

CITY OF LAKE WORTH

TEXAS

GENERAL PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2002

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## INDEPENDENT AUDITOR'S REPORT

December 27, 2002

I have audited the accompanying general purpose financial statements of the City of Lake Worth, Texas, as of September 30, 2002, and for the year ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the City of Lake Worth, Texas. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I have conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Lake Worth, Texas, as of September 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City of Lake Worth, Texas. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

MALCOM B. WETSEL, INC.

CITY OF LAKE WORTH, TEXAS  
 COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS  
 SEPTEMBER 30, 2002

	GOVERNMENTAL FUND TYPE				PROPRIETARY FUND TYPE ENTERPRISE	ACCOUNT GROUPS		TOTALS (MEMO ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS		GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	
ASSETS AND OTHER DEBITS								
Pooled cash and cash equivalents	\$ 148,923	\$ ---	\$ 3,647	\$ 2,692	\$ 46,719	\$ ---	\$ ---	\$ 201,981
Non-pooled cash and cash equivalents	33,875	758	---	---	500	---	---	35,133
Pooled investments	1,578,253	---	164,501	3,940,417	---	---	---	5,683,171
Non-pooled investments	---	906,549	---	740,080	452,859	---	---	2,099,488
Receivable:								
Taxes net of allowances of \$44,314	2,994	---	348	---	---	---	---	3,342
Accounts	140,680	---	---	---	203,318	---	---	343,998
Other	101	---	2	2	1,784	---	---	1,889
Due from other funds	1,459	---	5,091	---	230	---	---	6,780
Due from other governments	146,110	73,055	---	509,870	---	---	---	729,035
Inventory of supplies - at cost	---	---	---	---	13,556	---	---	13,556
Land	---	---	---	---	46,240	526,645	---	572,885
Buildings	---	---	---	---	206,435	4,077,066	---	4,283,501
Accumulated depreciation	---	---	---	---	(66,409)	---	---	(66,409)
Improvements other than building	---	---	---	---	5,459,451	606,552	---	6,066,003
Accumulated depreciation	---	---	---	---	(1,698,994)	---	---	(1,698,994)
Machinery and equipment	---	---	---	---	482,066	2,009,609	---	2,491,675
Accumulated depreciation	---	---	---	---	(219,929)	---	---	(219,929)
Assets under capital lease	---	---	---	---	732,006	181,779	---	913,785
Accumulated depreciation	---	---	---	---	(182,632)	---	---	(182,632)
Amount available in debt service	---	---	---	---	---	---	173,557	173,557
Amount to be provided for bonds, capitalized leases and notes payable	---	---	---	---	---	---	11,052,005	11,052,005
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 2,052,395</b>	<b>\$ 980,362</b>	<b>\$ 173,589</b>	<b>\$ 5,193,061</b>	<b>\$ 5,477,200</b>	<b>\$ 7,401,651</b>	<b>\$ 11,225,562</b>	<b>\$ 32,503,820</b>

CITY OF LAKE WORTH, TEXAS  
 COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS  
 SEPTEMBER 30, 2002

	GOVERNMENTAL FUND TYPE				PROPRIETARY FUND TYPE ENTERPRISE	ACCOUNT GROUPS		TOTALS (MEMO ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS		GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	
LIABILITIES, FUND EQUITY AND OTHER CREDITS								
Liabilities:								
Accounts payable	\$ 293,588	\$ 4,386	\$ 32	\$ 461,819	\$ 174,148	\$ ---	\$ ---	\$ 933,973
Accrued interest	---	---	---	---	1,336	---	---	1,336
Deposits	---	---	---	---	90,396	---	---	90,396
Due to other funds	5,321	---	---	---	1,459	---	---	6,780
Current portion								
Notes payable	---	---	---	---	19,900	---	12,504	32,404
Capitalized leases	---	---	---	---	120,439	---	44,878	165,317
Certificates of obligation	---	---	---	---	---	---	425,000	425,000
Non-current portion								
Notes payable	---	---	---	---	13,897	---	12,505	26,402
Capitalized leases	---	---	---	---	40,070	---	80,675	120,745
Certificates of obligations	---	---	---	---	---	---	10,650,000	10,650,000
<b>TOTAL LIABILITIES</b>	<b>\$ 298,909</b>	<b>\$ 4,386</b>	<b>\$ 32</b>	<b>\$ 461,819</b>	<b>\$ 461,645</b>	<b>\$ ---</b>	<b>\$ 11,225,562</b>	<b>\$ 12,452,353</b>
Fund Equity and Other Credits:								
Contributed capital	\$ ---	\$ ---	\$ ---	\$ ---	\$ 2,430,978	\$ ---	\$ ---	\$ 2,430,978
Investment in general fixed assets	---	---	---	---	---	7,401,651	---	7,401,651
Retained earnings:								
Unreserved	---	---	---	---	2,584,577	---	---	2,584,577
Fund balances:								
Unreserved:								
Designated for:								
See Detail - Note P	232,368	---	---	---	---	---	---	232,368
Debt service	---	---	173,557	---	---	---	---	173,557
Special projects	---	975,976	---	---	---	---	---	975,976
Capital projects	---	---	---	4,731,242	---	---	---	4,731,242
Undesignated	1,521,118	---	---	---	---	---	---	1,521,118
<b>TOTAL FUND EQUITY AND OTHER CREDITS</b>	<b>\$ 1,753,486</b>	<b>\$ 975,976</b>	<b>\$ 173,557</b>	<b>\$ 4,731,242</b>	<b>\$ 5,015,555</b>	<b>\$ 7,401,651</b>	<b>\$ ---</b>	<b>\$ 20,051,467</b>
<b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>	<b>\$ 2,052,395</b>	<b>\$ 980,362</b>	<b>\$ 173,589</b>	<b>\$ 5,193,061</b>	<b>\$ 5,477,200</b>	<b>\$ 7,401,651</b>	<b>\$ 11,225,562</b>	<b>\$ 32,503,820</b>

CITY OF LAKE WORTH, TEXAS  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2002

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
Revenues:				
Taxes	\$ 3,190,322	\$ 1,092,980	\$ 62,973	\$ ---
Licenses and permits	106,325	---	---	---
Charges for services	151,944	---	---	---
Fine and forfeits, etc.	396,137	---	---	---
Miscellaneous revenues	298,942	14,547	4,831	119,428
<b>TOTAL REVENUES</b>	<b>\$ 4,143,670</b>	<b>\$ 1,107,527</b>	<b>\$ 67,804</b>	<b>\$ 119,428</b>
Expenditures:				
Current				
Mayor and council	\$ 11,724	\$ ---	\$ ---	\$ ---
General expense	509,231	103,572	757	---
Police department	1,522,679	---	---	---
Fire department	408,770	---	---	---
Street department	667,119	---	---	---
Library	131,668	---	---	---
Recreation department	234,132	---	---	---
Maintenance department	123,645	---	---	---
Senior Citizens program	47,972	---	---	---
Inspections and permits	210,149	---	---	---
Municipal Court	103,785	---	---	---
Animal control	52,253	---	---	---
Emergency management	2,350	---	---	---
Construction projects	---	---	---	1,974,218
Debt Service:				
Principal retirement	---	---	346,042	---
Interest and fiscal charges	---	---	604,402	---
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,025,477</b>	<b>\$ 103,572</b>	<b>\$ 951,201</b>	<b>\$ 1,974,218</b>
<b>EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES</b>	<b>\$ 118,193</b>	<b>\$ 1,003,955</b>	<b>\$ (883,397)</b>	<b>\$ (1,854,790)</b>
Other financing sources (uses):				
Transfers in	\$ 369,000	\$ ---	\$ 889,476	\$ ---
Transfers (out)	(259,050)	(724,426)	(10,083)	---
Sale of assets	---	---	---	---
Proceeds from leases	147,963	---	---	---
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 257,913</b>	<b>\$ (724,426)</b>	<b>\$ 879,393</b>	<b>\$ ---</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER / (UNDER) EXPENDITURES AND OTHER USES</b>	<b>\$ 376,106</b>	<b>\$ 279,529</b>	<b>\$ (4,004)</b>	<b>\$ (1,854,790)</b>
FUND BALANCE - OCTOBER 1	1,402,677	696,447	177,561	6,530,991
Residual equity transfer	(25,297)	---	---	55,041
<b>FUND BALANCE - SEPTEMBER 30</b>	<b>\$ 1,753,486</b>	<b>\$ 975,976</b>	<b>\$ 173,557</b>	<b>\$ 4,731,242</b>

