,248,437</u>	<u>\$ 3,954,739</u>

Information prior to fiscal year 2004 is not available.

TOWN OF LAKE PARK, FLORIDA
Changes in Net Assets
Last Five Fiscal Years
(Accrual Basis of Accounting) Unaudited

	Fiscal Year				
	2004	2005	2006	2007	2008
Net (expense) revenue					
Governmental activities	\$ (5,317,156)	\$ (5,398,901)	\$ (7,039,348)	\$ (8,693,477)	\$ (9,026,148)
Business-type activities	421,944	666,869	372,584	(189,426)	(554,733)
Total primary government net expense	<u>\$ (4,895,212)</u>	<u>\$ (4,732,032)</u>	<u>\$ (6,666,764)</u>	<u>\$ (8,882,903)</u>	<u>\$ (9,580,881)</u>
General revenues and other changes in net assets					
Governmental activities:					
Taxes:					
Property taxes	\$ 3,711,359	\$ 4,251,570	\$ 5,066,005	\$ 6,262,727	\$ 6,156,686
Franchise fees	473,764	518,641	631,811	629,365	630,215
Utility service taxes	618,080	651,733	671,970	668,400	681,568
Sales tax	661,796			260,282	246,643
Communication sales tax	500,277			539,562	505,783
Intergovernmental, unrestricted	39,468	1,266,350	720,919	1,062,715	974,834
Gain on sale of equipment		17,140	39,629		26
Miscellaneous revenue				24,658	38,971
Investment earnings	64,028	133,691	532,902	306,398	174,117
Transfers	(140,549)		262,647	75,000	321,996
Total governmental activities	<u>5,928,223</u>	<u>6,839,125</u>	<u>7,925,883</u>	<u>9,829,107</u>	<u>9,730,839</u>
Business-type activities					
Investment earnings	42,417	44,694	62,167	78,419	29,038
Gain on sale of equipment		100,250		14,720	
Miscellaneous revenues				7,168	
Transfers	140,549			(75,000)	(321,996)
Total business-type activities	<u>182,966</u>	<u>144,944</u>	<u>62,167</u>	<u>25,307</u>	<u>(292,958)</u>
Total primary government	<u>\$ 6,111,189</u>	<u>\$ 6,984,069</u>	<u>\$ 7,988,050</u>	<u>\$ 9,854,414</u>	<u>\$ 9,437,881</u>
Changes in net assets					
Governmental activities	\$ 611,067	\$ 1,440,224	\$ 886,535	\$ 1,135,630	\$ 704,691
Business-type activities	604,910	811,813	434,751	(164,119)	(847,691)
Total primary government	<u>\$ 1,215,977</u>	<u>\$ 2,252,037</u>	<u>\$ 1,321,286</u>	<u>\$ 971,511</u>	<u>\$ (143,000)</u>

Information prior to fiscal year 2004 is not available.

TOWN OF LAKE PARK, FLORIDA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting) Unaudited

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General fund				
Reserved	\$ 128,114	\$ 95,607	\$ 9,381	\$ 5,778
Unreserved				
Designated for subsequent years budget	232,446	232,446		
Undesignated	<u>837,592</u>	<u>252,655</u>	<u>162,832</u>	<u>844,854</u>
 Total general fund	 <u>\$ 1,198,152</u>	 <u>\$ 580,708</u>	 <u>\$ 172,213</u>	 <u>\$ 850,632</u>
 All other governmental funds				
Reserved	\$	\$	\$	\$
Unreserved				
Designated for capital projects	5,090,905	2,955,751	2,014,209	995,018
Designated for subsequent year's budget				
Undesignated, reported in:				
Debt service fund	(199,652)	(199,652)	29,108	
Special revenue funds	54,175	17,823		(191,130)
Capital projects fund	<u>(244,666)</u>	<u></u>	<u>(187,647)</u>	<u>61,951</u>
 Total all other governmental funds	 <u>\$ 4,700,762</u>	 <u>\$ 2,773,922</u>	 <u>\$ 1,855,670</u>	 <u>\$ 865,839</u>

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 8,617	\$ 44,961	\$ 177,971	\$ 135,074	\$ 946,499	\$ 1,379,773
				151,963	121,572
<u>1,590,425</u>	<u>1,879,919</u>	<u>2,672,593</u>	<u>3,138,613</u>	<u>1,010,346</u>	<u>686,285</u>
<u>\$ 1,599,042</u>	<u>\$ 1,924,880</u>	<u>\$ 2,850,564</u>	<u>\$ 3,273,687</u>	<u>\$ 2,108,808</u>	<u>\$ 2,187,630</u>
\$	\$ 88,879	\$ 114,301	\$ 149,558	\$ 1,590,692	\$ 2,754,260
37,698					
(755)				849,579	883,122
<u>(45,208)</u>	<u>(94,042)</u>	<u>135,371</u>	<u>244,852</u>	<u>164,837</u>	<u>3,930</u>
<u>\$ (8,265)</u>	<u>\$ (5,163)</u>	<u>\$ 249,672</u>	<u>\$ 394,410</u>	<u>\$ 2,605,108</u>	<u>\$ 3,641,312</u>

TOWN OF LAKE PARK, FLORIDA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting) Unaudited

