

Meeting Date: March 22, 2016

Agenda Item

16

REQUESTED COMMISSION ACTION:

Consent

Ordinance

Resolution

X

Consideration/
Discussion

X

Presentation

SHORT TITLE

Presentation of the City of Pompano Beach Comprehensive Annual Financial Report, Single Audit Reports and Management Letter for the Fiscal Year ended September 30, 2015 and the results of the annual audit by RSM US LLP, Independent Certified Public Accountants.

Summary of Purpose and Why:

Florida Statutes, Chapter 218.39, Annual Financial Audit Reports, mandates the preparation of a Comprehensive Annual Financial Report ("CAFR") for each fiscal year and Florida Statute, Chapter 11.45, mandates that an annual audit of the CAFR be conducted by an independent certified public accountant, in accordance with the rules of the Auditor General of the State of Florida and American Institute of Certified Public Accountants Statements on Auditing Standards. The preparation of the CAFR by the City's Finance Department serves to facilitate the annual audit.

In addition, as a recipient of Federal and State grant funds, the City is required to undergo an annual single audit, performed by an independent certified public accountant, in accordance with the provisions of the US Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and Chapter 10.550, Rules of the Auditor General, State of Florida.

RSM US, LLP, independent certified public accountants (the City's external auditors), will present the results of their audit of the City's CAFR and Federal and State Grant Programs for the Fiscal Year ended September 30, 2015, as well as make required communications to the City Commission. Please refer to Finance Department Memorandum #16-66 for a discussion of the City's financial position at 9/30/15 and results of operations for the fiscal year, as well as a discussion of select financial indicators indicative of the City's fiscal condition and results of operations over time and compared to similar peer cities at 9/30/15.

- (1) Origin of request for this action: Finance Department
- (2) Primary staff contact: Suzette Sibble Ext. 4680
- (3) Expiration of contract, if applicable: N/A
- (4) Fiscal impact and source of funding: N/A

DEPARTMENTAL COORDINATION	DATE	DEPARTMENTAL RECOMMENDATION	DEPARTMENTAL HEAD SIGNATURE
Finance	<u>3/14/16</u>	<u>Approval</u>	<u>S. Sibble</u>
Internal Audit	<u>3/15/16</u>	<u>Approve</u>	<u>B. DeLeon</u>

X City Manager [Signature] Dennis W. Beard

ACTION TAKEN BY COMMISSION:

	Resolution	Consideration
<u>Ordinance</u>		
<u>Workshop</u>		
1 st Reading	1 st Reading	Results: Results:
2 nd Reading	2 nd Reading	Results: Results:

**FINANCE DEPARTMENT
MEMORANDUM 16-66**

Date: March 15, 2016
To: Mayor and City Commissioners
Via: Dennis Beach, City Manager
From: Suzette Sibble, Finance Director



**Subject: Presentation of Comprehensive Annual Financial Report
Single Audit Report and Management Letter for the Fiscal Year
Ended September 30, 2015**

I would like to take this opportunity to provide you with a draft of the Comprehensive Annual Financial Report (CAFR), Single Audit Reports and Management Letter for the City of Pompano Beach (the City) for the fiscal year ended September 30, 2015 for your reference. The City's external auditors are required to formally communicate the results of their audit to you as required by generally accepted auditing standards and will be doing so at the March 22, 2016 City Commission Meeting to be followed up with a written communication via a "Report to the Governing Board".

The CAFR, prepared by the City's Finance Department, is presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited by an independent firm of certified public accountants, RSM US, LLP, as mandated by Florida Statutes, Chapter 218.39, *Annual Financial Audit Reports*. The audit was conducted in accordance with the rules of the Auditor General of the State of Florida, promulgated pursuant to Florida Statute, Chapter 11.45. The independent auditor plans on issuing an **unmodified opinion** that the CAFR fairly presents the financial position and results of operations of the City and complies with applicable reporting standards. This is the highest level of audit opinion (clean opinion) that may be granted by an audit firm.

The auditor is also required to issue a Management Letter, in accordance with Florida Statute, Chapter 10.550, *Rules of the Florida Auditor General*. Among other things, the management letter is supposed to identify any deficiencies or material weaknesses in the City's financial reporting framework which may impact the fair representation of the City's financial position or results of operation, or report any recommendations for improvements (in accordance with best practices), as well as noncompliance with contracts, grants etc. As the attached management letter indicates, the City did not have any findings or recommendations for the fiscal year ended September 30, 2015. In addition, the Auditor General does require that the auditor perform such procedures necessary to assess the financial condition of the City and indicate in the Management Letter if there may be any indications of deteriorating financial condition. The Management Letter for the fiscal year ended September 30, 2015 indicates that the financial condition assessment procedures performed by the auditor did not indicate that

the City met any of the conditions described in Section 218.503(1) Florida Statutes, which might indicate that the City is in state of deteriorating financial condition.

Florida Auditor Financial Condition Assessment Tool

To assist auditors and local governments in making financial condition assessments, the Auditor General provides financial and other data, financial indicators, and benchmarks via a tool located on their website, http://www.myflorida.com/audgen/pages/fca_procedures.htm. The Auditor General staff compiles the data utilized for analysis purposes from audit reports and other sources submitted to them. Please note that any member of the public may avail themselves of this tool.

The City's auditors have provided a copy of the financial condition assessment that they have performed for the City utilizing this tool, at **Attachment B**. The tool displays graphical results, as well as information on the City's 5 year trends (fiscal year 2011 – 2015) and the City benchmarked against its peer group for year 5 (fiscal year 2015). The Auditor General's tool requires the auditor to enter information about the City (such as population, taxable property valuation etc.) and based on the parameters entered, the tool determines the similar peer cities against which the City might be benchmarked. **Attachment B** indicates how the City compares to its peer group (other similar cities with population between 50,000-149,999 and taxable property values of at least \$6,250,000,000) at and for the fiscal year ended September 30, 2015 (Y5 or Year 5). Peer cities/towns are indicated below:

- Boca Raton
- Clearwater
- Coral Springs
- Davie
- Delray Beach
- Hollywood
- Jupiter
- Miami Beach
- Miramar
- Plantation
- Sarasota
- West Palm Beach
- Palm Beach Gardens
- Weston

A total of eighteen (18) indicators are indicated at **Attachment B**. It should be noted that the results of the assessment cannot always be taken at face value and as a result a particular result indicated might warrant further analysis. For instance, what may be indicative of a negative trend or an unfavorable rating for a particular financial indicator, upon further review, this may not actually be the case. In conjunction with the City's auditors, certain financial indicators have been selected for discussion purposes, and a narrative for each indicator selected is presented at **Attachment A**.

Single Audit Report

As a recipient of federal and state grant funds, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. In this respect, the City is required to

undergo an annual single audit performed under the provisions of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General, State of Florida*. The information related to the Single Audit, including the schedule of expenditure of federal awards and state financial assistance, findings and recommendations, and auditors' reports on the internal control and compliance with applicable laws and regulations are included in the attached "Single Audit Reports in Accordance with OMB Circular A-133 and the Florida Single Audit Act and Management Letter in Accordance with the Rules of the Auditor General of the State of Florida." It should be noted that the auditors have issued an **unmodified opinion** on compliance for major federal programs and state projects audited for the fiscal year ended September 30, 2015, with no findings reported.

General Fund

The General Fund serves as the main operating fund for the City and accounts for all City resources that are not required to be maintained in another fund. The balance sheet, operating statement and budget to actual statement for the General Fund are located on pages 25-26, 28-29 and 114 of the CAFR, respectively. However, a summary of the financial position and the operations of the General Fund are as follows:

- The General Fund met its budget objectives for the fiscal year, with revenues coming in above budget and expenditures coming in below budget.
- The General Fund reported a fund balance of \$61.9 million at September 30, 2015. Of this amount \$10.6 million (\$7.9 million restricted to the building permit function) represents balances set aside due to contractual obligations, Florida Statute or simply because they represent resources in non-spendable form (i.e. inventories, assets held for resale etc.). Approximately \$1.4 million represents encumbrances (funds committed for a particular purpose via the City's purchase order system) or amounts which have been assigned for a particular purpose by the City Commission, as part of the fiscal year 2016 adopted budget.
- The remainder of the Fund Balance is reported as "unassigned" in the amount of \$49.8 million. This amount includes amounts designated as follows:
 1. The City's desire to continue to maintain an operating contingency in the amount of \$19.1 million (the City has adopted the Government Finance Officer's Associations (GFOA) best practice recommendation that the City maintain an amount at least equal to two months of budgeted operating expenditures to cushion against unanticipated fluctuations in revenues and expenditures during the course of a fiscal year). However, the City also maintains this reserve balance for two additional reasons:
 - To afford liquidity during the first quarter of its fiscal year as the bulk of the City's largest revenue source (ad valorem) is not received until sometime in December; and
 - To allow for the advance funding of the City's numerous cost reimbursement grants (i.e. Home, CDBG, NSP etc.).
 2. A disaster recovery reserve in the amount of \$19.1 million. A few years after its experience with Hurricane Wilma, the City adopted a practice of maintaining a reserve fund for disasters to ensure that we will be able to return services to normal capacity and assist our residents without relying on any external resources. The reserve amount is calculated by the

City's Finance Department based on the initial outlay for Hurricane Wilma and adjusted annually by the change in the municipal cost index.

3. The remainder of the "unassigned" fund balance amount (approximately \$11.6 million) is currently "undesignated" and is available for one-time capital outlays, as an example. Please refer to **Attachment C** to this memorandum for the change in this category for the past 5 fiscal years.
- The General Fund overall Fund balance remained relatively constant from the prior fiscal year end, with only a \$200,000 decrease. The decrease noted is primarily attributable to the transfer of funds to the Capital Projects Fund (various projects) from the General Fund's unassigned fund balance. Ignoring these planned expenditures from the unassigned fund balance, the General Fund actually would have reported an increase from the prior fiscal year, primarily attributable to greater than anticipated receipts for the building permit function, electric utility taxes, electric franchise fees, state revenue sharing, pari-mutuel revenue and half cent sales tax revenues; lower than anticipated expenditures for various City functions (see budget to actual on page 114 of the CAFR) and the processing of various chargebacks to the building fund.