CITY OF LAKE WORTH, TEXAS  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL (NON GAAP BUDGETARY BASIS) – GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2002

	GENERAL FUND			SPECIAL REVENUE FUND			DEBT SERVICE FUND		
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<b>Revenues:</b>									
Taxes	\$ 3,189,316	\$ 2,859,137	\$ 330,179	\$ 1,092,980	\$ 940,800	\$ 152,180	\$ 62,843	\$ 88,247	\$ (25,404)
Licenses and permits	106,325	112,130	(5,805)	---	---	---	---	---	---
Charges for services	151,944	156,500	(4,556)	---	---	---	---	---	---
Fines and forfeits	396,137	456,686	(60,549)	---	---	---	---	---	---
Miscellaneous revenues	298,942	242,988	55,954	14,547	20,000	(5,453)	4,831	6,600	(1,769)
<b>TOTAL REVENUES</b>	<b>\$ 4,142,664</b>	<b>\$ 3,827,441</b>	<b>\$ 315,223</b>	<b>\$ 1,107,527</b>	<b>\$ 960,800</b>	<b>\$ 146,727</b>	<b>\$ 67,674</b>	<b>\$ 94,847</b>	<b>\$ (27,173)</b>
<b>Expenditures:</b>									
<b>Current:</b>									
Mayor and council	\$ 11,724	\$ 11,902	\$ 178	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
General expense	509,234	507,996	(1,238)	103,570	126,550	22,980	925,156	951,529	26,373
Police department	1,522,679	1,565,575	42,896	---	---	---	15,140	15,147	7
Fire department	408,770	406,692	(2,078)	---	---	---	10,902	6,968	(3,934)
Street department	667,119	699,201	32,082	---	---	---	---	---	---
Library	131,668	132,978	1,310	---	---	---	---	---	---
Recreation department	234,132	161,336	(72,796)	---	---	---	---	---	---
Maintenance department	123,645	131,275	7,630	---	---	---	---	---	---
Senior Citizens	47,972	58,462	10,490	---	---	---	---	---	---
Municipal Court	103,785	106,151	2,366	---	---	---	---	---	---
Animal control	52,253	56,371	4,118	---	---	---	---	---	---
Inspections and permits	210,149	220,808	10,659	---	---	---	---	---	---
Emergency management	2,350	4,945	2,595	---	---	---	---	---	---
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,025,480</b>	<b>\$ 4,063,692</b>	<b>\$ 38,212</b>	<b>\$ 103,570</b>	<b>\$ 126,550</b>	<b>\$ 22,980</b>	<b>\$ 951,198</b>	<b>\$ 973,644</b>	<b>\$ 22,446</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 117,184</b>	<b>\$ (236,251)</b>	<b>\$ 353,435</b>	<b>\$ 1,003,957</b>	<b>\$ 834,250</b>	<b>\$ 169,707</b>	<b>\$ (883,524)</b>	<b>\$ (878,797)</b>	<b>\$ (4,727)</b>

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

CITY OF LAKE WORTH, TEXAS  
 COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL (NON GAAP BUDGETARY BASIS) – GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2002

	GENERAL FUND			SPECIAL REVENUE FUND			DEBT SERVICE FUND		
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
(Continued)									
Other financing sources (uses):									
Transfers in	\$ 369,000	\$ 294,000	\$ 75,000	\$ ---	\$ ---	\$ ---	\$ 889,476	\$ 889,479	\$ (3)
Transfer (out)	(259,050)	(259,050)	---	(724,426)	(724,426)	---	(10,083)	(10,682)	599
Loan proceeds	147,963	114,262	33,701	---	---	---	---	---	---
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 257,913</u>	<u>\$ 149,212</u>	<u>\$ 108,701</u>	<u>\$ (724,426)</u>	<u>\$ (724,426)</u>	<u>\$ ---</u>	<u>\$ 879,393</u>	<u>\$ 878,797</u>	<u>\$ 596</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER/ (UNDER) EXPENDITURES AND OTHER USES									
	\$ 375,097	<u>\$ (87,039)</u>	<u>\$ 462,136</u>	\$ 279,531	<u>\$ 109,824</u>	<u>\$ 169,707</u>	\$ (4,131)	\$ ---	<u>\$ (4,131)</u>
FUND BALANCE - OCTOBER 1 (BUDGETARY BASIS)	1,402,677			696,447			177,561		
Residual equity transfer	<u>(25,297)</u>			<u>---</u>			<u>---</u>		
FUND BALANCE - SEPTEMBER 30 (BUDGETARY BASIS)	\$ 1,752,477			\$ 975,978			\$ 173,430		
ADJUSTMENTS TO CONFORM TO GAAP:									
Taxes converted to accrual basi	1,006			---			130		
Rounding	<u>3</u>			<u>(2)</u>			<u>(3)</u>		
FUND BALANCE - SEPTEMBER 30 (GAAP BASIS)	<u>\$ 1,753,486</u>			<u>\$ 975,976</u>			<u>\$ 173,557</u>		

CITY OF LAKE WORTH, TEXAS  
 COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN  
 RETAINED EARNINGS – ALL PROPRIETARY FUND TYPES  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	ENTERPRISE FUND
Operating Revenues:	
Charges for services	\$ 1,608,244
Miscellaneous income	38,909
TOTAL OPERATING INCOME	\$ 1,647,153
Operating Expenses:	
Personal services	\$ 166,468
Contractual services	209,157
Water purchased	173,144
Disposal charge - sewer	467,495
Supplies	48,403
Maintenance	108,893
General and administrative	84,308
Depreciation	261,369
TOTAL OPERATING EXPENSES	\$ 1,519,237
OPERATING INCOME (LOSS)	\$ 127,916
Nonoperating Revenues (Expenses):	
Interest revenue	\$ 12,154
Interest expense and fiscal charges	(14,885)
TOTAL NONOPERATING REVENUES (EXPENSES)	\$ (2,731)
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	\$ 125,185
Operating Transfers:	
Transfers in	\$ 135,083
Transfers (out)	(400,000)
TOTAL OPERATING TRANSFERS	\$ (264,917)
NET INCOME (LOSS)	\$ (139,732)
Retained Earnings - October 1	2,754,053
Residual equity transfer	(29,744)
Retained Earnings - September 30	\$ 2,584,577
Contributed Capital Reconciliation	
Contributed capital, October 1	\$ 2,411,633
Contributed capital:	
Construction fund	19,345
Contributed Capital, September 30	\$ 2,430,978