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Revenues				
Taxes	\$ 3,715,803	\$ 4,147,131	\$ 4,362,132	\$ 4,182,729
Licenses and permits	434,425	339,578	365,051	508,963
Intergovernmental	1,359,453	2,308,263	1,933,638	2,769,313
Charges for services	78,889	388,342	394,239	472,350
Fines and forfeitures	161,613	233,237	150,464	62,424
Miscellaneous	331,328	372,532	257,149	202,261
Total revenues	<u>6,081,511</u>	<u>7,789,083</u>	<u>7,462,673</u>	<u>8,198,040</u>
Expenditures				
General government	901,006	965,743	1,163,835	1,152,324
Public safety	3,090,035	3,899,379	3,519,712	3,545,800
Physical environment	244,035	257,822	275,769	272,708
Transportation	262,567	339,520	363,213	417,061
Culture and recreation	696,025	725,023	779,045	622,652
Capital outlay	4,169,381	3,737,832	1,895,528	1,724,583
Debt service				
Principal	251,000	372,211	416,196	464,038
Interest	372,902	449,365	436,122	422,133
Other debt service charges				
Total expenditures	<u>9,986,951</u>	<u>10,746,895</u>	<u>8,849,420</u>	<u>8,621,299</u>
Excess of revenues over (under) expenditures	(3,905,440)	(2,957,812)	(1,386,747)	(423,259)
Other financing sources (uses)				
Transfers in	371,375	372,343	130,099	278,566
Transfers out	(131,551)	(122,343)	(70,099)	(214,290)
Proceeds from sale of assets				
Bonds issued	5,000,000			
Loan proceeds				
Capital lease obligations		163,528		47,571
Total other financing sources (uses)	<u>5,239,824</u>	<u>413,528</u>	<u>60,000</u>	<u>111,847</u>
Net change in fund balances	<u>\$ 1,334,384</u>	<u>\$ (2,544,284)</u>	<u>\$ (1,326,747)</u>	<u>\$ (311,412)</u>
Debt service as a percentage of non-capital expenditures	<u>12.01%</u>	<u>13.28%</u>	<u>13.97%</u>	<u>14.74%</u>

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$	4,536,447	\$ 4,803,203	\$ 5,556,457	\$ 6,369,786	\$ 7,286,723	\$ 7,165,046
	479,752	412,858	786,175	567,044	695,726	579,519
	2,180,062	1,823,113	2,415,388	2,356,210	2,323,977	2,681,555
	163,004	176,671	161,681	239,705	254,759	295,517
	68,319	68,979	100,642	185,234	220,724	174,643
	635,643	116,780	162,248	600,715	421,268	250,799
	<u>8,063,227</u>	<u>7,401,604</u>	<u>9,182,591</u>	<u>10,318,694</u>	<u>11,203,177</u>	<u>11,147,079</u>
	1,343,427	1,291,440	1,451,403	1,594,394	1,701,253	3,267,652
	2,915,117	3,069,983	3,814,984	4,302,722	4,992,454	5,206,596
	342,981	355,001	357,690	835,987	551,320	368,740
	499,871	512,437	550,861	809,325	573,007	626,366
	646,691	699,347	806,050	940,868	1,330,674	1,039,190
	1,799,244	282,527	116,093	1,008,895	1,126,772	2,699,269
	397,570	417,354	448,808	472,830	510,523	538,385
	390,570	372,129	356,611	339,199	320,294	308,481
						17,488
	<u>8,335,471</u>	<u>7,000,218</u>	<u>7,902,500</u>	<u>10,304,220</u>	<u>11,106,297</u>	<u>14,072,167</u>
	(272,244)	401,386	1,280,091	14,474	96,880	(2,925,088)
	160,550			46,107	867,005	3,868,013
	(81,164)	(140,549)		(46,107)	(792,005)	(3,546,017)
		226,870	243,905	256,897	5,742	630
						3,717,488
		<u>61,606</u>	<u>84,453</u>	<u>103,185</u>		
	<u>79,386</u>	<u>147,927</u>	<u>328,358</u>	<u>360,082</u>	<u>80,742</u>	<u>4,040,114</u>
\$	<u>(192,858)</u>	<u>\$ 549,313</u>	<u>\$ 1,608,449</u>	<u>\$ 374,556</u>	<u>\$ 177,622</u>	<u>\$ 1,115,026</u>
	<u>13.71%</u>	<u>13.32%</u>	<u>11.54%</u>	<u>9.57%</u>	<u>9.08%</u>	<u>8.06%</u>

TOWN OF LAKE PARK, FLORIDA
Governmental Funds Tax Revenues by Source
Last Five Fiscal Years
(Accrual Basis of Accounting) Unaudited

Fiscal Year	Property Taxes	Franchise Fees	Utility Service Taxes	Communication Services Taxes	Sales Tax	Totals
2004	\$ 3,711,359	\$ 473,764	\$ 618,080	\$ 500,277	\$ 661,796	\$ 5,965,276
2005	4,251,570	518,641	655,214	530,407	679,722	6,635,554
2006	5,066,005	631,811	673,848	532,902	720,919	7,625,485
2007	6,262,727	629,365	668,400	539,562	260,282	8,360,336
2008	6,156,686	630,215	681,568	505,783	246,643	8,220,895

Information prior to fiscal year 2004 is not available.

TOWN OF LAKE PARK, FLORIDA
General Governmental Revenue by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting) Unaudited

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter- governmental</u>	<u>Charges for Services</u>
1999	\$ 3,340,126	\$ 434,425	\$ 1,135,751	\$ 77,015
2000	3,379,024	339,578	1,211,537	388,342
2001	3,594,025	365,051	1,172,447	394,239
2002	3,418,867	508,963	1,843,363	472,350
2003	3,580,692	479,752	1,360,445	163,004
2004	3,954,690	412,858	1,402,673	176,671
2005	4,637,685	786,175	1,538,637	161,681
2006	5,861,265	566,508	843,445	239,705
2007	7,286,723	695,726	2,323,977	254,759
2008	7,165,046	579,519	2,681,555	295,517

Fiscal Year	Fines and Forfeitures	Miscellaneous	Other Financing Sources	Total	Annual Percentage Increase (Decrease)
1999	\$ 161,613	\$ 157,102	\$ 250,000	\$ 5,556,032	4.1 %
2000	233,237	129,026	463,528	6,144,272	7.1 %
2001	150,464	125,894	60,000	5,862,120	(4.6) %
2002	62,424	188,848	324,980	6,819,795	16.3 %
2003	68,319	377,760	160,550	6,190,522	(9.2) %
2004	68,979	88,775		6,104,646	(1.4) %
2005	100,642	142,127		7,366,947	20.7 %
2006	182,788	696,141		8,389,852	13.9 %
2007	220,724	421,268		11,203,177	33.5 %
2008	174,643	250,799	3,717,488	14,864,567	32.7 %