Applying standards established by the GFOA and various nationally recognized rating agencies, the City's reserves at September 30, 2015 are indicative of a fiscally healthy City, at a point in time, positioned to weather any unanticipated needs. This is also demonstrated by the results of the financial condition assessment results. The City's local economy continues to show steady signs of improvement, but the City is always susceptible to economic downturns and legislative mandates, which could threaten to erode local revenue sources. The City remains vigilant in its efforts to oppose legislative mandates in this respect via its lobbyist relationships.

Management is always looking for ways to control costs in the short and long-term. This is while simultaneously maintaining services to our residents. The City has begun to take steps to implement the Lean Sigma Six model throughout its departments to further streamline operations and reduce costs for its residents.

Other Funds

All Other City Funds (i.e. EMS Fund, Affordable Housing, Cemetery, Utility, Airpark, Parking, Golf and Stormwater), with the exception of the NW CRA District, East CRA District, Cultural Arts Foundation, Pier and Sanitation Funds, experienced an increase in fund balance over the prior fiscal year. Decreases noted in the other funds, with the exception of the Sanitation Fund, was the result of planned expenditures/expenses from accumulated resources in those funds for various capital initiatives or accounting adjustments from prior fiscal years. The decrease noted in the Sanitation fund was due to higher than anticipated disposal charges experienced in that fund for the fiscal year.

Please refer to the Management Discussion and Analysis section of the CAFR (pages 4-20) for additional information on the financial position and results of the operations of the City for the fiscal year ended September 30, 2015, as well as a comparison to prior fiscal year results for select funds.

Pension Plans & New Government Accounting Standards Adopted

Although the Government Accounting Standards Board (the accounting standard setting board for governments) has issued numerous accounting standards over the past years, the most notable was **GASB 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 and GASB 71, Pension Transition For Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68**, which required the City to record a net pension liability and related deferred inflows/outflows of resources in its government-wide and enterprise fund financial statements for FY 2015, as it relates to the City's General Employees and Police and Firefighters Retirement Plans. The net pension liability (NPL) is the difference between the present value of the projected benefit payments to employees based on their past service and assets (primarily investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees and their beneficiaries. Deferred inflows and outflows are resources which are expected to benefit or impact future periods and as such recognition of these items are deferred and recognized over these future periods (i.e. gains or losses on investments or employer contributions made subsequent to the measurement date).

It should be noted that the City has always been required to make disclosures relative to the funded status of its pension plans in the notes to its financial statements and regardless of now being required to record the entire unfunded liability or Net Pension Liability on its balance sheet, it is currently management's intention to continue to fund its pension obligations annually, in an amount equal to the annual required contribution amount, as actuarially determined and as is minimally required by the State of Florida. This being said, over past years management has been vigilant in controlling its pensions costs with such measures as bifurcating the General Employees Retirement System Plan for new entrants (after June 2011), freezing COLAs for some time, adjusting the formula for average salaries contemplated for benefit payments at retirement (from 3 years to 5 years), limiting merits (from 6% to 3% for general employees), excluding overtime from pensionable earnings etc.

The City Administration and Elected Officials are aware of their fiduciary responsibility to control benefits offered for services rendered to ensure that the City will be able to meet the Annual Required Contribution, which is in essence the amortization of the benefits promised over a thirty year period (no different than a homeowner negotiating a 30 year mortgage and paying a monthly amount over that amortization period). This might be deemed a somewhat simplified analogy as pensions have several moving parts, which impact the amount of the liability from year to year (salaries, COLA's, multipliers, investment returns etc.). That being said, careful and prudent management and oversight by experienced consultants affords a keen eye on the various formula components governing the sustainability of the City's pension plans in the long-term.

The other thing that was rumored when GASB issued this pronouncement was that if you have debt outstanding that carry an underlying credit rating from S&P, Moody's or Fitch, that the recording of this NPL on your balance sheets would somehow result in an immediate downgrade in ratings. Having just gone through the rating process with all 3 of these entities for the pier parking garage project I will tell you that this notion is not necessarily grounded in fact. As a matter of fact, the rating agencies have always looked at a municipality's pension liability whether in the notes to the financial statements or on a balance sheet. They know where to find the number and they have

even developed their own formula in assessing the liability figure. What rating agencies look at is the City's track record in managing their liability over time, the types of items we have negotiated with the unions, the lifespan of union contracts and management's general propensity to be consistent in this respect. The City received favorable ratings from all three rating agencies.

ATTACHMENT A

City of Pompano Beach, Florida

FL. Auditor General Financial Condition Tool Assessment --Select Financial Indicators Discussion

Note: Please refer to Attachment B for the Financial Condition Assessment Output from The Florida Auditor General's website, which should be utilized as a point of reference for the select indicators discussed below. It should be noted that although financial indicator results may be interpreted as negative, each government's unique circumstances must be dissected to determine if a perceived negative trend may truly be indicative of a problem, or not. What follows is a discussion of select indicators, based on such an in-depth analysis.

A. Financial Indicator 1 (Governmental Activities) --- Change in Net Position/Beginning Net Position

The percent change in net position indicates how the government's position changed during the year (positive or negative), as a result of resource flow. Decreasing results over time may indicate the government's financial position is weaker, as a result of resource flow.

City Historical Trend- Over Five Fiscal Years (2011-2015)

The City was assigned a Favorable rating. The City's overall favorable rating noted is primarily a function of the City's minimum fund balance policy, as well as the City's accumulation of resources over time on a pay as you go basis to fund various capital initiatives. The City maintains a minimum fund balance target equal to 2 months of budgeted appropriations, a policy that has been formally adopted by the City Commission. In addition the City has funds assigned/committed for Capital projects. The City also maintains additional reserve funds for disaster mitigation. During FY 2015, this indicator trended downward as a result of the City's implementation of GASB Statement 68, *Accounting and Financial Reporting For Pensions - An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*, which required the City to record a net pension liability and related deferred inflows/outflows of resources in its government-wide and enterprise fund financial statements, as it relates to the City's General Employees and Police and Firefighters Retirement Plans. The net pension liability is the difference between the present value of the projected benefit payments to employees based on their past service and the assets (primarily investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees and their beneficiaries. Please refer to Note (III)(C) for additional information. In addition, beginning net position at October 1, 2014 was also restated to reflect the adoption of GASB Statements No. 68 and 71, as discussed in more detail at Note (III)(H).

Peer Group Benchmark- Year 5 (Y5)

The City was assigned an unfavorable rating. Compared to other similar entities, the chart indicates that the City's change in net position as a percentage of beginning net position is at .78% for Year 5 (2015), compared to 2.90% for the peer cities. This chart is misleading because although the City's information is being reported at 9/30/15, the peer cities information for 9/30/15 is not yet available. As such a true apples to apples comparison to peer cities is not possible at this time. This is extremely relevant for FY 2015 because of the City's implementation of GASB Statement No. 68 and GASB 71, as discussed above, which had a significant impact on the City's balance sheet position for its governmental activities. The City was still able to report position net assets for its governmental activities at 9/30/15, even with the implementation of these accounting pronouncements. Despite the significant impact to the governmental activities balance sheet, the City's management and elected officials continue to make policy decisions, which if sustained, ensure the City's continued ability to meet its annual required contribution for its pension plans, as annually determined by the Plans' actuaries.

B. Financial Indicator 2 --- Unassigned plus Assigned Fund Balance (FB) plus Unrestricted Net Assets (NA)

This financial indicator provides trending and benchmark information for the City as to its equity position (accumulated resources available for appropriation at the City's discretion) for all governmental funds (except special revenue funds), such as the General, Capital Projects, EMS, Northwest CRA District and East CRA District funds and proprietary funds of the City (such as Utility, Stormwater, Sanitation, Parking etc.). Declining results **may** indicate that the local government could have difficulty maintaining a stable tax and revenue structure or adequate level of services. Deficits may indicate a financial emergency.

City Historical Trend- Over Five Fiscal Years (2011-2015)

The City was assigned a Favorable rating. The Favorable rating noted is primarily a function of the City's minimum fund balance/net asset policy for its General, Utility and Stormwater Funds, as well as the City's accumulation of resources over time on a pay as you go basis to fund various capital initiatives in the General, Capital Projects, CRA, Utility and Stormwater Funds. The City maintains operating (formal policy adopted by the City Commission) and disaster contingency funds in various funds.

Peer Group Benchmark- Year 5 (Y5)

The City was assigned a favorable rating. Compared to other similar entities, the amount the City has in accumulated equity is very favorable at September 30, 2015, with \$138 million for the City across all governmental and proprietary funds, compared to \$71 million for its peer group (or 94% more than the peer group). It is not known if peer cities have minimum fund balance/net asset policies or also maintains disaster contingency funds as part of their equity balances or chooses to finance various projects via debt issuance as opposed to on a pay-as-you-go basis. As inferred

earlier, there is always more than meets the eye as we delve into these comparisons as each municipality's practices, policies and laws vary across the board in many cases.

C. Financial Indicator 3 (GF or General Fund) - Unassigned and Assigned Fund Balance (FB)/ Total Expenditures (excludes transfers out)

This financial indicator provides trending and benchmark information for the City as to the General Funds equity position as to accumulated and available resources as a percentage of total expenditures for the General Fund. Percentages decreasing over time **may** indicate unstructured budgets that could lead to future budgetary problems for the local government even if the current fund balance is positive.

City Historical Trend- Over Five Fiscal Years (2011-2015)

The City was assigned an unfavorable rating. However, it should be pointed out that the ratio has been trending downward due to the planned use of accumulated unassigned fund balance to fund capital projects. These accumulated fund balance resources in the General Fund are usually transferred to the Capital Projects and Golf Fund (capital and operations) and is reported in the "transfers out" line in the financial statements, which is not being factored in for "total expenditures" in this financial indicator's calculations.

Peer Group Benchmark- Year 5 (Y5)

The City was assigned a Favorable rating. Although the City's 5 year trend was deemed unfavorable above, when compared to the City's peers for year 5 (fiscal year 2015), this ratio is favorable with the City at 47% compared to 25% for peer cities. What this indicates is that the City could theoretically not collect current revenues for almost a six month period and still be able to fund its operations, compared to peer Cities at about 3 months. Although it is difficult to assess the varying policies of peer cities, the City's minimum fund balance target and disaster contingency funds is most likely a key component of this distinction.