CITY OF LAKE WORTH, TEXAS  
 COMBINED STATEMENT OF CASH FLOWS  
 ALL PROPRIETARY FUND TYPES  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	ENTERPRISE FUND
Cash Flows From Operations:	
Operating income (loss)	\$ 127,916
Adjustment not affecting cash:	
Depreciation	261,369
Changes in assets: Decrease (Increase)	
Accounts receivable	(30,399)
Other receivables	16,494
Inventory	20
Due from other funds	73,337
Change in liabilities: Increase (Decrease)	
Accounts payable	55,108
Deposits payable	2,475
Due to other funds	(67,055)
	<u>\$ 439,265</u>
NET CASH FLOWS PROVIDED (USED) FROM OPERATIONS	
Cash Flows From Noncapital Financing Activities:	
Transfers in	\$ 135,083
Transfers (out)	(400,000)
	<u>\$ (264,917)</u>
NET CASH FLOWS PROVIDED (USED) FROM NONCAPITAL FINANCING ACTIVITIES	
Cash Flows From Capital and Related Financing Activities:	
Cost of fixed assets purchased	\$ (45,727)
Principal payments on notes payable	(19,263)
Principal payments on capital leases	(167,441)
Interest paid on capital leases	(15,055)
Interest paid on notes payable	(2,470)
	<u>\$ (249,956)</u>
NET CASH FLOWS PROVIDED (USED) FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Cash Flows From Investing Activities:	
Purchase of investments-unrestricted	\$ (1,245,482)
Proceeds from maturity of investments-unrestricted	1,265,144
Interest earned from investments	12,154
	<u>\$ 31,816</u>
NET CASH FLOWS PROVIDED (USED) FROM INVESTING ACTIVITIES	
NET INCREASE (DECREASE) IN CASH	\$ (43,792)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>91,011</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 47,219</u>
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:	
Assets received from Construction Fund	\$ 19,345
Assets purchased using capital leases	\$ 78,625

CITY OF LAKE WORTH, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2002

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

INTRODUCTION

The financial statements of the City of Lake Worth, Texas are prepared in accordance with Generally Accepted Accounting Principles (GAAP) that are generally accepted accounting principles in the United States of America. The City applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The proprietary fund applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements, in which case, GASB prevails. The City is not required to comply with the reporting and accounting principles in GASB 34 until the financial reporting year ending September 30, 2004. The City has elected not to early implement GASB 34.

COMPONENT UNIT

The City of Lake Worth, Texas operates under a Home Rule Charter adopted in an election April 6, 1965. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highway and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, water supply, and general and administrative services.

A financial reporting entity consists of the primary government and any other organizations based upon the following criteria:

- 1) the organization is legally separate (can be sued in their own name);
- 2) the City holds the corporate powers of the organization;
- 3) the City appoints a voting majority of the organization's board;
- 4) the City is able to impose its will on the organization;
- 5) the organization has the potential to impose benefit/burden on the City;
- 6) there is fiscal dependency by the organization on the City.

Based on the above, the City's combined financial statements include the accounts of all City operations and the Lake Worth Economic Development Corporation. Since governing bodies of the City and this organization are considered to be substantively the same, the component unit is presented as a special revenue fund using the blended method.

The Lake Worth Development Corporation is governed by a seven member board of directors appointed by the City Council. Beginning July 1, 1996, a one-half cent sales tax was levied within the city limits for the purpose of benefiting and accomplishing public purposes on behalf of the City for the citizens of Lake Worth, Texas.

ACCOUNTING POLICIES

Individual audited financial statements of the component unit are not issued. Management issued financial statements are available at the City's administration building.

The accounting policies of the City of Lake Worth, Texas conform to accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. The following is a summary of such significant policies.

CITY OF LAKE WORTH, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2002

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

Governmental Fund Types:

*General Fund* - The General Fund is the general operations fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

*Debt Service Fund* - The General Debt Service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, notes payables, capitalized lease obligations, interest, and related costs.

*Special Revenue Funds* - The Special Revenue Funds are used to account for proceeds of specific revenue resources (other than assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

*Capital Project Funds* - Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital improvements (other than those financed by the Enterprise Fund).

Proprietary Funds

*Enterprise Fund* - The Water Works and Sewer System Fund is used to account for the operations of the Water and Sewer Utility Enterprise Fund. Enterprise Funds are used to account for operations (a) which are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fixed Assets and Long-term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending of "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources."

CITY OF LAKE WORTH, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2002

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fixed Assets and Long-term Liabilities (continued)

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain general fixed assets consisting of certain improvements (other than buildings), including roads, bridges, and lighting systems, have been capitalized beginning October 1, 1997.

All fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair market value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds." They are concerned only with the measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities in the General Long-Term Debt Account Group.

All proprietary funds are accounted for on a cost of service or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. Amortization of capital leases in the Proprietary Fund is included in the depreciation expense. The estimated useful lives are as follows:

	<u>Estimated Life</u>
Buildings	10-15 yrs.
Improvements other than buildings	10-65 yrs.
Machinery and equipment	5-10 yrs.

Total Columns (Memorandum Only)

Total columns on the combined statements are captioned "memo only" to indicate that they are presented only to aid in financial analysis. Interfund eliminations have not been made in the aggregation of this data; and it is therefore, not comparable to a consolidation.

CITY OF LAKE WORTH, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2002

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

Penalties and Interest, Corporation Court and Miscellaneous Revenues are recorded when received in cash because they are generally not measurable until actually received. Property Taxes, Franchise Taxes, Sales Taxes, Mixed Beverage Taxes and Interest Income are accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. Gross sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due.

The proprietary fund is accounted for using the accrual basis of accounting. Its revenues are recognized when they are earned, and its expenses are recognized when they are incurred. Unbilled Water Works and Sewer Fund utility service receivables are recorded at year end.

The Special Revenue Fund is reported using the modified accrual basis of accounting.

Budgetary Data

Formal budgetary accounting is employed as a management control for the General Fund, Debt Service Fund, Special Revenue Fund, and the Proprietary Fund of the City. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. The same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principles basis, except for Ad Valorem Tax which is budgeted on a cash basis. Budgetary control is exercised at the department level. Revisions to the budget were made during the year.

All annual appropriations lapse at fiscal year end.

Cash and Investments

Within the primary governmental fund types the City maintains pooled cash and cash equivalent as well as non-pooled cash and cash equivalent. The pooled cash and cash equivalent as well as the non-pooled cash and cash equivalent are reported on the respective balance sheets. For the presentation of financial statements and purposes of computing cash flows, the City considers only demand deposits in financial institution as cash and cash equivalent. Also within the primary governmental fund types the City maintains pooled and non-pooled investments. Pooled and non-pooled investments are reported on the respective balance sheet.

CITY OF LAKE WORTH, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2002

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Inventories

Inventory held by the Water Works and Sewer System Fund is priced at the lower of cost (first-in, first-out) or market.

Capitalized Interest

Interest costs are capitalized when incurred by the proprietary fund on debt when proceeds are used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. No interest was capitalized during the current year.

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year. Property taxes are recognized as revenue in the year received, except for those received within sixty (60) days after the year-end, which are recognized as revenue as of September 30. Proper allowances are made for estimated uncollectible accounts and delinquent accounts.

Pension Plan

The City has a pension plan covering all full time employees. The pension plan is funded by making annual contributions to the plan equal to the amount accrued for pension plan expense, which included the amortization of past service cost over twenty-five years (see Note C). To cover volunteer firemen, who are not City employees, the City contributes to another plan as described in Note D.

Deferred Expense

The City had no pension asset or liability upon implementing GASB Statement 27.

Vacation, Sick Leave

City employees, except temporary and seasonal, are entitled to sick leave and vacation pay based upon their length of employment. Sick leave is accumulated at the rate of one (1) day for each month of continuous employment which may be accumulated to a total of forty-five (45) days. Employees are not allowed to take their accumulated sick leave until they have been employed for six (6) months. Vacation time of five (5) working days is allowed for the first year of service, fifteen (15) working days for the eleventh (11th) through fifteenth (15th) years, and for each year after fifteen (15) years one (1) working day per year up to a maximum of twenty (20) working days.

CITY OF LAKE WORTH, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2002

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Vacation, Sick Leave (continued)

Since the amount of vacation and sick leave is not considered significant, the Governmental Fund and Proprietary Fund recognizes these expenses when paid to the employee rather than when earned.

Interfund Receivable and Payables

Amounts owed between funds are routinely paid by cash no less than annually.

**NOTE B - CASH AND INVESTMENTS**

Deposits

State statutes require that all deposits in financial institutions be fully collateralized by the U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits.

At year end the carrying value of the City's deposits (checking and savings accounts) was \$235,680 and the bank balance was \$353,371. Of the bank balance \$134,458 was covered by federal depository insurance and \$218,913 was covered by securities pledged by depository.