TOWN OF LAKE PARK, FLORIDA
Assessed Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Tax Year	Real Property		Personal Property	Centrally Assessed Property	Assessed Value for Operations	Total Direct Tax Rate	Total Taxable Value (1)
	Residential	Commerical					
1999	\$ 117,288,814	\$ 71,553,403	\$ 30,352,466	\$ 669,941	\$ 219,864,624	8.3914	\$ 219,864,624
2000	138,971,356	117,061,877	28,694,715	692,324	285,420,272	11.1614	285,420,272
2001	145,630,576	123,636,530	30,157,262	730,032	300,154,400	10.9914	300,154,400
2002	160,685,977	129,724,663	33,497,336	732,819	324,640,795	10.9914	324,640,795
2003	175,705,535	139,504,494	36,001,397	859,592	352,071,018	10.8500	352,071,018
2004	213,547,796	175,020,828	38,469,559	897,274	427,935,457	10.2500	427,935,457
2005	275,026,756	197,918,997	38,469,559	897,274	512,312,586	10.1000	512,312,586
2006	343,048,900	277,146,764	43,072,903	899,238	664,167,805	9.3000	664,167,805
2007	362,447,556	319,364,915	50,439,255	1,038,292	733,290,018	8.5850	733,290,018
2008	317,287,667	324,380,752	43,278,568	2,033,244	686,980,231	9.6663	686,980,231

(1) Florida state law requires all property to be assessed at current fair market value. Accordingly, the estimated actual value is equal to the Total Assessed Value.

Source: Palm Beach County Property Appraiser

TOWN OF LAKE PARK, FLORIDA
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Rate per \$1,000 of Assessed Value
Unaudited

Fiscal Year	Town of Lake Park Property Tax Rates			Overlapping Property Tax Rates - (1)		
	Operating Millage	General Obligation Debt Service	Total Town Millage	Operating Millage	General Obligation Debt Service	Total County Millage
1999	8.3914	1.4484	9.8398	4.6000	0.2582	4.8582
2000	8.3914	2.7700	11.1614	4.6000	0.3456	4.9456
2001	8.3914	2.7700	11.1614	4.6000	0.3362	4.9362
2002	8.3914	2.6000	10.9914	4.5500	0.3851	4.9351
2003	8.3500	3.0358	11.3858	4.5000	0.3084	4.8084
2004	8.3500	2.5000	10.8500	4.5000	0.2910	4.7910
2005	8.3500	1.9000	10.2500	4.5000	0.2677	4.7677
2006	8.2000	1.9000	10.1000	4.4500	0.2700	4.7200
2007	8.0000	1.3000	9.3000	4.2800	0.1975	4.4775
2008	7.6350	0.9500	8.5850	3.7811	0.2002	3.9813

Note: All millage rates are based on \$1 for every \$1000 of assessed value

Source: Notice of Ad Valorem Taxes and Non-Ad Valorem Assessments

- (1) Overlapping rates are those of local and county governments that apply to property owners within the Town of Lake Park. Not all overlapping rates apply to all Town property owners (i.e. The rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district.)

Overlapping Property Tax Rates - (1)

Palm Beach County School District			Palm Beach	
Operating Millage	General Obligation Debt Service	Total School Millage	County Special Districts	Total
9.179	0.503	9.682	2.2343	26.6143
8.587	0.456	9.043	2.1856	27.3356
8.487	0.431	8.918	2.2630	27.2786
8.547	0.401	8.948	2.4558	27.3303
8.427	0.352	8.779	2.4883	27.4615
8.251	0.320	8.571	2.5557	26.7677
8.158	0.274	8.432	2.5257	25.9754
7.880	0.220	8.100	2.5085	25.1285
7.712	0.160	7.872	2.3254	23.9749
7.356		7.356	2.1308	22.0531

TOWN OF LAKE PARK, FLORIDA
Principal Property Taxpayers
Current Year and Nine Years Ago
Unaudited

	2008			
	Taxable Assessed Valuation	Taxes	Rank	Percentage of Total Taxes Levied
Lake Park Owner LLC	28,000,000	238,456	1	3.38%
Wal Mart Stores East LP	22,608,492	192,533	2	2.91%
SC Lake Park Associates LLLP	15,000,000	127,745	3	3.21%
Lake Park Square Joint Venture	13,000,012	110,712	4	3.22%
Mullinax Ford of PBC, LLC	12,065,113	102,750	5	3.46%
Twin Cities Investors Inc	10,704,131	91,154	6	2.86%
Trust Lake Park LTD	10,700,000	91,124	7	2.83%
Northlake Square East LLC	10,000,999	85,172	8	3.47%
Earl Stewart LLC	8,908,945	75,871	9	3.25%
Lake Park Portfolio LLC	8,534,818	72,682	10	3.14%
WHCB Real Estate				
Nicholas B. Smith				
New Plan Realty Trust				
Phillip D. Lewis				
Communitis Finance Co.				
Stuart Enterprise Inc.				
3100 Blvd. Inc.				
John A. Holley, Jr.				
Northlake Picadilly Associates				
Totals	<u>\$ 139,522,510</u>	<u>\$ 1,188,199</u>		<u>31.73%</u>

Source: Palm Beach County Property Appraiser.