D. Financial Indicator 4 (GF) (General Fund) Cash & Investments/Current Liabilities

This financial indicator provides trending and benchmark information for the City as to the General Fund's ability to satisfy its current liabilities (obligations) with cash and investments. Percentages decreasing over time **may** indicate that the local government has overextended itself in the long run or may be having difficulty raising the cash needed to meet its current needs.

City Historical Trend- Over Five Fiscal Years (2011-2015)

The City was assigned an inconclusive rating. The inconclusive rating (was favorable for 2010-2014) is most likely due to the City's providing a loan (advance) to the CRA NW District in FY 2015 to acquire property. The General Fund transferred the cash (from available surplus funds) to the NW CRA District and then recorded a receivable (advance to other funds) on its balance sheet. The City maintains a minimum fund balance target, a function of the City's formal fund balance policy (the City maintains minimum operating and disaster contingency funds), as well as has

historically accumulated resources over time to fund capital projects on a pay-as-you-go basis. The City is more than aptly positioned to satisfy its current liabilities with its cash/investments on hand.

Peer Group Benchmark- Year 5 (Y5)

The City has been assigned a favorable rating when compared to its peer group at year 5 (fiscal year 2015), with the City at 2462% compared to its peer group at 868%. It is difficult to surmise from the model if other entities have adopted formal minimum fund balance policies comparable to the City's or if capital initiatives have been funded by these cities from planned accumulation of resources vs. a tendency to fund these initiatives with debt issuance. The determination to fund capital initiatives with debit issuance vs. on a pay as you go basis must be evaluated within the context of each municipality's local laws.

E. Financial Indicator 4 (G) (Governmental Funds) Cash & Investments/Current Liabilities

This financial indicator provides trending and benchmark information for the City as to the City's Governmental Fund's ability to satisfy its current liabilities (obligations) with cash and investments. Percentages decreasing over time may indicate that the local government has overextended itself in the long run or may be having difficulty raising the cash needed to meet its current needs.

City Historical Trend- Over Five Fiscal Years (2011-2015)

The City was assigned an unfavorable rating. The unfavorable rating is due to the trend of utilizing surplus funds to fund capital initiatives throughout the past five years. In FY 2015, the City's General Fund provided a loan (advance) to the CRA NW District to acquire property and provided short term loans to the Neighborhood Stabilization Grant Program (NSP) Fund and the Airpark Fund to cover short term deficit positions, pending sale of NSP properties and reimbursement from granting agencies. In the case of the CRA advance, the General Fund transferred the cash (from available surplus resources) to the NW CRA District and then recorded a receivable (advance to other funds) on its balance sheet. The short term loans were also funded from surplus funds in the General Fund. The City maintains a minimum fund balance target, a function of the City's formal fund balance policy (the City maintains minimum operating and disaster contingency funds), as well as had historically accumulated resources over time to fund capital projects on a pay-as-you-go basis. The City is more than aptly positioned to satisfy its current liabilities with its cash/investments on hand.

Peer Group Benchmark- Year 5 (Y5)

The City has been assigned an inconclusive rating when compared to its peer group at year 5 (fiscal year 2015), with the City at 1229% compared to its peer group at 1273%. Although these percentages are somewhat comparable, the decrease in the Governmental Fund cash/investments balances was the result of the items discussed above, which were funded from accumulated surplus funds.

F. Financial Indicator 5 (G) (Governmental Funds – such as General, CRA, EMS, Capital Projects etc.) Cash & Investments/Total Expenditures

This financial indicator provides trending and benchmark information for the City as to the City's governmental funds ability to satisfy current obligations with cash and investments. Percentages decreasing over time may indicate that the local government's governmental funds have overextended in the long run or may be having difficulty raising the cash needed to meet current needs.

City Historical Trend Over Five Fiscal Years (2011-2015) and Peer Group Benchmark- Year 5

The City was assigned an Unfavorable rating when looking at the five year trend for its own activities. This indicator has been trending downwards. The City's financial indicator output compared to the benchmark would most likely be higher were it not skewed by the planned spend down of undesignated, committed and assigned funds for capital outlays. The City is able to fund current expenditures with current revenues generated.

Peer Group Benchmark- Year 5 (Y5)

The City has been assigned a favorable rating when compared to its peer group at year 5 (fiscal year 2015), with the City at 903% compared to its peer group at 843%. Although these percentages are somewhat comparable, the decrease in the Governmental Fund cash/investments balances was the result of the items discussed above (planned expenditures), which were funded from accumulated surplus funds.

G. Financial Indicator 6 (G) (Governmental Funds – such as General, CRA, EMS, Capital Projects etc.) Current Liabilities/Total Revenues

This financial indicator provides trending and benchmark information for the City as to the City's governmental funds ability to satisfy current liabilities (obligations) with current operating revenues. Increasing results may indicate liquidity problems, deficit spending, or both.

City Historical Trend Over Five Fiscal Years (2011-2015) and Peer Group Benchmark- Year 5

The City was assigned an unfavorable rating when looking at the five year trend for its own activities. However, again, what could appear on the surface to be a negative trend can be primarily explained by the City's loan (advance) to the NW CRA District in FY 2015. The CRA displays the loan on its balance sheet as a current liability, but the loan was funded by the General Fund, not from current revenues, but from surplus resources.

The City has been assigned an inconclusive rating when compared to its peer group at year 5 (fiscal year 2015), with the City at 6.48% compared to its peer group at 6.25%. Although these percentages are somewhat comparable, again, the negative trend perpetuated in FY 2015 in the City's Governmental Funds was primarily due to the loan to the NW CRA District from General Fund surplus resources.

H. Financial Indicator 8 (G) (Governmental Funds – such as General, CRA, EMS, Capital Projects etc.) Excess Revenue Over (Under) Exp./Total Revenues

Decreasing surpluses or increasing deficits may indicate that current revenues are not supporting current expenditures.

City Historical Trend Over Five Fiscal Years (2011-2015) and Peer Group Benchmark- Year 5

Even though the City received a favorable rating for its five year trend, we received an unfavorable rating when compared to our peers for Y5 (FY 2015). The unfavorable rating noted is primarily attributed to the CRA and Capital Project Funds' spend down of accumulated resources over time. In other words, current operating revenues were not the funding source for these capital initiatives.

I. Financial Indicator 9 (P) (Proprietary Funds – such as Utility, Stormwater, Sanitation, Parking etc.) Operating Income (Loss)/Total Operating Revenues

Decreasing income or increasing losses may indicate that current revenues are not supporting current expenses.

City Historical Trend Over Five Fiscal Years (2011-2015) and Peer Group Benchmark- Year 5

Even though the City received an inconclusive rating for its five year trend and an unfavorable rating when compared to our peers for Y5 (FY 2015), the perceived negative indications are attributable to the Airpark and Golf Funds. The City deposited funds into an Airpark Capital Improvement Fund a few years back (proceeds from the City's buyout of land deed restrictions from the FAA) and have been steadily spending down those resources over the last few years. The Golf Fund typically operates at a deficit position and as is typical of most municipal Golf Courses, is subsidized by the General Fund.

J. Financial Indicator 13 (Government-wide) Debt Service Exp./Total Expenditures

This financial indicator reflects how much of a local government's expenditures are attributable to debt service expenditures. Percentages increasing over time may indicate declining flexibility the local government has to respond to economic changes (highly debt leveraged).

City Historical Trend Over five fiscal years (2011-2015) and Peer Group Benchmark- Year 5

The City was assigned a Favorable rating over the 5 year trend period, as well as when compared to its peer group at the end of Year 5 (fiscal year 2015). The City's percentage of debt service expenditures over total expenditures is very low. The City is one of the few cities with no general obligation (G.O.) debt, which indicates the capacity to issue debt to fund capital needs (i.e. parks, fire stations). Delays in issuance of debt is partially attributable to the spend-down of accumulated resources over time, as well as the City's efforts to ensure a calculated effort in identifying capital needs (i.e. adoption of a parks master plan).

K. Financial Indicator 16G - Pension Plan Funded Ratio – General Employees Retirement System Pension Plan

This financial indicator reflects the funded ratio (plan assets/plan liabilities) for the City’s General Employees’ Pension Plan over a five year period and compared to the City’s peer group at the end of fiscal year 2015 (2015 information was not available as of yet for the peer group so peer information is for 2014). Ideally the funding ratio should be increasing over time. A decreasing trend may indicate an increasing burden on the tax base and/or poor plan management. The declining funded ratio for the City from 2011 to 2013 was due to financial market losses on pension plan investments starting in FY 2008, the losses for which were smoothed over a five year period. Market performance began to improve in the latter years of the five year trend period which translates into an improved funded status. The City’s funded ratio of 77% is reported as 15% below the peer cities at 90%. This appears to be unusually high for the peer cities and will be investigated further as 2015 information comes online for those peer cities.

L. Financial Indicator 16C - Pension Plan Funded Ratio – General Employees Retirement System combined with the Police & Firefighters Retirement System Pension Plans

This financial indicators reflect the funded ratio (plan assets/plan liabilities) for the City’s General Employees’ and Police & Firefighters Pension Plans (combined) over a five year period and compared to the City’s peer group at the end of fiscal year 2015 (2015 information was not available as of yet for the peer group so peer information is for 2014). Ideally the funding ratio should be increasing over time. A decreasing trend may indicate an increasing burden on the tax base and/or poor plan management. The declining funded ratio for the City from 2011 to 2013 was due to financial market losses on pension plan investments starting in FY 2008, the losses for which were smoothed over a five year period. Market performance began to improve in the latter years of the five year trend period which translates into an improved funded status and a favorable overall rating when looking at the trend for the City, as well as benchmarking against our peers for Year 5. The City’s funded ratio of 73% is reported at 5% above the peer cities at 69%.