The City's deposits are categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes deposits that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and registered deposits for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered deposits for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name.

	Bank Balance	Category			Carrying Amount
		<u>1</u>	<u>2</u>	<u>3</u>	
Pooled Cash					
General Fund	\$ 265,855	\$ 265,855	\$ ---	\$ ---	\$ 148,923
Debt Service	3,647	3,647	---	---	3,647
Capital Projects	2,692	2,692	---	---	2,692
Proprietary Fund	46,719	46,719	---	---	46,719
Total Pooled Cash	<u>\$ 318,913</u>	<u>\$ 318,913</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 201,981</u>
Non-Pooled Cash					
General Fund	\$ 33,700	\$ 33,700	\$ ---	\$ ---	\$ 33,700
Special Revenue	758	758	---	---	758
Total Non-Pooled Cash	<u>\$ 34,458</u>	<u>\$ 34,458</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 34,458</u>
Total Cash	<u><u>\$ 353,371</u></u>	<u><u>\$ 353,371</u></u>	<u><u>\$ ---</u></u>	<u><u>\$ ---</u></u>	<u><u>\$ 236,439</u></u>

CITY OF LAKE WORTH, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2002

**NOTE B - CASH AND INVESTMENTS (CONTINUED)**

Investments

The City is allowed to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent; (5) certificates of deposits issued by state and national banks domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor; or secured by obligations that are described by subdivisions (1) through (4) of this subsection or under Article 2529b-1, Vernon's Texas Civil Statutes, and that have a market value of not less than the principal amount of the certificates; and (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by subdivision (1) of this subsection, pledged with third parties selected or approved by the City, and placed through a primary government securities dealer, as defined by the Federal Reserve, or a bank domiciled in the State of Texas.

For fiscal year 2002, the City invested in the State of Texas Texpool and Lone Star Investment Pool, and agency accounts of U.S. Trust company of Texas, which are controlled by the escrow agent.

Texpool is duly chartered and administered by the State Treasurer's Office and the portfolio consists of U.S. T-Bills, T-Notes, collateralized certificates of deposit, and repurchase agreements. GASB Statement No. 3 requires the City to assign risk categories for its investments, except those in which securities are not used as evidence of the investment. Texpool has not been assigned a risk category since the City is not issued securities, but rather it owns an undivided beneficial interest in the assets of Texpool.

In addition, the City invests with the Lone Star Investment Pool, which is authorized by the State of Texas Vernon Civil Statutes and is administered by the Texas Association of School Boards, Inc., a non-profit corporation. These investments are in U.S. government, or U.S. government agency securities. Since the City is not issued securities but rather owns an undivided beneficial interest in the assets of the Lone Star Investment Pool, a risk category has not been assigned to the Lone Star Investment Pool.

Most of the proceeds remaining from the sale of the 1997A and 1997B Certificates of Obligation are held in trust by U.S Trust Company of Texas, N.A. These funds described as escrow funds are invested in Excelsior Government Money Fund.

The City's investments are categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name.

CITY OF LAKE WORTH, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2002

**NOTE B - CASH AND INVESTMENTS (CONTINUED)**

Investments (continued)

Investments are stated at cost and all investment activities are conducted through a depository bank and the City's financial advisor. During 2001-2002, the City did not invest through any security brokers or dealers. The City does not have the information necessary for disclosures required on derivatives.

<u>Description</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount</u>
Pooled Investments				
Lone Star				
Invst. Pool	\$ ---	\$ ---	\$ ---	\$2,672,641
Texpool	---	---	---	3,010,530
<b>Total Pooled Investments</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$5,683,171</b>
Non Pooled Investments				
Lone Star				
Invst. Pool	\$ ---	\$ ---	\$ ---	\$ 294,972
Texpool	---	---	---	1,064,436
Escrow deposits	---	---	---	\$ 740,080
<b>Total Non-Pooled Investments</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$2,099,488</b>
<b>Total Investments</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$7,782,659</b>

**NOTE C - PENSION PLAN - FULL TIME CITY EMPLOYEES**

Employee Pension Plans

The City provides pension benefits for all of its full-time employees, through a nontraditional, joint contributory, hybrid defined contribution plan in the state-wide Texas Municipal Retirement System (TMRS), one of over 758 administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the city-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percentage (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as

CITY OF LAKE WORTH, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2002

**NOTE C - PENSION PLAN - FULL TIME CITY EMPLOYEES (CONTINUED)**

Employee Pension Plans (continued)

annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 10 or more years of service or with 20 years of service regardless of age. A member is vested after 10 years. The plan provisions are adopted by the governing body of the entities, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the City were as follows:

Deposit Rate: 6%

Matching Ratio (City to Employee): 2 to 1

A member is vested after: 5 years

Members can retire at certain ages, based on the years of service with the City. The service eligibility requirements for the City are: 5 years/age 60, 20years/any age

Contributions

Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employee and the City contributions are made monthly. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2001 valuation is effective for rates beginning January 2003).

CITY OF LAKE WORTH, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2002

**NOTE C - PENSION PLAN - FULL TIME CITY EMPLOYEES (CONTINUED)**

Contributions (continued)

Additional information, i.e. plan financial statements, may be obtained from the Texas Municipal Retirement System, P.O. Box 149153, Austin, Texas, 78714-9153; telephone number 1-800-924-8677.

The following is a six year historical reflecting the City's trend in accumulating sufficient assets to pay benefits when due:

FISCAL YEAR ENDED 9/30	(1) ACTUARIAL VALUE OF ASSETS	(2) ACTUARIAL ACCRUED LIABILITY	(3) PERCENTAGE FUNDED (1)/(2)	(4) UNFUNDED (OVER-FUNDED) ACTUARIAL ACCRUED LIABILITY (1)-(2)	(5) ANNUAL COVERED PAYROLL	(6) UNFUNDED ACTUARIAL ACCRUED LIABILITY AS PERCENTAGE TO COVERED PAYROLL (4)/(5)
1997	1,926,863	2,023,232	95.2%	96,369	1,323,585	7.3%
1998	2,096,636	2,176,739	96.3%	80,103	1,573,819	5.1%
1999	2,404,240	2,522,364	95.3%	118,124	1,540,896	7.7%
2000	2,585,784	2,667,523	96.9%	81,739	1,712,856	4.8%
2001	2,840,019	2,948,992	96.3%	108,973	1,577,834	6.9%
2002	3,025,231	3,158,605	95.8%	133,374	1,887,748	7.1%

The above amounts are computed as of December 31 which precedes the fiscal year end of September 30. (i.e. December 31, 2001 is reflected for fiscal years ended September 30, 2002)

Funding Policy

The funding obligations are established by the City within the provision established by the Texas Municipal Retirement System. The following is additional funding information:

	Effective January 1 2002	Effective January 1 2001	Effective January 1 2000
Employee Contributions (percent of earnings)	6.00%	6.00%	6.00%
City's Contribution (percent of earnings)	6.79%	6.19%	6.36%

For the fiscal year ended September 30, 2002 the City made contributions of \$241,652. Contributions are made on a monthly basis.

CITY OF LAKE WORTH, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2002

**NOTE C - PENSION PLAN - FULL TIME CITY EMPLOYEES (CONTINUED)**

Annual Pension Cost and Net Pension Obligation

City year Ended September 30	2002	2001	2000
City's Annual Pension Cost	\$ 241,652	\$ 247,673	\$ 207,785
Percentage of Annual Pension Cost Contributed	100%	100%	100%
Net Pension Obligation	---	---	---

Actuarial Assumptions

Actuarial Cost Method	Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	25 Years
Asset Valuation Method	Amortized Cost
Investment Rate of Return	8%
Projected Salary Increases	None
Includes Inflation At	None
Cost-of-Living Adjustments	None

**NOTE D – VOLUNTEER FIREFIGHTER BENEFITS**

Pension

On October 1, 1990, the City adopted a pension plan to cover all active firefighters over the age of eighteen years of age and who meet all other requirements. Eligible firefighters may enter the plan on the first day of the plan year (September 30) after meeting all eligibility requirements.