	1999			
	Taxable Assessed Valuation	Taxes	Rank	Percentage of Total Taxes Levied
Lake Park Owner LLC				
Wal Mart Stores East LP				
SC Lake Park Associates LLLP				
Lake Park Square Joint Venture				
Mullinax Ford of PBC, LLC				
Twin Cities Investors Inc	2,570,601	2,157	7	3.07%
Trust Lake Park LTD				
Northlake Square East LLC				
Earl Stewart LLC				
Lake Park Portfolio LLC				
WHCB Real Estate	10,600,000	44,250	1	13.91%
Nicholas B. Smith	7,375,094	19,362	2	9.20%
New Plan Realty Trust	6,623,500	19,273	3	9.18%
Phillip D. Lewis	6,523,073	17,398	4	8.72%
Communitis Finance Co.	6,473,921	13,735	5	7.75%
Stuart Enterprise Inc.	3,216,718	4,271	6	4.32%
3100 Blvd. Inc.	2,570,601	2,087	8	3.02%
John A. Holley, Jr.	2,504,902	1,926	9	2.90%
Northlake Picadilly Associates	2,000,000	1,619	10	2.66%
Totals	<u>\$ 50,458,410</u>	<u>\$ 126,078</u>		<u>64.73%</u>

Source: Palm Beach County Property Appraiser.

Note: Assessed values are established by the Palm Beach County Property Appraiser's office as of January 1st of each year.

TOWN OF LAKE PARK, FLORIDA
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

Fiscal Year	Total Tax Levy	Amount of Current Taxes Collected (1)	Percent of Current Taxes Collected (1)	Amount of Delinquent Taxes Collected
1999	\$ 2,287,535	\$ 2,177,972	95.2 %	\$ 25,215
2000	3,102,751	2,968,734	95.7 %	13,782
2,001	3,235,477	3,073,411	95.0 %	32,712
2002	3,369,838	3,196,069	94.8 %	16,426
2003	3,625,081	3,517,408	97.0 %	19,212
2004	3,855,029	3,682,547	95.5 %	28,812
2005	4,407,224	4,119,485	93.5 %	132,085
2006	5,082,715	4,885,172	96.1 %	13,804
2007	6,209,531	5,989,731	96.5 %	18,140
2008	6,316,263	5,867,407	92.9 %	10,883

Fiscal Year	Total Collected for the Year	Ratio of Total Taxes Collected to Current Levy	Accumulated Delinquent Taxes	Ratio of Delinquent Taxes to Current Levy
1999	\$ 2,203,187	96.3 %	\$ 127,875	5.6 %
2000	2,982,516	96.1 %	120,235	3.9 %
2001	3,106,123	96.0 %	110,002	3.4 %
2002	3,212,495	95.3 %	158,510	4.7 %
2003	3,536,620	97.6 %	158,510	4.4 %
2004	3,711,359	96.3 %	144,146	3.7 %
2005	4,251,570	96.5 %	181,547	4.1 %
2006	4,898,976	96.4 %	365,286	7.2 %
2007	6,007,871	96.8 %	383,426	6.2 %
2008	5,878,290	93.1 %	394,309	6.2 %

(1) Includes discount taken for early payment of property taxes.

Source: Palm Beach County Property Appraiser

TOWN OF LAKE PARK, FLORIDA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Governmental Activities						
Fiscal Year	General Obligation Bonds	Capital Lease Obligations	Loans Payable	Total Governmental Activities	Percentage of Taxable Value of Property	Per Capita(2)
1999	\$ 9,428,125	\$ 77,034	\$	\$ 9,505,159	3.42%	\$ 1,387.01
2000	9,099,105	197,682		9,296,787	3.35%	1,066.02
2001	8,754,434	129,803		8,884,237	2.67%	1,019.07
2002	8,393,364	58,285		8,451,649	2.78%	969.78
2003	8,015,113	22,609		8,037,722	1.90%	918.70
2004	7,618,861	63,113		7,681,974	1.47%	843.71
2005	7,203,749	113,870		7,317,619	1.40%	802.99
2006	6,768,877	179,097		6,947,974	1.08%	762.42
2007	6,313,300	124,150		6,437,450	0.88%	706.40
2008	5,836,031	63,034	3,717,488	9,616,553	1.40%	1032.48

Note: Details about the Town's outstanding debt can be found in the notes to the financial statements.

- (1) The Town does not have a legal debt margin
- (2) Personal income information is not available for the population of the Town.

Business-type Activities				Primary Government			
Marina Revenue Bonds	Loans Payable	Capital Lease Obligations	Total Business- type Activities	Total Primary Government	Population	Percent Of Average Household Income	Per Capita (2)
\$	\$ 269,827	\$ 74,198	\$ 344,025	\$ 9,849,184	6,853	3.98%	\$ 1,437.21
	734,279	39,957	774,236	10,071,023	8,721	2.88%	1,154.80
	1,435,830		1,435,830	10,320,067	8,718	2.82%	1,183.77
	896,569		896,569	9,348,218	8,715	2.52%	1,072.66
4,810,000			4,810,000	12,847,722	8,749	3.36%	1,468.48
4,810,000		153,175	4,963,175	12,645,149	9,105	2.87%	1,388.81
4,725,000		355,961	5,080,961	12,398,580	9,113	3.08%	1,360.54
4,640,000		287,367	4,927,367	11,875,341	9,113	2.92%	1,303.12
4,550,000		191,521	4,741,521	11,178,971	9,113	3.00%	1,226.71
4,460,000	1,520,412	91,793	6,072,205	15,688,758	9,314	3.79%	1,684.43

TOWN OF LAKE PARK, FLORIDA
Direct and Overlapping Governmental Activities Debt
As of September 30, 2008
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated (1) Percentage Applicable to Town of Lake Park</u>	<u>Estimated (1) Share of Direct and Overlapping Debt</u>
Overlapping debt:			
Direct debt - Town of Lake Park			
General obligation bonds	\$ 5,836,031	100%	\$ 5,836,031
Obligations under capital lease	63,034	100%	63,034
Other debt			
Palm Beach County	290,410,000	0.684%	1,986,404
Palm Beach County School Board	35,805,000	0.684%	<u>244,906</u>
Total direct and overlapping debt			8,130,375
Estimated town population			<u>9,314</u>
Total per capita			\$ 872.92

(1) Estimates based on ratio of assessed taxable values.