FINANCIAL INDICATORS

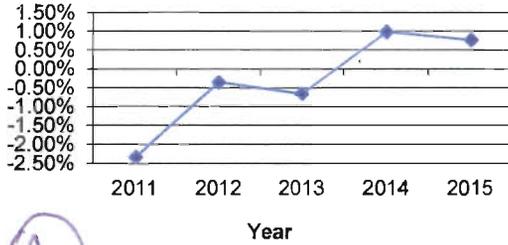
OVERALL RATING: **Favorable**

ENTITY: **M30800 - Pompano Beach, City of**

Benchmark Group:

(Governmental Activities)
Financial Indicator 1

Change in Net Position/
Beginning Net Position



(A)

Unfavorable = ▼

Favorable = ▲

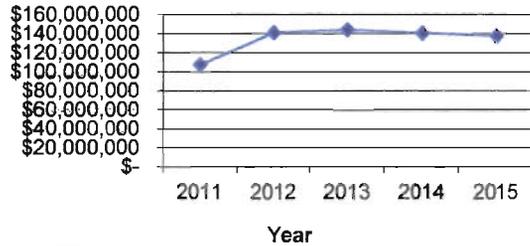
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	133%	Y5 Entity	0.78%
Y2 to Y5 Diff	327%	Y5 Bench	2.90%
Y3 to Y5 Diff	218%	Y5 Entity to Bench Diff	-73%

Trend:	Favorable	Benchmark Comparison:	Unfavorable
Overall Rating: Favorable		Inconclusive	

ALL Governmental Funds (except special revenue funds) and Proprietary Funds

Financial Indicator 2

Unassigned and Assigned FB (A) + Unrestricted NP (Constant \$)



(B)

Unfavorable = ▼

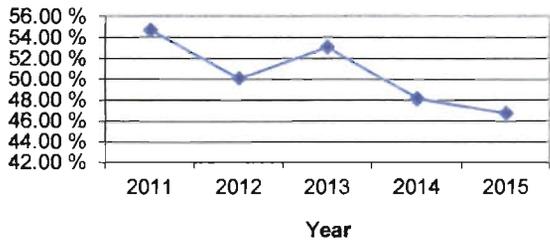
Favorable = ▲

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	28%	Y5 Entity	\$ 138,012,619
Y2 to Y5 Diff	-2%	Y5 Bench	\$ 70,627,644
Y3 to Y5 Diff	-4%	Y5 Entity to Bench Diff	95%

Trend:	Favorable	Benchmark Comparison:	Favorable
Overall Rating: Favorable		Favorable	

General fund
Financial Indicator 3 (GF)

Unassigned and Assigned FB (A) / Total Expenditures



(C)

Unfavorable = ▼

Favorable = ▲

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-14%	Y5 Entity	46.84%
Y2 to Y5 Diff	-7%	Y5 Bench	24.84%
Y3 to Y5 Diff	-12%	Y5 Entity to Bench Diff	89%

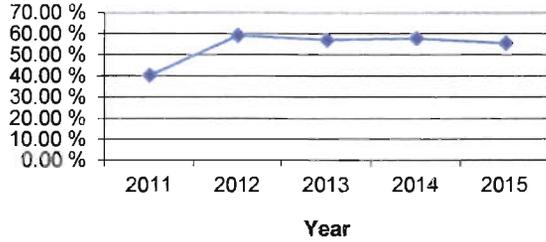
Trend:	Unfavorable	Benchmark Comparison:	Favorable
Overall Rating: Unfavorable		Inconclusive	

ENTITY: M30800 - Pompano Beach, City of

Benchmark Group:

Unassigned/ Assigned FB (A)/ Total Expenditures

Financial Indicator 3 (G)



Unfavorable =

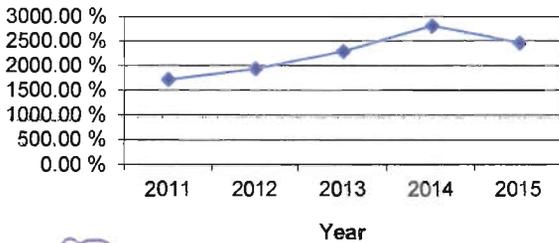
Favorable =

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	37%	Y5 Entity	55.61%
Y2 to Y5 Diff	-6%	Y5 Bench	24.70%
Y3 to Y5 Diff	-3%	Y5 Entity to Bench Diff	125%

Trend:	Inconclusive	Benchmark Comparison:	Favorable
Overall Rating:		Favorable	

Cash & Investments/ Current Liabilities

General Fund
Financial Indicator 4 (GF)



Unfavorable =

Favorable =

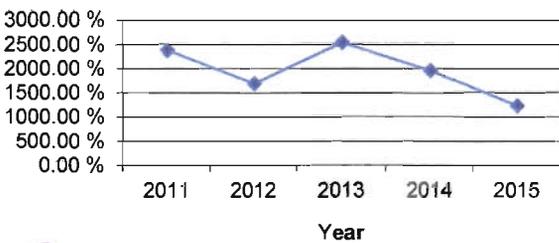
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	43%	Y5 Entity	2461.78%
Y2 to Y5 Diff	27%	Y5 Bench	867.85%
Y3 to Y5 Diff	7%	Y5 Entity to Bench Diff	184%

Trend:	Inconclusive	Benchmark Comparison:	Favorable
Overall Rating:		Favorable	

(D)

Cash & Investments/ Current Liabilities

All Governmental Funds
Financial Indicator 4 (G)



Unfavorable =

Favorable =

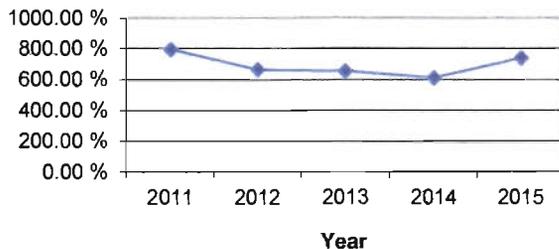
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-48%	Y5 Entity	1229.19%
Y2 to Y5 Diff	-28%	Y5 Bench	1273.05%
Y3 to Y5 Diff	-51%	Y5 Entity to Bench Diff	-3%

Trend:	Unfavorable	Benchmark Comparison:	Inconclusive
Overall Rating:		Unfavorable	

(E)

Cash & Investments/ Current Liabilities

Financial Indicator 4 (P)



Unfavorable =

Favorable =

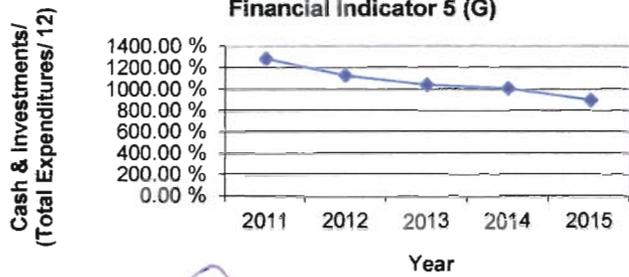
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-7%	Y5 Entity	739.15%
Y2 to Y5 Diff	11%	Y5 Bench	658.55%
Y3 to Y5 Diff	13%	Y5 Entity to Bench Diff	12%

Trend:	Inconclusive	Benchmark Comparison:	Favorable
Overall Rating:		Favorable	

ENTITY: M30800 - Pompano Beach, City of

Benchmark Group:

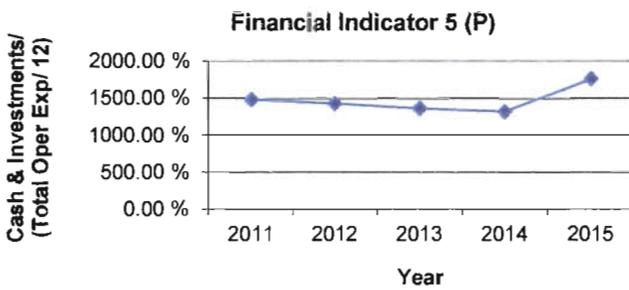
Governmental Funds



(F)

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-30%	Y5 Entity	902.96%
Y2 to Y5 Diff	-20%	Y5 Bench	842.58%
Y3 to Y5 Diff	-14%	Y5 Entity to Bench Diff	7%

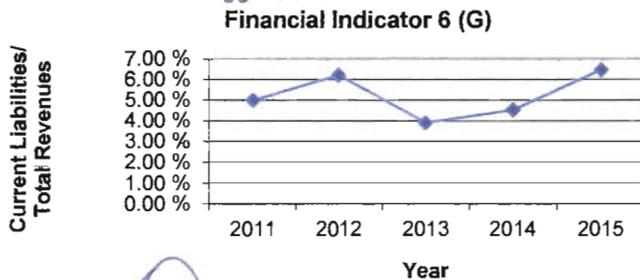
Trend:	Unfavorable	Benchmark Comparison:	Favorable
Overall Rating:		Inconclusive	



Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	18%	Y5 Entity	1767.32%
Y2 to Y5 Diff	23%	Y5 Bench	1548.36%
Y3 to Y5 Diff	29%	Y5 Entity to Bench Diff	14%

Trend:	Favorable	Benchmark Comparison:	Favorable
Overall Rating:		Favorable	

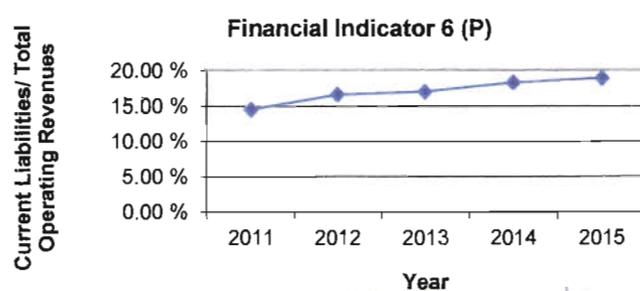
Governmental Funds



(G)

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	29%	Y5 Entity	6.48%
Y2 to Y5 Diff	4%	Y5 Bench	6.25%
Y3 to Y5 Diff	65%	Y5 Entity to Bench Diff	4%

Trend:	Unfavorable	Benchmark Comparison:	Inconclusive
Overall Rating:		Unfavorable	



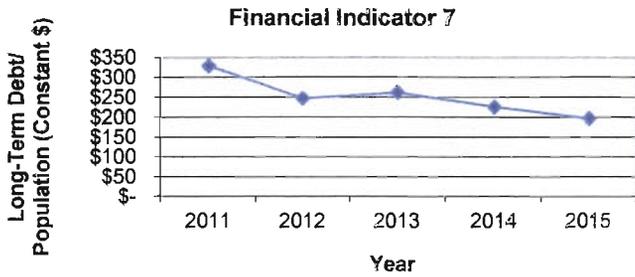
Airpark, Parking Garage etc.