Each firefighter has zero vesting for years one through four but is 100% vested after completing ten years of service or in the case of disability the firefighter becomes 100% vested. Normal retirement age is sixty-two years of age with at least one year of participation. The monthly benefits are ten dollars (\$10.00) multiplied by the years of service which is limited to twenty (20) years. Firefighters are entitled to vested amounts prior to retirement age. No actuarial information is available to the City concerning this plan.

The plan also provides for life insurance which is limited to the greater of ten thousand dollars (\$10,000) or the present value of the member's accrued benefit. There is no actuarial information available for this plan at this time. The contribution made during the 2001-2002 budget year was \$6,620.

Insurance

In addition to the pension plan an insurance policy is provided by the City which provides a maximum death benefit, disability income and medical expenses.

CITY OF LAKE WORTH, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2002

**NOTE E – RISK MANAGEMENT**

Significant losses are covered by commercial insurance for all major programs. The City's retained loss is in the form of a deductible that ranges from \$250 to \$10,000. For insured programs there have been no significant reductions in insurance coverage. Settlements have not exceeded insurance coverage for the current year or for the three prior years.

**NOTE F - CHANGES IN LONG-TERM DEBT**

The following is a summary of certificates of obligation, notes, and capitalized lease transactions of the City for the year ended September 30, 2002:

	PAYABLE <u>OCT 1, 2001</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	BALANCE <u>SEPT 30, 2002</u>
General Long-term Group:				
Notes Payable	\$ 41,352	\$ ---	\$ 16,343	\$ 25,009
Capitalized Leases	12,695	147,963	35,105	125,553
Certificates of obligation series 1997A	2,195,000	---	85,000	2,110,000
Certificates of obligation series 1997B	1,300,000	---	55,000	1,245,000
Certificates of obligation series 1999	3,750,000	---	125,000	3,625,000
Certificates of obligation series 2001	\$ 4,150,000	---	55,000	4,095,000
Water & Sewer Fund:				
Notes Payable	53,060	---	19,263	33,797
Capital Leases	249,325	78,625	167,441	160,509
	<u>\$ 11,751,432</u>	<u>\$ 226,588</u>	<u>\$ 558,152</u>	<u>\$ 11,419,868</u>

The following is a schedule of annual requirements of the Water and Sewer notes payable and capital leases:

Year Ending <u>September 30</u>	<u>Principal</u>		<u>Interest</u>	<u>Total</u>
	<u>Notes Payable</u>	<u>Capital Leases</u>		
2003	\$19,900	\$ 120,439	\$ 7,654	\$ 147,993
2004	13,897	19,552	2,275	35,724
2005	---	20,518	1,015	21,533
	<u>\$ 33,797</u>	<u>\$ 160,509</u>	<u>\$ 10,944</u>	<u>\$ 205,250</u>

CITY OF LAKE WORTH, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2002

**NOTE F - CHANGES IN LONG-TERM DEBT (CONTINUED)**

The following is a schedule of the annual requirements of the General Long-Term Debt Fund:

YEAR ENDING SEPT 30	CERTIFICATES OF OBLIGATION SERIES 1997A	CERTIFICATES OF OBLIGATION SERIES 1997B	CERTIFICATES OF OBLIGATION SERIES 1999	CERTIFICATES OF OBLIGATION SERIES 2001	NOTES PAYABLE	CAPITAL LEASES	INTEREST
2003	\$ 90,000	\$ 60,000	\$ 135,000	\$ 140,000	\$ 12,504	\$ 44,878	\$ 539,512
2004	100,000	60,000	140,000	145,000	12,505	39,292	517,755
2005	105,000	65,000	150,000	150,000	---	41,383	493,209
2006	110,000	70,000	160,000	160,000	---	---	467,211
2007	115,000	70,000	170,000	170,000	---	---	441,819
2008	120,000	75,000	180,000	175,000	---	---	415,508
2009	130,000	80,000	190,000	185,000	---	---	388,372
2010	135,000	80,000	200,000	190,000	---	---	360,354
2011	145,000	85,000	210,000	200,000	---	---	331,379
2012	155,000	90,000	220,000	210,000	---	---	300,412
2013	160,000	95,000	230,000	215,000	---	---	267,663
2014	170,000	100,000	240,000	230,000	---	---	233,005
2015	180,000	100,000	250,000	240,000	---	---	196,123
2016	190,000	105,000	265,000	250,000	---	---	156,909
2017	205,000	110,000	280,000	260,000	---	---	115,206
2018	---	---	295,000	275,000	---	---	80,219
2019	---	---	310,000	285,000	---	---	52,298
2020	---	---	---	300,000	---	---	30,750
2021	---	---	---	315,000	---	---	15,750
	<u>\$ 2,110,000</u>	<u>\$ 1,245,000</u>	<u>\$ 3,625,000</u>	<u>\$ 4,095,000</u>	<u>\$ 25,009</u>	<u>\$ 125,553</u>	<u>\$ 5,403,454</u>

*Certificates of Obligation 1997A and 1997B*

On September 22, 1997 the City sold to the Texas Water Development Board two series of Combination Tax and Revenue Certificates of Obligation. Series 1997A in the amount of \$2,500,000 is for water system improvements and Series 1997B in the amount of \$1,500,000 is for sanitary sewer system improvements.

Net proceeds of each series are being held in an escrow account deposited with U.S. Trust Company of Texas N.A., Dallas, Texas. Upon approval of the plans by the Texas Water Development Board the proceeds will be released for the designated improvements.

The Certificates of Obligation are secured by the revenue of the Water and Sewer Fund to the extent of \$1,000 per series. Also, the City is required to compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest and principal as such comes due.

To help fund these bonds the City entered into an agreement with the Lake Worth Economic Development Corporation to pledge an adequate amount of the sales taxes collected by The Lake Worth Economic Development Corporation to pay the interest and principal on the Certificates of Obligation Series 1997A and 1997B.

CITY OF LAKE WORTH, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2002

**NOTE F - CHANGES IN LONG-TERM DEBT (CONTINUED)**

*Certificates of Obligation Series 1999*

On May 13, 1999 the City sold \$3,900,000 of Certificates of Obligations (Combination Tax and Revenue) for the construction of a new City Hall and Police complex. The Certificates of Obligations are secured by the revenue of the Water and Sewer Fund to the extent of \$1,000. Also, the City is required to compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest and principal as such comes due.

*Certificates of Obligation Series 2001*

On April 10, 2001 the City sold Combination Tax and Revenue Certificates of Obligation (The Certificates) in the amount of \$4,150,000.00 for the relocation of water and sewer lines along State Highway 199. The Certificates are secured by the annual levy of ad valorem taxes, within the limits prescribed by law, on all taxable property within the City and a limited pledge (not to exceed \$1,000) of surplus revenues of the City's Waterworks and Sewer System. The City has reserved the right to redeem Certificates having a stated maturity on and after September 30, 2012 in the principal amounts of \$5,000 and any integral multiple thereof and on any date thereafter at par plus accrued interest to the date of redemption.