Source: Finance Department, Town of Lake Park, Florida
Palm Beach County Property Appraiser
School Board of Palm Beach County

TOWN OF LAKE PARK, FLORIDA
Pledged-Revenue Coverage
Last Ten Fiscal Years
Unaudited

Marina Revenue Bonds					
Fiscal Year	Gross Revenue	Operating Expense (1)	Net Revenue Available for Debt Service	Debt Service (2)	Coverage
1999	\$ N/A	\$ N/A	\$ N/A	\$ N/A	N/A
2000	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A
2004	247,172	81,465	165,707	231,625	0.72
2005	234,161	192,934	41,227	316,625	0.13
2006	1,098,735	812,296	286,439	314,925	0.91
2007	1,285,288	1,075,249	210,039	316,525	0.66
2008	1,222,835	1,240,785	(17,950)	313,600	(0.06)

(1) Expense is exclusive of depreciation.

(2) Includes principal and interest of revenue bonds only.

TOWN OF LAKE PARK, FLORIDA
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Population⁽¹⁾	Personal Income	Average Household Income⁽²⁾	Median Age⁽²⁾	Education Level in Years of Formal Schooling	School Enrollment⁽²⁾	Unemployment Rate⁽²⁾
1999	6,853	N/A	\$ 36,057		N/A	633	5.8%
2000	8,721	N/A	40,044		N/A	633	4.1%
2001	8,718	N/A	41,907		N/A	515	5.5%
2002	8,715	N/A	42,430		N/A	515	5.5%
2003	8,749	N/A	43,626		N/A	516	6.3%
2004	9,105	N/A	48,380		N/A	482	5.7%
2005	9,113	N/A	44,050		N/A	430	4.2%
2006	9,113	N/A	44,518		N/A	386	3.7%
2007	9,113	N/A	40,864	35	N/A	420	4.0%
2008	9,314	N/A	44,397	35	N/A	392	6.4%

Data Sources:

- (1) The population for 1997 through 2000 and 2003 through 2006 was obtained from the University of Florida, Bureau of Economic Business Administration. The population for 2001 and 2002 was obtained from the 2000 U.S. Census Bureau count.
- (2) Business Development Board of Palm Beach County. Data is the for the Town of Lake Park.

TOWN OF LAKE PARK, FLORIDA
Principal Employers
Current Year and Nine Years Ago
Unaudited

	2008			1999		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Employer						
Palm Beach County School District	21,718	1	N/A	17,000	1	N/A
Palm Beach County	11,319	2	N/A	9,000	2	N/A
Tenet Healthcare Corp.	4,500	3	N/A	N/A	N/A	N/A
Florida Power & Light (Headquarters)	3,632	4	N/A	2,300	10	N/A
Hospital Corporation of America	3,395	5	N/A	N/A	N/A	N/A
Wackenhut	3,000	6	N/A	N/A	N/A	N/A
Florida Atlantic University	2,838	7	N/A	3,100	8	N/A
Veterans Health Administration	2,207	8	N/A	N/A	N/A	N/A
Office Depot (Headquarters)	2,100	9	N/A	1,500	N/A	N/A
Boca Raton Community Hospital	2,100	10	N/A	2,000	N/A	N/A
Totals	<u>56,809</u>		<u>N/A</u>	<u>N/A</u>		<u>N/A</u>

(1) Source: Business Development Board of Palm Beach County. Data is for the West Palm Beach to Boca Raton metropolitan area.

(2) N/A: Not available.

TOWN OF LAKE PARK, FLORIDA
Full-time Equivalent Town Employees by Function/Program
Last Ten Fiscal Years
Unaudited

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General government										
Town Manager	4	3	3	3	3	3	3	3	3	3
Personnel	1	1	1	1	2	2	2	2	2	1
Town Clerk	3	3	2	2	2	2	2	2	2	2
Finance	5	5	5	5	5	5	5	5	5	5
Information technology	-	-	-	-	-	-	-	1	1	1
Public Safety										
Police	37	37	37	-	-	-	-	-	-	-
Fire	12	12	12	12	-	-	-	-	-	-
Community development	7	7	5	4	4	4	5	5	7	8
Physical Environment										
Public works	9	7	7	6	6	5	7	8	9	11
Vehicle maintenance	3	3	3	2	2	2	2	2	2	2
Transportation										
Transportation	-	-	-	-	3	3	3	3	3	2
Culture and Recreation										
Library	3	5	5	5	5	5	3	3	6	6
Park maintenance	6	6	6	6	6	6	6	6	8	8
Recreation	3	2	2	2	2	2	2	2	2	3
Marina										
	5	5	5	5	-	1	5	5	5	5
Sanitation										
	<u>7</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>10</u>	<u>8</u>
Total										
	<u><u>105</u></u>	<u><u>105</u></u>	<u><u>102</u></u>	<u><u>62</u></u>	<u><u>48</u></u>	<u><u>48</u></u>	<u><u>53</u></u>	<u><u>55</u></u>	<u><u>65</u></u>	<u><u>65</u></u>

TOWN OF LAKE PARK, FLORIDA
Operating Indicators by Function/Program
Last Five Fiscal Years
Unaudited

Function	2005	2006	2006	2007	2008
Public Safety					
Community development					
Code violations	960	1,571	1,534	1,612	1,722
Building permits issued	861	1,784	1,140	841	841
Value of permits (in thousands)	16,796	37,679	20,121	24,835	189,451
Transportation					
Street resurfacing (miles)			3	-	1
Pot holes repaired			70	215	160
Culture and Recreation					
Library					
Circulation	28,788	24,972	23,021	26,789	23,296
Programs offered	190	467	430	434	468
Park maintenance					
Acres of parks	69	69	69	69	69
Recreation					
Recreation programs offered	8	10	12	18	15
Recreation program attendance	289	304	394	431	419
Youth athletic participants	15	185	210	263	241
Marina					
Available slips	-	103	103	103	103
Sanitation					
Residential customers	377	369	357	3,698	3,698
Commercial customers	300	300	300	367	275
Refuse collected (tons)	11,610	12,685	11,381	9,222	9,260
Recyclables collected (tons)	248	283	282	573	655

Sources: Town departments

Note: Data is not available for fiscal years prior to 2000.