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	29%	Y5 Entity	18.91%
Y2 to Y5 Diff	14%	Y5 Bench	17.19%
Y3 to Y5 Diff	11%	Y5 Entity to Bench Diff	10%

Trend:	Unfavorable	Benchmark Comparison:	Inconclusive
Overall Rating:		Unfavorable	

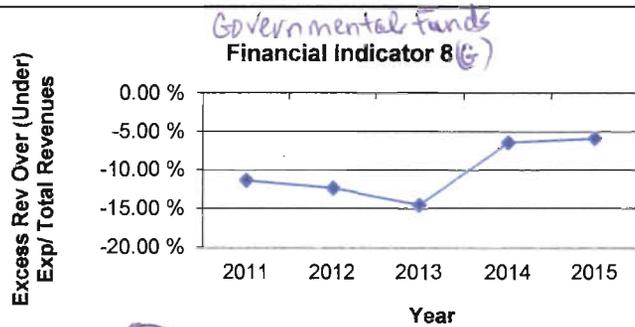
ENTITY: M30800 - Pompano Beach, City of

Benchmark Group:



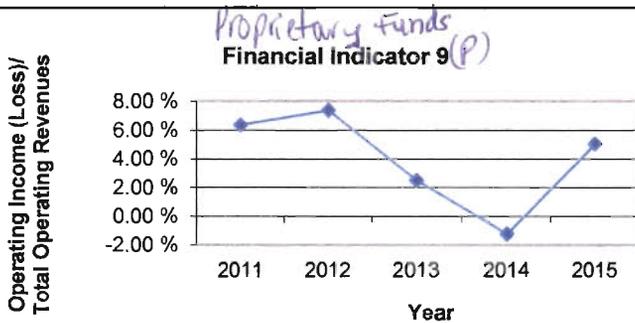
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-40%	Y5 Entity	\$ 198
Y2 to Y5 Diff	-20%	Y5 Bench	\$ 412
Y3 to Y5 Diff	-25%	Y5 Entity to Bench Diff	-52%

Trend:	Favorable	Benchmark Comparison:	Favorable
Overall Rating: Favorable			



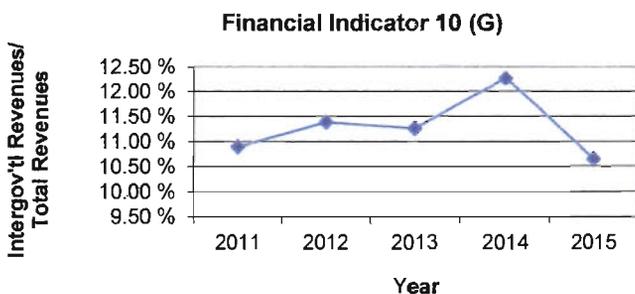
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	49%	Y5 Entity	-5.82%
Y2 to Y5 Diff	53%	Y5 Bench	-2.15%
Y3 to Y5 Diff	60%	Y5 Entity to Bench Diff	-170%

Trend:	Favorable	Benchmark Comparison:	Unfavorable
Overall Rating: Inconclusive			



Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-21%	Y5 Entity	5.08%
Y2 to Y5 Diff	-31%	Y5 Bench	11.43%
Y3 to Y5 Diff	101%	Y5 Entity to Bench Diff	-56%

Trend:	Inconclusive	Benchmark Comparison:	Unfavorable
Overall Rating: Unfavorable			

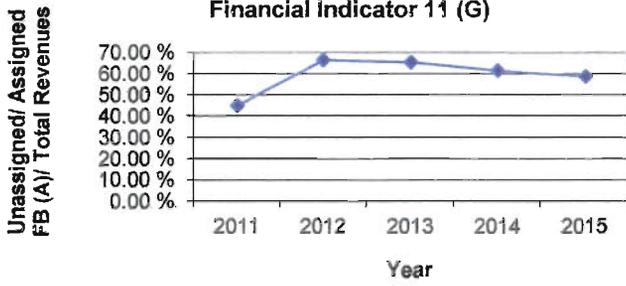


Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-2%	Y5 Entity	10.66%
Y2 to Y5 Diff	-6%	Y5 Bench	16.61%
Y3 to Y5 Diff	-5%	Y5 Entity to Bench Diff	-36%

Trend:	Unfavorable	Benchmark Comparison:	Favorable
Overall Rating: Inconclusive			

ENTITY: M30800 - Pompano Beach, City of

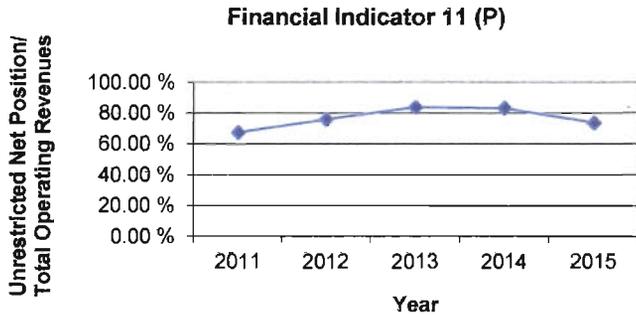
Benchmark Group:



Unfavorable = ▼ Favorable = ▲

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	30%	Y5 Entity	58.84%
Y2 to Y5 Diff	-12%	Y5 Bench	21.31%
Y3 to Y5 Diff	-10%	Y5 Entity to Bench Diff	176%

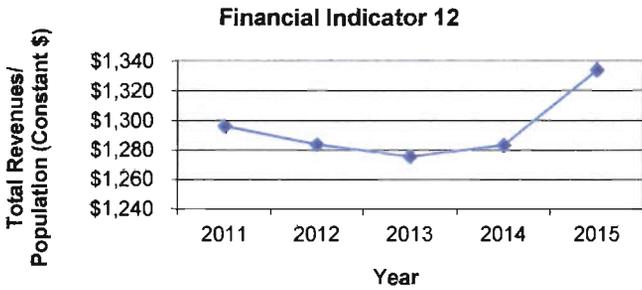
Trend:	Unfavorable	Benchmark Comparison:	Favorable
Overall Rating:		Inconclusive	



Unfavorable = ▼ Favorable = ▲

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	9%	Y5 Entity	73.98%
Y2 to Y5 Diff	-3%	Y5 Bench	72.34%
Y3 to Y5 Diff	-12%	Y5 Entity to Bench Diff	2%

Trend:	Inconclusive	Benchmark Comparison:	Inconclusive
Overall Rating:		Inconclusive	



Unfavorable = ▼ Favorable = ▲

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	3%	Y5 Entity	\$ 1,334
Y2 to Y5 Diff	4%	Y5 Bench	\$ 1,150
Y3 to Y5 Diff	5%	Y5 Entity to Bench Diff	16%

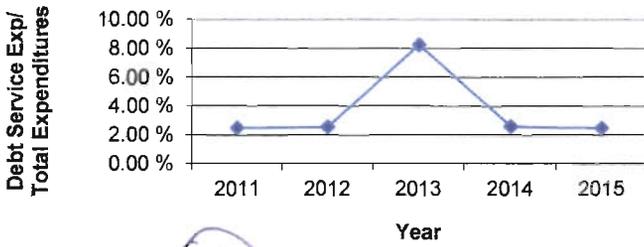
Trend:	Favorable	Benchmark Comparison:	Favorable
Overall Rating:		Favorable	

ENTITY: M30800 - Pompano Beach, City of

Benchmark Group:

Governmental Activities

Financial Indicator 13



(J)

Unfavorable = ▲

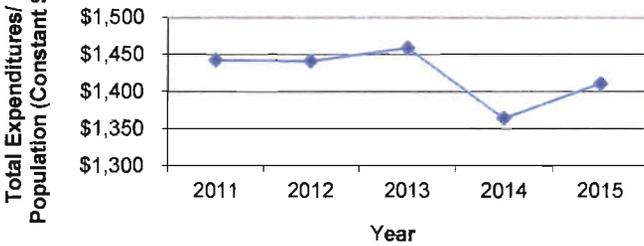
Favorable = ▼

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-1%	Y5 Entity	2.54%
Y2 to Y5 Diff	-3%	Y5 Bench	6.02%
Y3 to Y5 Diff	-69%	Y5 Entity to Bench Diff	-58%

Trend:	Favorable	Benchmark Comparison:	Favorable
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Overall Rating: Favorable

Financial Indicator 14



Unfavorable = ▲

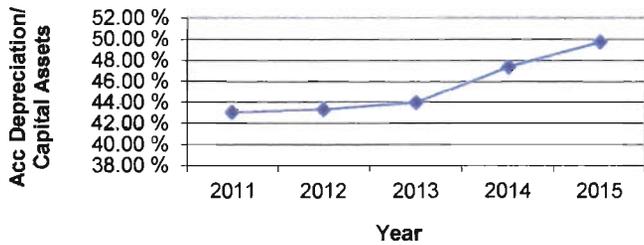
Favorable = ▼

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-2%	Y5 Entity	\$ 1,412
Y2 to Y5 Diff	-2%	Y5 Bench	\$ 1,150
Y3 to Y5 Diff	-3%	Y5 Entity to Bench Diff	23%

Trend:	Favorable	Benchmark Comparison:	Unfavorable
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Overall Rating: Inconclusive

Financial Indicator 15 (G)



Unfavorable = ▲

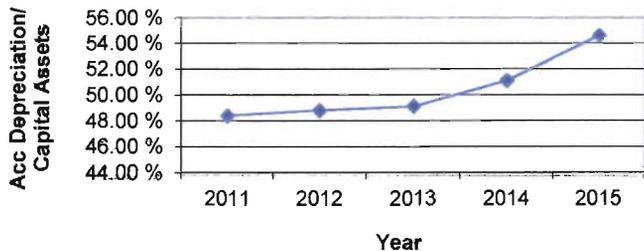
Favorable = ▼

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	16%	Y5 Entity	49.79%
Y2 to Y5 Diff	15%	Y5 Bench	52.70%
Y3 to Y5 Diff	13%	Y5 Entity to Bench Diff	-6%

Trend:	Unfavorable	Benchmark Comparison:	Favorable
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Overall Rating: Inconclusive