**NOTE G – GENERAL FIXED ASSET GROUP**

The following is a summary of changes in the General Fixed Assets Account Group:

GENERAL FIXED ASSETS	BALANCE 10-1-01	ADDITIONS	DELETIONS	BALANCE 9-30-02
Land	\$ 526,645	\$ ---	\$ ---	\$ 526,645
Building & improvements	4,071,067	5,999	---	4,077,066
Streets, curbs, and gutters	606,552	---	---	606,552
Library-equipment and books	140,495	15,772	11,031	145,236
Equipment:				
Fire department	382,371	7,421	---	389,792
Public works	346,754	1,366	---	348,120
Police department	577,304	66,076	---	643,380
City office & general	174,841	5,812	300	180,353
Senior Citizens	6,765	---	---	6,765
Sanitation	20,669	---	20,669	---
Parks and recreation	154,910	74,354	---	229,264
Mechanic shop	64,518	2,181	---	66,699
Assets under capital leases	70,051	111,728	---	181,779
	<u>\$ 7,142,942</u>	<u>\$ 290,709</u>	<u>\$ 32,000</u>	<u>\$ 7,401,651</u>

CITY OF LAKE WORTH, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2002

**NOTE H – FIXED ASSETS ENTERPRISE FUND**

The following is a summary of additions and deletions of the Enterprise Fund:

	BALANCE 10-1-01	ADDITIONS	DELETIONS	BALANCE 9-30-02	CURRENT YEAR DEPRECIATION
Land	\$ 46,240	\$ ---	\$ ---	\$ 46,240	\$ ---
Buildings	206,435	---	---	206,435	6,315
Improvements other than buildings	5,397,608	61,843	---	5,459,451	177,467
Machinery and equipment	504,877	3,231	26,042	482,066	34,127
Assets under capital leases	675,036	78,625	21,655	732,006	43,460
	<u>\$ 6,830,196</u>	<u>\$ 143,699</u>	<u>\$ 47,697</u>	<u>\$ 6,926,198</u>	<u>\$ 261,369</u>

**NOTE I - WATER AND SEWER CONTRACTS**

The City has a contract with the City of Fort Worth, Texas for the purchase of treated water and for sewage treatment. The contract for water is used to supplement the water wells operated by the City and is dated April 11, 1989 for a period of 20 years. The contract for sewage treatment is dated May 12, 1987 for a period of 30 years. There are no minimum payments required under the contract. Charges are incurred when actual delivery occurs and the rates are adjusted periodically.

Purchases of water by the Water and Sewer Fund were \$173,144 in the year ended September 30, 2002 and charges incurred for sewer treatment during the year ended September 30, 2002 were \$467,495.

**NOTE J – GARBAGE DISPOSAL CONTRACT**

The City has contracted for garbage disposal with a third party. The City bills directly the residential customers a set monthly rate and pays the contractor based on an agreed upon rate. In addition the City receives a 6% franchise fee from the contractor. The franchise fee is based upon the amount the Contractor charges the City for residential customers plus the amount billed by the Contractor to commercial customers.

**NOTE K – LITIGATION**

According to the City attorney, the City is involved in various legal disputes. After considering the insurance coverage, the contingent claims against the City are considered insignificant.

**NOTE L – POST EMPLOYMENT HEALTHCARE BENEFITS**

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the Federal government for this coverage. The full premium is paid in full by the insured on or before the twenty-fifth (25<sup>th</sup>) day of the month preceding the month of coverage.

CITY OF LAKE WORTH, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2002

**NOTE L – POST EMPLOYMENT HEALTHCARE BENEFITS – (CONTINUED)**

This program is offered for a duration of eighteen (18) months after the termination date. There is no associated cost to the City under the program. Currently the City has three former employees covered by this program.

**NOTE M - RECEIVABLES AND PAYABLES WITHIN REPORTING ENTITY**

Amounts receivable and amounts payable between individual funds within the primary government as of September 30, 2002 are as follows:

	RECEIVABLES	PAYABLES
<u>General Fund:</u>		
Water and Sewer Fund	\$ 1,459	\$ 230
Debt Service Fund	---	5,091
Total	\$ 1,459	\$ 5,321
 <u>Water &amp; Sewer Fund:</u>		
General Fund	\$ 230	\$ 1,459
Total	\$ 230	\$ 1,459
 <u>Debt Service Fund:</u>		
General Fund	\$ 5,091	\$ ---
Total	\$ 5,091	\$ ---
<b>TOTAL ALL FUNDS</b>	<b>\$ 6,780</b>	<b>\$ 6,780</b>

**NOTE N - EXCESS EXPENDITURES OVER APPROPRIATIONS**

The General Fund had excess expenditures over appropriations in the General Expense, Fire Department and Recreation Department.

**NOTE O – RECONCILIATION OF BUDGET TO GAAP**

The following are adjustments necessary to convert the results of operations and fund balances at September 30, 2002 on the budget basis to the GAAP basis:

	NET INCREASE (DECREASE) IN FUND BALANCE	
	GENERAL FUND	DEBT SERVICE
Accrued Ad Valorem taxes not recognized for budget basis (net of prior year reversals and allowance adjustments)	\$ 1,006	\$ 130
Rounding	3	(3)
GAAP Basis	\$ 1,009	\$ 127

CITY OF LAKE WORTH, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2002

**NOTE P – ECONOMIC DEPENDENCY**

Since the City’s largest revenue in the General Fund is sales tax, the City’s revenue may vary according to the strength of the economy of the Dallas-Fort Worth metropolitan area.

In the Enterprise Fund the City contracts with the City of Fort Worth, Texas for sanitary sewer treatment. The total cost of the service for the current fiscal year was \$467,495 which represents 30.77% of the City’s total operating expenses. In addition the City purchases water from the City of Fort Worth, Texas to supplement the amounts produced from City wells. During the current fiscal year the City paid \$173,144 for treated water which is 11.46% of the City’s total operating expenses. In total, the City paid to the City of Fort Worth, Texas \$640,639 which is 42.17% of the City’s total operating expenses.

**NOTE Q– FUND BALANCE**

The following is a detail of the designated General Fund balance:

Police Training	\$	1,894
Firemen Training		2,470
Park Improvement		64,266
Child Safety		801
Court Technology		50,902
Court Security		16,973
Confiscated Property		10,028
Hotel Tax		29,155
Asbestos Removal		26,129
Shawnee Bridge		29,750
	\$	<u>232,368</u>

Police Training: The city receives money for the training of police officers that may not be expended in the same year as the revenue is received. The designated fund balance represents revenue received which has not been spent for officer training.

Firemen Training: The city receives money for the training of firemen that may not be expended in the same year as the revenue is received. The designated fund balance represents revenue received which has not been spent for firemen training.

Park Improvement: Each month a dollar donation is placed on the water and sewer bill of each customer. The Customer is not required to pay the dollar donation. The money received from the voluntary donations are accumulated in an account which is designated for park improvements. In addition the City has received various donations for park improvements. The accumulated amount not expended from this account is carried as a designated fund balance.

Child Safety: Citations written for offenses in school zones and passing school buses are assessed a fee that may be used for guards at school zones and other expenditures permitted by law.

CITY OF LAKE WORTH, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2002

**NOTE Q– FUND BALANCE (CONTINUED)**

Court Technology: On all citations written after the Ordinance adopted by the City a fee is assessed that may be used to purchase or enhance most court technological equipment, software, devices, apparatus and any other expenditures legally permitted by law.

Court Security: All citations are assessed a fee that may be used for court security services, equipment, devices and other expenditures legally permitted by law.

Confiscated Property: Assets confiscated from various police activities are sold and the proceeds are placed in a designated fund for use in future police activities.

Hotel Tax: The City receives a tax based upon room rentals collected by lodging establishments within the City limits of Lake Worth, Texas. These taxes are restricted to certain types of expenditures by state statutes.

Asbestos Removal: Money was received from a class action suit against W. R. Grace & Co. for the removal of asbestos. These funds have not been expended.

Shawnee Bridge: This money has been designated to cover the City's estimate participation costs for the State's reconstruction of the Shawnee Bridge.

**SUPPLEMENTARY SCHEDULES**

CITY OF LAKE WORTH, TEXAS  
 SCHEDULE OF SUPPLEMENTAL TAX INFORMATION  
 SEPTEMBER 30, 2002

NOTE A: The following table sets out detailed information in connection with assessments and collections, including collection of taxes.