N/A: Not available.

TOWN OF LAKE PARK, FLORIDA
Capital Asset Statistics by Function/Program
Last Five Fiscal Years
Unaudited

Function/Program	2004	2005	2006	2007	2008
Public Safety (contracted to Palm Beach County)					
Police Station - County	1	1	1	1	1
Fire Station - County	1	1	1	1	1
Transportation					
Roads & Streets					
Street Lights	300	331	331	331	340
Lane Miles	64	64	64	64	64
Culture and Recreation					
Marina					
Wet Slips	-	103	103	103	103
Library					
Books	28,048	29,582	30,413	28,257	33,233
Leisure Services					
Ballfields - lighted	2	2	2	2	2
Basketball courts	1	1	1	2	2
Soccer fields	1	1	1	1	1
Tennis courts	2	2	2	6	6
Parks	5	5	5	5	6
Sanitation					
Garbage Trucks	8	8	8	10	14
Water/Sewer					
(Provided by Seacoast Utility)					

Source: Town Departments, Town of Lake Park, Florida

OTHER REPORTS



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
215 FIFTH STREET, SUITE 200
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628

EVERETT B. NOWLEN (1930-1984), CPA
EDWARD T. HOLT, CPA
WILLIAM B. MINER, CPA
ROBERT W. HENDRIX, JR., CPA
JANET R. BARICEVICH, CPA

KATHLEEN A. MINER, CPA
ROBERT W. HELMREICH, CPA
TERRY L. MORTON, JR., CPA
N. RONALD BENNETT, CPA
J. MICHAEL STEVENS, CPA
DANIEL A. KIRCHMAN, CPA
ALEXIA G. VARGA, CPA
BRIAN J. BRESCIA, CFP®, CPA
DANIEL S. YOUNG, CPA
KARA D. PETERSON, CPA

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

BELLE GLADE OFFICE
333 S. E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

The Honorable Mayor and Members of the Town Commission
Town of Lake Park, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Lake Park, Florida, as of and for the year ended September 30, 2008, which collectively comprise the Town of Lake Park, Florida's basic financial statements and have issued our report thereon dated April 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Lake Park, Florida's internal control over financial reporting as a basis for designing our auditing procedures 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 Town of Lake Park, Florida's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Lake Park, Florida's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Lake Park, Florida's ability to initiate,

authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Lake Park, Florida's financial statements that is more than inconsequential will not be prevented or detected by the Town of Lake Park, Florida's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting:

2001-1: Written Policies and Procedures

Although we noted significant improvements in internal controls from the prior year, there has been no formal documentation or codification of the current policies and procedures. Written procedures, instructions, and assignments of duties will prevent or reduce misunderstandings, errors, inefficiencies, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. A well-devised accounting manual can also help to ensure that all similar transactions are treated consistently, that accounting principles used are proper, and that records are produced in the form desired by management. A good accounting manual should aid in the training of new employees. Although developing the manual will take some time and effort, we believe this time will be more than offset by time saved later in training and supervising accounting personnel. Also, in the process of the comprehensive review of existing accounting procedures for the purpose of developing the manual, management might discover procedures that can be eliminated or improved to make the system more efficient and effective.

2008-1: Financial Closing and Reporting

We noted deficiencies in internal controls over financial closing and reporting that resulted in reporting errors and required adjustments during the audit. We recommend that policies and procedures be revised to ensure that account balances are reconciled in a timely manner; that schedules used to reconcile accounts agree to the trial balance; and that internal controls over the financial closing reporting process are sufficient to identify, correct, and record year-end adjustments on a timely basis.

2008-2: Grant Administration

Deficiencies in internal controls over grant administration at September 30, 2008 exposed the Town to the risk of disallowed costs and delays in funding. Although overall grant expenditures were within the project budget, grant expenditures for individual line items were greater than the approved budget amount in the grant agreement. We recommend that written procedures be put in place for the evaluation of all grant proposals before submission and a standard set of written policies and procedures should be developed for monitoring grant compliance requirements. These procedures should include developing checklists of grant compliance requirements, budgets, deadlines, and the person responsible for the grant. We recommend that management reconcile grant activity, including budget to actual

comparisons, on a quarterly basis and submit requests for reimbursement on a timely basis to improve cash flow to the Town.

2008-3: Adjusting journal entries

We noted deficiencies in internal controls over adjusting journal entries which, if uncorrected, expose the Town to the risk of errors or omissions in financial reporting or fraudulent transactions. The Town does not have a policy that requires that entries be approved by the supervisor of the person proposing the entry, nor that requires that adequate supporting documentation be attached the entry to allow for this review. We recommend that each journal entry should have adequate supporting information to identify the nature and purpose of the entry and that all entries be approved by someone other than the person proposing the entry. For entries proposed by the Finance Director, the Town could establish a dollar limit over which any adjustments that are made are reviewed and authorized by the Town Manager.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Lake Park, Florida's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

However, we believe that items 2008-1 and 2008-2 of the significant deficiencies described above are material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we have reported to management of the Town of Lake Park, Florida in the attached management letter dated April 8, 2009.

The Town of Lake Park, Florida's response to the findings identified in our audit is described in the attached letter dated April 8, 2009. We did not audit Town of Lake Park, Florida's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Town Commission, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Nowlen, Holt & Mimer, P.A.

April 8, 2009
West Palm Beach, Florida



NOWLEN, HOLT & MINER, P.A.

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MANAGEMENT LETTER

BELLE GLADE OFFICE
333 S. E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

The Honorable Mayor and Members of the Town Commission
Town of Lake Park, Florida

We have audited the basic financial statements of the Town of Lake Park, Florida, as of and for the year ended September 30, 2008, and have issued our report thereon dated April 8, 2009.