Financial Indicator 15 (P)



Unfavorable = ▲

Favorable = ▼

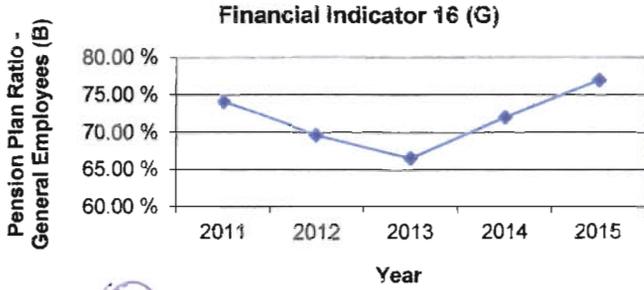
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	13%	Y5 Entity	54.62%
Y2 to Y5 Diff	12%	Y5 Bench	42.89%
Y3 to Y5 Diff	11%	Y5 Entity to Bench Diff	27%

Trend:	Unfavorable	Benchmark Comparison:	Unfavorable
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Overall Rating: Unfavorable

ENTITY: M30800 - Pompano Beach, City of

Benchmark Group:

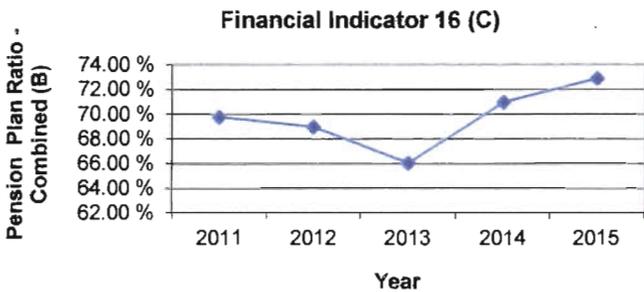


(K)

Unfavorable = ▼ Favorable = ▲

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	4%	Y5 Entity	77.01%
Y2 to Y5 Diff	10%	Y5 Bench	90.23%
Y3 to Y5 Diff	15%	Y5 Entity to Bench Diff	-15%

Trend:	Unfavorable	Benchmark Comparison:	Unfavorable
Overall Rating:		Unfavorable	

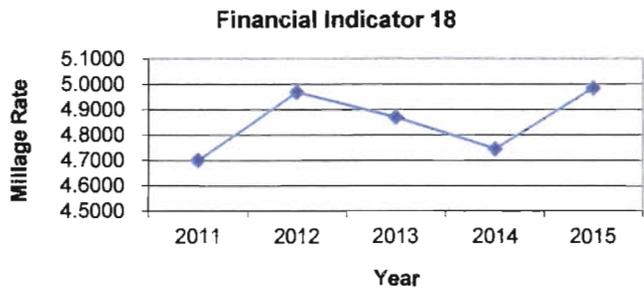


(L)

Unfavorable = ▼ Favorable = ▲

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	4%	Y5 Entity	72.89%
Y2 to Y5 Diff	6%	Y5 Bench	69.40%
Y3 to Y5 Diff	10%	Y5 Entity to Bench Diff	5%

Trend:	Favorable	Benchmark Comparison:	Favorable
Overall Rating:		Favorable	



Unfavorable = ▲ Favorable = ▼

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	6%	< 5.0000	Low
Y2 to Y5 Diff	0%	5.0000 - 9.4999	Medium
Y3 to Y5 Diff	2%	9.5000 +	High
		Y5 Entity	4.9865

Trend:	Inconclusive	Benchmark Comparison:	Favorable
Overall Rating:		Favorable	

(A) Prior to implementation of GASB 54, this data element consists of unreserved fund balance.

(B) With the implementation of GASB 67, the calculation of "Plan Fiduciary Net Position as a Percentage of Total Pension Liability" replaced "Funded Ratio".

Recap of Financial Indicators

1	Inconclusive	11 (G)	Inconclusive
2	Favorable	11 (P)	Inconclusive
3 (GF)	Inconclusive	12	Favorable
3 (G)	Favorable	13	Favorable

ENTITY: M30800 - Pompano Beach, City of

Benchmark Group:

4 (GF)	Favorable	14	Inconclusive
4 (G)	Unfavorable	15 (G)	Inconclusive
4 (P)	Favorable	15 (P)	Unfavorable
5 (G)	Inconclusive	16 (G)	Unfavorable
5 (P)	Favorable	16 (C)	Favorable
6 (G)	Unfavorable	18	Favorable
6 (P)	Unfavorable		
7	Favorable		
8	Inconclusive		
9	Unfavorable		
10 (G)	Inconclusive		

APPENDIX A FINANCIAL INDICATORS

INDICATOR	APPLICABILITY	WARNING TREND	FORMULA **
1 Change in Net Position / Beginning Net Position	Government Wide Statement of Activities (Governmental Activities)	The percent change in net position indicates how the government's position changed during the year (positive or negative) as a result of resource flow.	1/2
2 Unassigned and Assigned Fund Balance + Unrestricted Net Position (Constant \$)	Unassigned and Assigned Fund Balance & Unrestricted Net Position from all funds combined (except Special Revenue Fund)	Declining results may indicate that the local government could have difficulty maintaining a stable tax and revenue structure or adequate level of services. Deficits may indicate a financial emergency.	(7+8+9+19)/38
3 Unassigned and Assigned Fund Balance / Total Expenditures	General fund and Governmental funds separately	Percentages decreasing over time may indicate unstructured budgets that could lead to future budgetary problems for the local government even if the current fund balance is positive.	7/14 & (7+8+9)/15
4 Cash & Investments / Current Liabilities	General fund, Governmental Funds, and Proprietary funds separately	Percentages decreasing over time may indicate that the local government has overextended itself in the long run or may be having difficulty raising the cash needed to meet its current needs.	3/5 & 4/6 & 17/18
5 Cash & Investments/ Total Expenditures or Total Operating Expenses divided by 12	Governmental funds and Proprietary funds separately	Percentages decreasing over time may indicate that the local government has overextended itself in the long run or may be having difficulty raising the cash needed to meet its current needs.	4/(15/12) & 17/(22/12)
6 Current Liabilities/ Total Revenues or Total Operating Revenues	Governmental funds and Proprietary funds separately	Increasing results may indicate liquidity problems, deficit spending, or both.	6/12 & 18/21
7 Long-Term Debt (Constant \$)/ Population	Governmental funds	Results increasing over time may indicate that the local government has a decreasing level of flexibility in how resources are allocated or decreasing ability to pay its long-term debt.	(10/38)/36
8 Excess of Revenues Over (Under) Expenditures/ Total Revenues	Governmental funds	Decreasing surpluses or increasing deficits may indicate that current revenues are not supporting current expenditures.	16/12
9 Operating Income(Loss)/ Total Operating Revenues	Proprietary funds	Decreasing income or increasing losses may indicate that current revenues are not supporting current expenses.	23/21
10 Intergovernmental Revenues/ Total Revenues or Total Operating Revenues	Governmental funds and Proprietary funds separately	Percentages increasing over time indicate a greater risk assumed by the local government due to increased dependence on outside revenues.	11/12 & 20/21
11 Unassigned and Assigned Fund Balances or Unrestricted Net Position / Total Revenues or Total Operating Revenues	Governmental funds and Proprietary funds separately	Decreasing results may indicate a reduction in the local government's ability to withstand financial emergencies or its ability to fund capital purchases without having to borrow.	(7+8+9)/12 & 19/21
12 Total Revenues (Constant \$)/ Population	Governmental funds	Decreasing results indicate that the local government may be unable to maintain existing service levels with current revenue sources.	(12/38)/36
13 Debt Service/ Total Expenditures	General, Special Revenue, and Debt Service funds only - Annual debt service payments	Percentages increasing over time may indicate declining flexibility the local government has to respond to economic changes.	13/15
14 Total Expenditures (Constant \$)/ Population	Governmental funds	Increasing results may indicate that the cost of providing services is outstripping the local government's ability to pay (i.e., the local government may be unable to maintain services at current levels).	(15/38)/36

APPENDIX A FINANCIAL INDICATORS

	<i>INDICATOR</i>	<i>APPLICABILITY</i>	<i>WARNING TREND</i>	<i>FORMULA **</i>
15	(Accumulated Depreciation / Capital Assets)	Governmental type activities and Proprietary type activities separately	This is the percentage of assets depreciated. A increasing trend suggests that a local government is not systematically investing in its capital assets which may indicate increasing deferred replacement or maintainece costs.	(27/26) & (29/28)
16	Pension Plan Ratio*	FRS, General Government, Fire, Police, and Combined defined benefit plans	Ideally the Plan Fiduciary Net Position as a Percentage of Total Penion Liability ratio should be increasing over time. Decreasing trend may indicate an increasing burden on the tax base and/or poor plan management.	30, 31, 32, 33
17	OPEB Funded Ratio		Ideally the funding ratio should be increasing over time. Decreasing trend may indicate an increasing burden on the tax base and poor plan management. Entities that use the pay-as-you-go method will see increasingly greater cost in the future compared with those that fund the plan	34
18	Millage Rate	Self-explanatory	Millage rates approaching the statutory limit may indicate that the local government has a reduced ability to raise additional funds when needed.	37