	<u>ASSESSMENTS</u>	<u>ADJUSTMENTS AND COLLECTIONS</u>	<u>UNCOLLECTED SEPT. 30, 2002</u>
2001	\$ 628,586	\$ 611,949	\$ 16,637
2000	562,840	557,772	5,068
1999	529,760	526,801	2,959
1998	500,954	498,765	2,189
1997	501,397	499,045	2,352
1996	521,142	518,340	2,802
1995	517,511	515,388	2,123
1994	502,281	500,136	2,145
1993	485,672	483,762	1,910
1992	462,828	460,978	1,850
1991	444,865	443,659	1,206
1990	450,454	449,137	1,317
1989	425,399	424,095	1,304
1988	404,847	403,749	1,098
1987	377,332	376,708	624
1986	356,802	356,195	607
1985	282,156	281,668	488
1984	255,559	255,247	312
1983	236,671	236,532	139
1982	212,007	211,877	130
1981	226,486	226,382	104
1980	165,001	164,924	77
1979	158,191	158,131	60
1978	147,532	147,472	60
1977	143,552	143,492	60
1976	142,261	142,226	35
			<u>\$ 47,656</u>

CITY OF LAKE WORTH, TEXAS  
 COMBINED SCHEDULE OF NOTES PAYABLE, CERTIFICATES OF OBLIGATION  
 AND CAPITAL LEASES  
 SEPTEMBER 30, 2002

WATER AND SEWER FUND

	INTEREST RATE	DATE OF LEASE/NOTE
<u>NOTES PAYABLE</u>		
IBM Credit Corporation	3.49%	May 1, 1999
Lake Worth National Bank	7.00%	October 27, 1998
TOTAL NOTES PAYABLE		

CAPITAL LEASES

Crestar Leasing	4.52%	November 15, 1998
Caprock - First United	6.25%	April 11, 2000
Consolidated Financial Resources, Inc	4.95%	November 6, 2001

TOTAL CAPITAL LEASES

GENERAL LONG-TERM DEBT

	INTEREST RATE	DATE OF LEASE/NOTE
<u>COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION</u>		
Series 1997A	4.40% to 6.00%	September 1, 1997
Series 1997B	3.35% to 4.80%	September 1, 1997
Series 1999	3.60% to 5.10%	April 1, 1999
Series 2001	4.10% to 5.00%	April 1, 2001
TOTAL CERTIFICATES OF OBLIGATION		

CAPITAL LEASES

Kansas State Bank	6.44%	September 21, 1998
Consolidated Financial Resources, Inc	6.30%	March 12, 2002
Consolidated Financial Resources, Inc	4.95%	November 6, 2001

GENERAL OBLIGATION NOTES PAYABLE

Star Bank of Texas	6.95%	December 18, 1998
Star Bank of Texas	6.95%	June 10, 1999

TOTAL GENERAL OBLIGATION  
 NOTES PAYABLE

<u>PAYMENTS</u>	<u>NUMBER OF PAYMENTS</u>	<u>AMOUNT BORROWED</u>	<u>REPAID</u>	<u>OUTSTANDING</u>
\$ 1,678.12 monthly	60	\$ 92,281	\$ 58,484	\$ 33,797
\$ 447.76 monthly	36	14,500	14,500	---
		<u>\$ 106,781</u>	<u>\$ 72,984</u>	<u>\$ 33,797</u>
\$49,380.46 semi-annually	10	\$ 437,590	\$ 342,079	\$ 95,511
\$ 1,068.74 monthly	36	35,000	28,702	6,298
\$ 21,532.99 annually	4	78,625	19,925	58,700
		<u>\$ 551,215</u>	<u>\$ 390,706</u>	<u>\$ 160,509</u>
<u>PAYMENTS</u>	<u>NUMBER OF PAYMENTS</u>	<u>AMOUNT BORROWED</u>	<u>REPAID</u>	<u>OUTSTANDING</u>
Annual Payments 1998 thru 2017	20	\$ 2,500,000	\$ 390,000	\$ 2,110,000
Annual Payments 1998 thru 2017	20	1,500,000	255,000	1,245,000
Annual Payments 2000 thru 2019	20	3,900,000	275,000	3,625,000
Annual Payments 2002 thru 2021	20	4,150,000	55,000	4,095,000
		<u>\$ 12,050,000</u>	<u>\$ 975,000</u>	<u>\$ 11,075,000</u>
\$ 6,967.11 annually	5	\$ 29,000	\$ 22,454	\$ 6,546
\$12,293.86 annually	3	33,700	---	33,700
\$ 31293.01 annually	4	114,263	28,956	85,307
		<u>\$ 176,963</u>	<u>\$ 51,410</u>	<u>\$ 125,553</u>
\$12,504.40 annually	5	\$ 62,522	\$ 37,513	\$ 25,009
\$ 439.01 monthly	36	14,226	14,226	---
		<u>\$ 76,748</u>	<u>\$ 51,739</u>	<u>\$ 25,009</u>

CITY OF LAKE WORTH  
 SCHEDULE OF INSURANCE IN FORCE  
 SEPTEMBER 30, 2002

<u>COMPANY AND TYPE OF INSURANCE</u>	<u>POLICY NUMBER</u>	<u>POLICY PERIOD</u>	
		<u>FROM</u>	<u>TO</u>
A. Texas Multi-Peril			
1. Texas Political Subdivision Property/Casualty Joint Self-Insurance Fund	99-F0015	10/01/01	10/01/2002

<u>COVERAGE</u>	<u>AMOUNT</u>
General Liability -	
General Aggregate Limit	\$ 2,000,000
Each Occurrence	\$ 1,000,000
Sudden events involving pollution - each occurrence	\$ 1,000,000
Deductible - each occurrence	\$ 1,000
Property Coverage -	
Real and personal property (\$250 deductible)	\$ 10,025,018
Mobile equipment (\$250 deductible)	\$ 262,835
Leasehold interest	\$ 50,000
Business income and extra expenses	\$ 50,000
Valuable papers and records	\$ 50,000
Accounts receivable	\$ 50,000
Outdoor trees and shrubs	\$ 10,000
Personal property of employees and officials	\$ 5,000
Deductible per occurrence	\$ 250
Boiler and machinery (\$1000 deductible)	\$ 4,220,563
Municipal Offices:	
Old City Hall & Pump House at 6720 Telephone Road	
Fire & Extended Coverage (90% co-insurance)	
Building	\$ 151,078
Contents (including machinery)	\$ 15,000
3801 Adam Grubb Street	
Public Library	
Fire & Extended Coverage (90% co-insurance)	
Building	\$ 384,900
Contents	\$ 440,000
6720-G Telephone Road	
Garage	
Fire & Extended Coverage (90% co-insurance)	
Building	\$ 37,591
Contents	\$ 5,000
4004-08 Merrett Drive	
Fire Department	
Fire & Extended Coverage (90% co-insurance)	
Building	\$ 682,559
Contents	\$ 96,000
City Hall and Police Station	
Fire & Extended Coverage (90% co-insurance)	
Building	\$ 3,500,000
Contents	\$ 500,000
3501 Roberts Cut-Off	
Seniors Citizens Building	
Fire & Extended Coverage (90% co-insurance)	
Metal poles & lights	\$ 42,400
Building	\$ 216,872
Contents	\$ 25,000
Baseball scoreboards	\$ 13,500
Football scoreboard	\$ 7,000
4200C Fewell Dr.	
Public Works/ Maintenance Facility	
Fire & Extended Coverage (90% co-insurance)	
Building	\$ 200,000
Contents	\$ 50,000

CITY OF LAKE WORTH  
 SCHEDULE OF INSURANCE IN FORCE – CONTINUED  
 SEPTEMBER 30, 2002

CITY OF LAKE WORTH  
 SCHEDULE OF INSURANCE IN FORCE  
 SEPTEMBER 30, 2002

COMPANY AND TYPE OF INSURANCE	POLICY NUMBER	POLICY PERIOD	
		FROM	TO
A. Texas Multi-Peril			
1. Texas Political Subdivision			
Property/Casualty Joint			
Self-Insurance Fund	99-F0015	10/01/01	10/01/2002