We conducted our audit in accordance with U.S. generally accepted auditing standards, and *Government Auditing Standards* issued by the Comptroller General of the United States. 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*. Disclosures in that report, which is dated April 8, 2009, should be considered in assessing the results of our audit.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which require that we address certain compliance and other matters in the management letter, if not already addressed in the auditor's report on internal control over financial reporting and on compliance and other matters.

The Town of Lake Park, Florida's responses to the findings identified in our audit are described in the attached letter dated April 8, 2009. We did not audit Town of Lake Park, Florida's response and, accordingly, we express no opinion on it.

PRIOR YEAR COMMENTS

The Rules of the Auditor General require that we address in the management letter, if not already addressed in the auditor's report on compliance and internal controls or schedule of findings and questioned costs, whether or not recommendations made in the preceding annual financial audit report have been followed.

As noted in the auditor's report on internal control over financial reporting and on compliance and other matters, Item 2001-1, *Written Policies and Procedures*, is a prior year comment that continues to apply. Other prior year comments that continue to apply are listed below:

2001: Arbitrage Rebate Calculation

The Town has not performed an arbitrage rebate calculation for its outstanding bond issues. We recommend that the Town determine if a calculation is required and, if so, contract for this service to accurately determine if there is an arbitrage rebate liability for its bond.

2007-2: Providing for an allowance for doubtful accounts

Although management has established new billing procedures, we noted that the procedures are not uniformly applied to all customer accounts and adequate provisions for uncollectable accounts were not recorded. We recommend that management apply the same collection procedures to all accounts. We also recommend that management reconcile accounts receivable monthly to identify and collect past due balances. For those accounts deemed to be uncollectible, we recommend that management establish an allowance for doubtful accounts.

2007-3: Reconciliation of employee liability accounts

At September 30, 2008, the Town was not performing reconciliations of the employee flexible spending account. Although the Town liability is not significant, the employee-funded flexible spending account (“flex plan”) is funded by employee contributions through payroll deductions. In the flex plan, employees may apply future contributions against current medical expenses but, in accordance with IRS regulations and plan documents, any unused employee contributions to the Flex plan are forfeited if not used during the plan year.

Although the Town liability is not significant, the account should be reconciled monthly and should agree with supporting detail. This reconciliation also needs to be performed timely to comply with IRS regulations concerning forfeited contributions and to appropriately record transactions to reflect gains or losses to the Town from forfeited contributions or excess liabilities incurred by the Town.

2007-5: Capital Assets

We commend management on the significant improvements noted in internal controls over financial reporting of capital assets. However, although the Town has procedures in place to record the expense for capital acquisitions in capital outlay and to capitalize expenditures for assets with an acquisition cost in excess of \$750 and an estimated life over one year, we noted a number of exceptions to these procedures:

- a. Additions to capital assets were recorded in other expense accounts and were not properly capitalized or depreciated.
- b. Capital expenditures for an enterprise fund were recorded in the General Fund and the asset was not capitalized.
- c. The value of assets traded-in and transferred from an enterprise fund to a governmental fund was not recorded.
- d. Significant expenditures were incurred for sidewalk repairs that were not capitalized.

Management instituted procedures for reviewing the classification of expenses prior to posting and is training department managers to classify expenditures. In addition to the procedures already in place, we recommend a year-end review of expense accounts with

significant variances and those that are susceptible to posting errors (such as professional fees, supplies, and repairs and maintenance) to better identify any posting errors. The Town should consider increasing the capitalization threshold and setting it based on the class of asset to increase efficiency and the cost-effectiveness of capitalization.

2007-6: Accounting for contractual and legal obligations to pay

At September 30, 2008, the General Fund owed the Community Redevelopment Agency (CRA) Fund \$1,453,477 for unpaid incremental tax revenue dating back to fiscal year 2000. The Town paid the current year incremental tax revenue and penalties and interest, as well as \$500,000 of the past due balance. The penalties and interest for the outstanding balance will continue to accrue until all obligations are met. We recommend that the Town continue to make provisions to repay the amount owed in a timely manner to diminish the additional expense of penalties and interest.

CURRENT YEAR COMMENTS

The following items are current year comments noted in the auditor's report on internal control over financial reporting and on compliance and other matters:

2008-1: Financial closing and reporting

2008-2: Grant administration

2008-3: Adjusting journal entries

The following is an additional current year comment:

2008-4: Segregation of responsibilities

At September 30, 2008, the Finance Department had inadequate segregation of responsibilities over financial transactions. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. We recommend that the Town Manager remain involved in the financial affairs of the Town to provide oversight and review functions. Although management has taken steps to better segregate responsibilities and instituted procedures to mitigate the risk of significant fraud or loss from misappropriation of assets, additional controls are required. We recommend that management review staffing responsibilities and identify areas in which responsibilities may be better segregated between existing staff.

Excess of Expenditures Over Appropriations

There were no departments that had expenditures in excess of appropriations.

Oversight Unit and Component Units

The Town of Lake Park, Florida, is a municipal corporation incorporated in 1923 pursuant to by the Laws of Florida, Chapter 61-2375. Based upon the application of criteria defined in publications cited in Chapter 10.553, Rules of the Auditor General, the Town has determined that there are no component units related to the Town.

Consideration of Financial Emergency Criteria

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, the results of our procedures did not disclose that the Town of Lake Park, Florida has met any of the conditions described in Section 218.503(1) during the fiscal year ended September 30, 2008.

Financial Condition Assessment Procedures

Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provide by management. The results of our procedures did not disclose any matters that are required to be reported.

Annual Financial Report

Section 10.554(1)(i)7.b., Rules of the Auditor General requires that we determine whether the annual financial report for the Town of Lake Park, Florida for the fiscal year ended September 30, 2008, 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, 2008. In connection with our audit, we noted that the two reports were in substantial agreement.