** Formula elements are specified in Appendix B

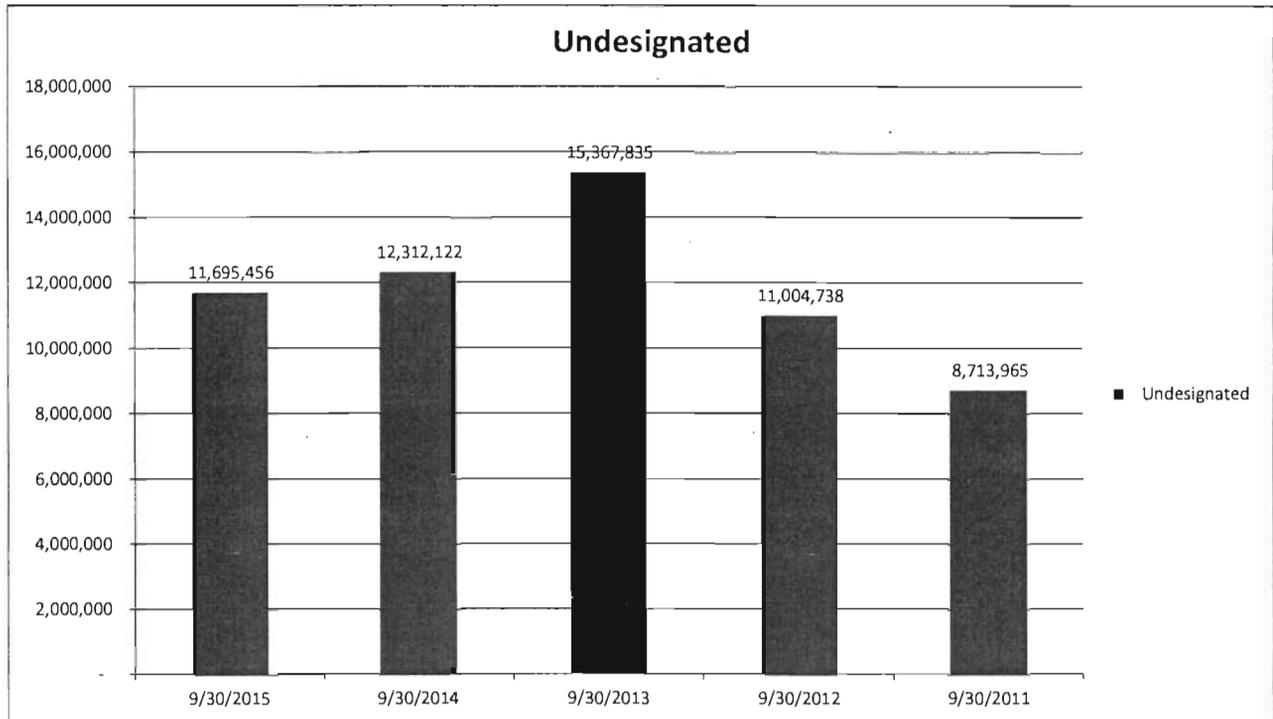
* With the implementation of GASB 67, the calculation of "Plan Fiduciary Net Position as a Percentage of Total Penion Liability" replaced "Funded Ratio".

City of Pompano Beach
 General Fund (Fund 001) --- Fund Balance Comparison
 Fiscal Years 2011, 2012, 2013, 2014 and 2015

ATTACHMENT C

	9/30/2015	9/30/2014	9/30/2013	9/30/2012	9/30/2011
Fund Balances:					
Nonspendable (Inventory & Prepays)	225,821	194,404	328,490	1,380,183	245,514
Nonspendable (Advance to NW CRA District)	2,500,000				
Restricted (Bldg. Fund)	7,906,567	8,129,626	6,682,395	8,175,752	8,190,183
Assigned (Projects, Encumbrances & Designated for Subsequent Years Expds.)	1,404,213	2,933,852	5,023,642	8,525,298	10,558,773
Unassigned:					
Designated for Disaster Recovery	19,065,797	19,240,884	18,899,039	18,465,491	20,868,950
Designated for Operating Contingency (2 months oper. expds.-GFOA)	19,056,166	19,248,694	18,784,937	18,959,374	18,585,434
Designated for line of Credit Due Broward County					
Undesignated	11,695,456	12,312,122	15,367,835	11,004,738	8,713,965
Subtotal Unassigned Fund Balance	49,817,419	50,801,700	53,051,811	48,429,603	48,168,349
Total Fund Balances	61,854,020	62,059,582	65,086,338	66,510,836	67,162,819
Unassigned Fund Balance \$ Variance	(984,281)	(2,250,111)	4,622,208	261,254	(1,161,841)
Unassigned Fund Balance % Variance	-2%	-4%	10%	1%	-2%
Overall Fund Balance \$ Variance	(205,562)	(3,026,756)	(1,424,498)	(651,983)	(22,981,065)
Overall Fund Balance % Variance	0%	-5%	-2%	-1%	-25%

City of Pompano Beach
 General Fund Undesignated Fund Balance Comparison
 Last Five Fiscal Years



EXPLANATIONS FOR FLUCTUATIONS BETWEEN FISCAL YEARS:

2011 to 2012 (Approx. \$2.3 mil Increase - 26%)

Primarily due to reduced hurricane contingency by \$2.4 mil due to revised calculations for FEMA closeout & MCI decrease which shifted funds to undesignated. During year also had prolonged vacancies in Parks&rec. and greater than anticipated collections for primarily utility electric& franchise fees (\$1.1 mil). Also rec'd \$300k lump communication service tax audit distribution (State performed jurisdictional audit).

2012 to 2013 (Approx. \$4.4 mil Increase - 40%)

Primarily due to the net effect of greater than anticipated collections for electric utility taxes (\$.7 million); Less expenditures than anticipated for public safety expenses due to application of pension credit against BSO policing services contract Sept. payment (\$2.2 mil); Less than anticipated expds. for Parks & Recreation (vacancies etc.) and capital outlay; Transfer of surplus funds to the Capital Project Fund for various projects, the Golf Fund to cover the costs of a new golf course maintenance contract and the hiring of a Golf Manager and a transfer to the East CRA District Fund to cover costs associated with the Relocation of the Beach Library Project.

2013 to 2014 (Approx. \$4.9 mil Decrease - 32%)

Due to the City's transfer and commitment of funds to the capital projects fund for various capital initiative during the fiscal year (i.e. Library/Cultural Center).

2014 to 2015 (Approx. \$600 k Decrease - 5%)

Primarily due to the net effect of the following activity:

- *Greater than anticipated receipts for electric franchise fees, electric utility taxes, state revenue sharing, half cent sales tax, pari mutuel revenues
- *Expenditures under budget for rentals/leases, police services, attrition due to vacancies etc.
- *Planned spend down of undesignated general fund balance primarily for a loan to the NW CRA district for property acquisition, improvements to MLK Blvd. from turnpike to powerline and replacement of public safety complex chiller
- *Retroactive chargebacks to the building permit function (rent adjustment and alarm permit reallocation)

City of Pompano Beach, Florida
Management Letter in Accordance
With Chapter 10.550, *Rules of the*
Florida Auditor General

For the Year Ended September 30, 2015

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**Management Letter in Accordance with
Chapter 10.550 of the Rules of the
Florida Auditor General**

Honorable Mayor and Members of the
City Commission of the City of
Pompano Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pompano Beach, Florida (the City), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated March XX, 2016.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Florida Auditor General. Other auditors audited the financial statements of the Pompano Beach Police and Firefighters' Retirement System and the City of Pompano Beach General Employees' Retirement System, as described in our report on the City's financial statements. This management letter does not include the results of the other auditors' testing of compliance and other matters that are reported on separately by those auditors. Our report also includes emphasis of matter paragraph relating to the City's adoption of Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*, effective October 1, 2014.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550 Rules of the Florida Auditor General and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March XX, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information is disclosed in Note 1 to the financial statements.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

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

Purpose of This Letter

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

Fort Lauderdale, Florida
March XX, 2016

Independent Accountant's Report

The Honorable Mayor, Members of the
City Commission and City Manager
City of Pompano Beach, Florida

We have examined the City of Pompano Beach, Florida's (the City) compliance with *Section 218.415, Florida Statutes, Local Government Investment Policies* during the year ended September 30, 2015. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

Fort Lauderdale, Florida
March XX, 2016

City of Pompano Beach, Florida

Single Audit Reports in Accordance with
OMB Circular A-133 and Chapter 10.550, *Rules of the
Auditor General of the State of Florida*

Year Ended September 30, 2015

City of Pompano Beach, Florida

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**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With
Government Auditing Standards**

Independent Auditor's Report

To the Honorable Mayor and Members of the
City Commission
City of Pompano Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pompano Beach, Florida (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March XX, 2016. Our report includes a reference to other auditors who audited the financial statements of the Pompano Beach Police and Firefighters' Retirement System and the City of Pompano Beach General Employees' Retirement System, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report also includes an emphasis of matter relating to the City's adoption of Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*, effective October 1, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

Purpose of This Report

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

Fort Lauderdale, Florida
March XX, 2016

**Report on Compliance for Each Major
Federal Program and State Project; Report on Internal Control
Over Compliance; and Report on the Schedule of Expenditures of
Federal Awards and State Financial Assistance Required By
OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General***

Independent Auditor's Report

To the Honorable Mayor and Members of the
City Commission
City of Pompano Beach, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of Pompano Beach, Florida's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the Florida Department of Financial Services *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2015. The City's major federal programs and state project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, *Rules of the Florida Auditor General*. Those standards, OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state project for the year ended September 30, 2015.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and State Financial Assistance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2015, and the related notes to the financial statements which collectively comprise the City's basic financial statements. We issued our report thereon dated March XX, 2016, which contained unmodified opinions on those financial statements, and included a reference to other auditors and an emphasis of matter paragraph for the adoption of GASB Statement Nos. 68 and 71. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Fort Lauderdale, Florida
March XX, 2016

City of Pompano Beach, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance
Fiscal Year Ended September 30, 2015

Federal/State Agency, Pass Through Entity Federal Program/State Project	CFDA CSFA No.	Contractor/ Grant No.	Expenditures	Amount Provided to Sub recipients
Federal Awards				
U.S. Department of Housing and Urban Development:				
Community Development Block Grants – Entitlement Grants Cluster				
Direct assistance:				
Community Development Block Grant	14.218	B-11-MC-12-0026 through B-14-MC-12-0026	\$ 1,142,856	\$ 95,894
Community Development Block Grant NSP (1)	14.218	B-08-MN-12-0024	700,509	-
Total Community Development Block Grants – Entitlement Grants Cluster			1,843,365	95,894
Direct assistance:				
Home Investment Partnership Program	14.239	M-10-MC-12-0229 through M-14-MC-12-0229	146,929	82,511
Neighborhood Stabilization Program NSP (3)	14.264	B-11-MN-12-0024	636,052	-
Total U.S. Department of Housing and Urban Development			2,626,346	178,405
U.S. Department of Justice (DOJ)				
Direct assistance:				
Federal Equitable Sharing Program	16.922	GR54939	540,763	-
Community Oriented Policing Services (COPS) Cops Hiring Program	16.710	2011-UM-WX-0040	273,617	-
Total U.S. Department of Justice			814,380	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,440,726	\$ 178,405

(Continued)

City of Pompano Beach, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
 Fiscal Year Ended September 30, 2015

Federal/State Agency, Pass Through Entity Federal Program/State Project	CFDA CSFA No.	Contractor/ Grant No.	Expenditures	Amount Provided to Sub recipients
State of Florida:				
Florida Housing Finance Corporation State Housing Initiative Partnership Program	52.901	SHIP 14,15,16	\$ 356,268	\$ -
State of Florida:				
Florida Department of Transportation:				
Aviation Development Grants	55.004	433943-1-94-01 433476-1-94-01	124,760	-
			205,442	-
Total Aviation Development Grants			330,202	-
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 686,470	\$ -

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

City of Pompano Beach, Florida

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2015

Note 1. General and Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") presents the activity of all federal programs and state awards of the City of Pompano Beach, Florida (the "City") for the year ended September 30, 2015. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included in the accompanying Schedule. The information in this schedule is presented in accordance with the requirements of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in fund balance/net position or cash flows, where applicable, of the City. The City's reporting entity is defined in Note 1 of the City's basic financial statements.