<u>COVERAGE</u>	<u>AMOUNT</u>	
Property Coverage (Continued) -		
3501-B Roberts Cut-Off		
Concession Stand		
Fire & Extended Coverage (90% co-insurance)		
Building	\$	38,601
Contents	\$	5,000
3501-A Roberts Cut-Off		
Maintenance Building		
Fire & Extended Coverage (90% co-insurance)		
Building	\$	52,951
Contents	\$	5,000
4200A Fewell Dr.		
Dog Pound		
Fire & Extended Coverage (90% co-insurance)		
Building	\$	25,407
Contents	\$	5,000
6720-C Telephone Road		
Storage Warehouse		
Fire & Extended Coverage (90% co-insurance)		
Building	\$	8,900
Contents	\$	10,000
6720-D Telephone Road		
Storage Warehouse		
Fire & Extended Coverage (90% co-insurance)		
Building	\$	7,100
Contents	\$	5,000
4200B Fewell Road		
Storage Warehouse		
Fire & Extended Coverage (90% co-insurance)		
Building	\$	20,813
Contents	\$	205,500
6720 Telephone Road		
Water Storage		
Fire & Extended Coverage (90% co-insurance)		
Ground Water Tank	\$	350,000
Elevated Water Tank	\$	400,000
Azle Avenue		
Water Storage		
Fire & Extended Coverage (90% co-insurance)		
Ground Water Tank	\$	60,000
Elevated Water Tank	\$	400,000
Boat Club Road		
Water Storage		
Fire & Extended Coverage (90% co-insurance)		
Elevated Water Tank	\$	400,000
3601 Mohawk		
Water storage		
Fire & Extended Coverage (90% co-insurance)		
Ground Water Tank	\$	26,750

CITY OF LAKE WORTH  
 SCHEDULE OF INSURANCE IN FORCE – CONTINUED  
 SEPTEMBER 30, 2002

COMPANY AND TYPE OF INSURANCE	POLICY NUMBER	POLICY PERIOD	
		FROM	TO
A. Texas Multi-Peril - (Continued)			
1. Texas Political Subdivision			
Property/Casualty Joint			
Self-Insurance Fund	99-F0015	10/01/2001	10/01/2002

<u>COVERAGE</u>	<u>AMOUNT</u>	
Property Coverage (Continued) -		
6001C Azle Avenue		
Pump Station		
Fire & Extended Coverage (90% co-insurance)		
Building	\$	20,000
Contents	\$	25,000
3601 Mohawk		
Pump Station		
Fire & Extended Coverage (90% co-insurance)		
Building	\$	7,000
Contents	\$	25,000
6720 Telephone Road		
Well Site		
Fire & Extended Coverage (90% co-insurance)		
City Hall A	\$	60,000
City Hall B	\$	60,000
4200C Boat Club Road		
Well Site		
Fire & Extended Coverage (90% co-insurance)	\$	60,000
6001D Azle Road		
Well Site		
Fire & Extended Coverage (90% co-insurance)	\$	60,000
3601 Mohawk		
Well Site		
Fire & Extended Coverage (90% co-insurance)	\$	60,000
300 Shady Dell		
Metering Station		
Fire & Extended Coverage (90% co-insurance)		
Building	\$	15,000
Contents	\$	10,000
Lift Stations		
Fire & Extended Coverage (90% co-insurance)		
Northwest - 3704 N.W. Centere		
Building	\$	25,000
Contents	\$	95,000
Marina - 3800 Marina		
Building	\$	12,506
Contents	\$	120,000
Caddo - 7033 Navejo	\$	85,000
Edgemere - 7100 Edgemere	\$	85,000
Clarke - 4512 Clarke	\$	85,000
Lakewood - 4150 Lakewood	\$	85,000

CITY OF LAKE WORTH  
 SCHEDULE OF INSURANCE IN FORCE – CONTINUED  
 SEPTEMBER 30, 2002

COMPANY AND TYPE OF INSURANCE	POLICY NUMBER	POLICY PERIOD	
		FROM	TO
B. Workmen's Compensation			
1. Texas Political Subdivision Workers Compensation Joint Insurance Fund	99-H0214	10/01/2001	10/01/2002
C. Automobile Policy			
1. Texas Political Subdivision Property/Casualty Joint Self-Insurance Fund	99-F0015	10/01/2001	10/01/2002
D. Public Employees Blanket Bond			
1. Texas Political Subdivision Property/Casualty Joint Self-Insurance Fund	99-H0015	10/01/2001	10/01/2002
E. Errors and Omission			
1. Texas Political Subdivision Property/Casualty Joint Self-Insurance Fund	99-H0015	10/01/2001	10/01/2002
F. Law Enforcement			
1. Texas Political Subdivision Property/Casualty Joint Self-Insurance Fund	99-F0015	10/01/2001	10/01/2002

<u>COVERAGE</u>	<u>AMOUNT</u>
Statutory	Statutory
Combined Liability - \$1,000 Deductible	\$500,000
Physical damage	ACV-\$1000 deductible
Medical - each occurrence	\$ 25,000
1999 Ford Crown Victoria	1999 Ford Crown Victoria
1994 Ford pickup 3/4 ton	1980 GMC Value Van
1994 Ford pickup 3/4 ton	1994 Ford pickup 1/2 ton
1974 Chevrolet rescue van	1987 Spartan fire truck
1989 Chevrolet Super Van utility truck	1984 Ford mini-pumper fire truck
1988 Ford pickup	1987 Ford Pickup
1999 Ford Crown Victoria	1988 GMC dump truck
1994 Ford sedan	1989 Spartan Chassis/Sentenal pumper
1996 Freightliner fire truck	1989 Chevrolet 3/4 ton pickup
1996 Ford Crown Victoria	1983 Chevy dump truck
1996 Ford Crown Victoria	1996 Ford Crown Victoria
1991 Chevrolet 3/4 ton pickup	1996 Ford Crown Victoria
1998 Chevrolet 3/4 ton pickup	1996 Ford Crown Victoria
1998 Chevrolet 3/4 ton pickup	1984 Ford 3 ton truck
1999 Ford Ranger pickup	1986 Ford truck
1999 Ford Explorer	1998 Ford Crown Victoria
2001 Ford dump truck	1998 Ford Crown Victoria
2001 Ford Crown Victoria	1999 Ford Explorer
2001 Ford Crown Victoria	2000 Ford F250 3/4 ton
2000 Ford Crown Victoria	2000 Ford F250 3/4 ton
2000 Ford Crown Victoria	2000 Ford F150 1/2 ton
1994 Ford F150 1/2 ton	2000 Ford F150 1/2 ton
2000 Ford Explorer	2001 Ford Crown Victoria
Public Employee Dishonesty - \$500 Deductible	\$ 100,000
Forgery or Alteration	\$ 100,000
Each Wrongful Act	\$ 1,000,000
Annual Aggregate	\$ 2,000,000
Deductible	\$ 10,000

CITY OF LAKE WORTH  
 SCHEDULE OF INSURANCE IN FORCE – CONTINUED  
 SEPTEMBER 30, 2002

COMPANY AND TYPE OF INSURANCE	POLICY NUMBER	POLICY PERIOD	
		FROM	TO
G. Scheduled Mobile Equipment			
1. Texas Political Subdivision			
Property/Casualty Joint			
Self-Insurance Fund	99-F0015	10/01/2001	10/01/2002

<u>COVERAGE</u>	<u>AMOUNT</u>
1987 John Deere backhoe 310C	\$ 20,000
1974 John Deere motor grader 5700	\$ 25,000
1986 John Deere wheel loader	\$ 49,000
1991 John Deere tractor 3012	\$ 22,500
1974 John Deere tractor 301	\$ 9,000
1994 John Deere backhoe 3100	\$ 39,660
John Deere F710 riding mower	\$ 6,000
1995 Cimline	\$ 16,500
1995 Big Ben	\$ 32,000
1992 Mauldin roller	\$ 4,625
Kiori tractor	\$ 10,500
Kiori Loader	\$ 3,250
Bauer Compressor	\$ 14,000
1999 Badger water meter system	\$ 437,590
1992 Mauldin roller	\$ 8,800
1990 Grimmer Schmidt Air Compressor	\$ 2,000