Investment of Public Funds

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the Town's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds. The results of our procedures did not disclose any instances of noncompliance with Section 218.415, Florida Statutes, by the Town of Lake Park, Florida for the year ended September 30, 2008.

Violations of Contracts and Grant Provisions or Abuse

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit for the fiscal year ended September 30, 2008, we did not have any such findings.

Matters Inconsequential to the Financial Statements

Section 10.554(1)(i)5., Rules of the Auditor General, requires based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures; (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit for the fiscal year ended September 30, 2008, we did not have any such findings.

This report is intended for the information of management, members of the Town Commission, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Nowlen, Holt & Mimer, P.A.

April 8, 2009
West Palm Beach, Florida



TOWN OF LAKE PARK

FINANCE DEPARTMENT

April 9, 2009

The Honorable Mayor,
Town Commissioners and Town Manager

RE: Response to the Report on Internal Control and the Management Letter required by the Rules of the Auditor General for the State of Florida for the Fiscal Year ended September 30, 2008.

I have received a copy of the Report on Internal Control and the Management Letter and offer the following responses:

REPORT ON INTERNAL CONTROL

Internal Control over Financial Reporting

2001-1: Written Policies and Procedures

Written procedures for many functions of the department had been drafted by the previous staff of the Finance Department. Due to the extensive nature of this undertaking and the limited staff within the Finance Department, the Town will engage an outside consultant to assist with the development of a formal policies and procedures manual. This will be a significant undertaking and will probably not be completed in its entirety by fiscal year-end.

2008-1: Financial closing and Reporting

Year-end procedures include the reconciliation of all balance sheet accounts and supporting documentation is provided to support ending balances. Due to the turnover of staff throughout the Finance Department and the Town in general there were a couple of items that were missed and subsequently corrected. Procedures will be put in place and checklists will be developed to assure that these items will not be overlooked in the future. A complete review of audit schedules will be conducted to ensure that they agree to the trial balances.

2008-2: Grant Administration

The year-end reconciliation of grant expenditures for the FIND grant for the renovation of Lake Shore Park revealed that the approved budget categories within the grant had been exceeded by the actual expenditures within the various categories and a revision was necessary prior to submittal for reimbursement. This was discovered prior to the examination of the grant records

by the auditors and the revision was requested and approved in the new fiscal year. This occurred because the original grant application, submitted two years ago, was prepared by staff that is no longer working for the Town and the current administration identified different priorities that needed to be addressed in order to satisfactorily complete the project.

Finance will work with the Grant Writer and the other Town departments to establish written policies and procedures for monitoring grant compliance requirements. These procedures will include the development of checklists of grant compliance requirements, budgets, deadlines and persons responsible for the grants. Grant activity will be reconciled at least quarterly and reimbursement requests will be submitted on a timely basis.

2008-3: Adjusting Journal Entries

All journal entries are now required to have supporting documentation attached or referenced to a file, depending on volume, to allow for adequate review. Transactions are approved by a supervisor prior to posting. For entries proposed by the Finance Director, the Town will establish a dollar limit over which any adjustments that are made are reviewed and authorized by the Town Manager.

MANAGEMENT LETTER

PRIOR YEAR COMMENTS

2001: Arbitrage rebate calculation

In order to determine if there is an arbitrage liability for the bond, the Town will contract with an arbitrage rebate professional. This is a highly specialized field and the Finance Director does not have the expertise to make this determination.

2007-2: Providing for an allowance for doubtful accounts

At the Marina, the Dockmaster software program has been fully implemented and all of the billings are processed through this software. New customers are required to pay in advance for annual contracts and at the beginning of the month for monthly contracts via credit card. The payments are processed automatically when the bills are produced. Only long-term existing customers are allowed to be billed and pay with a check or cash. Receivables are closely monitored and delinquent accounts are promptly notified. If remedy is not made within a reasonable timeframe, customers are then required to go on Auto Pay with a credit card.

Subsequent to year-end, one long-term customer has gone into arrears on their account. Their boats have been removed from the marina and arrangements are being made to enter into a payment plan for the arrears. An allowance has been established at September 30, 2008, by audit adjustment, for a portion of this arrearage.

In the Sanitation Fund an allowance for doubtful accounts is established at a level equal to the over ninety day accounts receivable balance.

2007-3: Reconciliation of employee liability accounts

Prior to my tenure at the Town, employee-related liabilities were deducted from paychecks in a manner in which reconciliation was impossible. With the start of Fiscal Year 2008, benefit deductions were changed so that the premiums due are deducted in the month preceding coverage and billing. The effective date of coverage for new employees was also changed in order to facilitate this process. Accounts are reconciled on a monthly basis.

The Finance Department will develop procedures to properly account for the activity related to the flexible spending accounts.

2007-5: Capital Assets

Significant progress has been made in the area of capital assets. The review process within the Finance Department is three pronged and usually identifies any misclassifications. The department will implement a year end review of expense accounts in an effort to identify any discrepancies. Additionally, the capitalization thresholds will be reviewed and recommendations will be made, based on current GAAP guidelines, to increase these thresholds where appropriate.

2007-6: Accounting for contractual and legal obligations to pay

Adjustments have been made to record the amounts due from the General Fund to the Community Redevelopment Agency (CRA) and fund balance has been restricted for this obligation. Current year obligations have been paid timely according to statutory requirements. The Town has begun to pay the delinquents amounts due the CRA and will continue to do so annually.

CURRENT YEAR COMMENTS

2008-4: Segregation of responsibilities

With a staff of four it is impossible to completely segregate all responsibilities over financial transactions. Controls are in place to mitigate the risk of significant fraud or loss from misappropriation of assets. Subsequent to year end additional controls have been implemented in an effort to reduce improve internal controls, such as the check control logs for each checking account and additional reviews of edit reports prior to posting transactions. There is significant oversight of all functions within the department that should eliminate the possibility of fraud.

Should you have any questions or concerns, please do not hesitate to contact me.

Sincerely,



Anne M. Costello
Finance Director