Note 2. Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting for grants which are accounted for in the governmental fund types and on the accrual basis of accounting for grants which are accounted for in the proprietary fund types. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* and the Rules of the Department of Financial Services, State of Florida, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

City of Pompano Beach, Florida

Schedule of Findings and Questioned Costs
Fiscal Year Ended September 30, 2015

I - Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None Reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

_____ Yes X No

Identification of major programs:

The programs tested as major were as follows:

CFDA Number(s)

14.218

14.264

Name of Federal Program or Cluster

Community Development Block Grants Cluster

Neighborhood Stabilization Program NSP (3)

Dollar threshold used to distinguish between type

A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

(Continued)

City of Pompano Beach, Florida

Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2015

Section I - Summary of Auditor's Results (Continued)

State Financial Assistance

Internal control over major projects:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None Reported

Type of auditor's report issued on compliance for major projects:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, *Rules of the Florida Auditor General*?

<u> </u> Yes	<u> X </u> No
-----------------------	-------------------------

Identification of major projects:

The projects tested as major were as follows:

CSFA Number(s)
52.901

Name of State Program
State Housing Initiative Partnership Program

Dollar threshold used to distinguish between type A and type B projects:

\$ 300,000

City of Pompano Beach, Florida

Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2015

Section II – Financial Statements Findings

A. Internal Control

None reported.

B. Compliance

None reported.

Section III – Federal Awards Findings and Questioned Costs

A. Internal Control over Compliance

None reported.

B. Compliance

None reported.

Section IV – State Financial Assistance Findings and Questioned Costs

A. Internal Control over Compliance

None reported.

B. Compliance

None reported.

City of Pompano Beach, Florida

Schedule of Prior Year's Audit Findings
Fiscal Year Ended September 30, 2015

No findings were noted for the year ended September 30, 2014.

Comprehensive Annual Financial Report

City Of
Pompano Beach,
Florida

Fiscal Year Ended September 30, 2015

DRAFT

Prepared by the
Finance Department

Suzette Sibble, Finance Director

Andrew Jean-Pierre, Controller

Erica Simmons-Ahimah, Accountant

Jayne Post, Accounting Systems Analyst

Jesse Durbin, Accounting Supervisor

Tana Ziontz, Department Head Secretary

CITY OF POMPANO BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2015

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CITY OF POMPANO BEACH, FLORIDA

Commission-Manager Form of Government

CITY COMMISSION

Lamar Fisher
Charlotte Burrie
Barry Dockswell
Rex Hardin
Ed Phillips
Barry Moss

Mayor at Large
Vice Mayor, District II
Commissioner, District I
Commissioner, District III
Commissioner, District IV
Commissioner, District V

APPOINTED OFFICIALS

Dennis Beach
Mark Berman
Asceleta Hammond
Barbara DeLeon

City Manager
City Attorney
City Clerk
Internal Auditor

March 25, 2016

The Honorable Mayor,
Commissioners and Residents of the
City of Pompano Beach, Florida

Dear Honorable Mayor, City Commissioners and Residents:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Pompano Beach, Florida (the City), for the fiscal year ended September 30, 2015. This report, presented in conformity with accounting principles generally accepted in the United States of America (GAAP), was prepared by the City's Finance Department and audited by an independent firm of certified public accountants, RSM LLP, as mandated by Florida Statutes, Chapter 218.39, Annual Financial Audit Reports. The audit was conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, and the Rules of the Auditor General of the State of Florida, promulgated pursuant to Florida Statute, Chapter 11.45. The independent auditor has issued an unmodified opinion that this CAFR fairly presents the financial position of the City and complies with applicable reporting standards.

The City is responsible for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. Management has established an internal control structure designed to help ensure the assets of the City are protected from loss, theft or misuse and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's 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. We believe the data, as presented, is accurate in all material respects and is reported in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds.

As a recipient of federal, state and county financial assistance, the City is also responsible for the establishment of an adequate internal control structure to help ensure compliance with applicable laws and regulations related to those programs. The City is required to undergo an annual single audit performed under the provisions of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General, of the State of Florida*. The information related to the Single Audit, including the schedule of expenditure of federal awards and state financial assistance, findings and recommendations, and auditors' reports on the internal control and compliance with applicable laws and regulations are included in a separate report, under separate cover.

This report is divided into three parts. The Introductory Section provides a summary of the contents of the entire report and general information about the reporting entity. The Financial Section includes the Independent Auditors' Opinion, Management's Discussion and Analysis (Unaudited), the Basic Financial Statements, Notes to the Financial Statements, Required Supplementary Information (Unaudited); and the Combining and Individual Fund Financial Statements and Schedules. The Management's Discussion and Analysis section provides a narrative introduction, overview and analysis of the basic financial statements. It complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY

The City was incorporated in 1947 and covers an area of approximately 24.59 square miles. The legal authority by which the City was created and is governed is its charter, which was derived from Chapter 57-1754, Special Acts 1957, as amended. The City is governed by an elected five member district commission and a mayor at large. In addition to general government services, the City also provides community planning and redevelopment, public safety, public works and culture and recreation services to its residents. Furthermore, the City's water and sewer, stormwater, sanitation, golf, pier, airport and parking operations are reported as enterprise funds.

Located in Broward County, Florida, the City is centrally located between Palm Beach and Miami, and is the year round home to approximately 105,000 residents. During the peak season (September through March), this number increases to nearly 150,000. As the name implies (Pompano - a species of in-shore tropical game fish) the City is famous for some of the world's best sport fishing and is locally known as the "dive capital" of Broward County. Once a thriving agricultural community, the City has evolved into a warehouse/distribution hub for a wide range of companies that service the over 5 million residents of the South Florida market. The Pompano Beach Air Park is also home to the famous Goodyear Blimp.

The City offers 3 miles of beautiful shoreline and the City's public beach has been declared a Blue Wave Award winner since 2000. Additionally, in 2005 the City was named an All-America City. The All-America City Award is America's original and most prestigious community recognition award honoring communities in which community members, government, businesses and non-profit organizations work together to address critical local issues. The City has also been declared a Tree City USA for the twenty-fifth year and is committed to enhancing its tree canopy and providing shade and fresh air to residents and guests. Due to its mild year round climate, visitors to the City can also enjoy its beautiful parks, beaches, boating, fishing, scuba diving and all other types of outdoor recreation.

Due to its tremendous transportation links, the City is now home to over 28 million square feet of industrial/warehouse/distribution space, which includes regional headquarters for companies such as, Aquathin, Associated Grocers, FedEx Ground, Point Blank Enterprises and Stimpson Co. The City provides access to both the Florida Turnpike and Interstate 95 and also provides access to both the CSX and FEC railroads.

THE REPORTING ENTITY

The accompanying CAFR includes the financial activities of the City, the primary government, and its component units, which are the Pompano Beach Emergency Medical Services District (EMS), the Herb Skolnick Cultural Arts Foundation, Inc. (the CAF), and the Pompano Beach Community Redevelopment Agency, which includes the Northwest and the East Districts (the Districts). Financial information for the City and these component units is accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board (GASB). A component unit is an entity for which the City is considered to be financially accountable. The City is financially accountable if the City Commission appoints a voting majority of an entity's governing body and the City is able to impose its will on that entity, or the City has a financial benefit/burden relationship with the entity. Blended component units are, in substance, part of the City's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the City.

EMS is a dependent special district created to provide emergency medical care and transportation to the residents of the City. EMS has been presented as a blended component unit because it is governed by the City Commission and there is a financial benefit or burden relationship between the City and EMS. The EMS fund is reported as a special revenue fund.

The CAF and the Districts have also been presented as blended component units because they are governed by the City Commission and management of the City has operational responsibility for them. The CAF and the Districts are reported as special revenue funds.

PBFC is a not-for-profit Florida corporation. PBFC has been presented as a blended component unit because it was formed solely for the purpose of facilitating lease purchase arrangements for the benefit of the City and it is governed by the City Commission. The balances and transactions of PBFC are accounted for within the Parking fund.

FACTORS IMPACTING ECONOMIC AND FINANCIAL CONDITION

Broward County has continued to lead South Florida and the State of Florida in employment over the past 36 months. Broward County's year ending unemployment rate of 4.3% is again among the lowest in the State of Florida and lowest among counties with labor forces over 400,000. It continues to best the improved rates of our neighboring counties of Palm Beach and Miami-Dade at 4.5% and 5.8% respectively, as well as, both the State and national rates of 4.4% and 5.0% respectively. "This recovery has been disappointing in terms of growth so far, but if you are looking for a silver lining, it is the slow rate of growth that has allowed the economy to avoid the kinds of excesses that can lead to overbuilding, overlending or other problems," said Mark Zandi, chief economist at Moody's Analytics.

By all indications, there was little not to like about the progress of the economy in 2015. "The South Florida economy is at cruising speed. We have broad gains across industries," said Mekael Teshome, PNC Bank economist.

"By most accounts, commercial real estate experts say the skies should remain generally clear for commercial real estate, both nationally and in South Florida, through 2018." Reported South Florida Business & Wealth's Darcie Lunsford. "I think 2016 will be another good year, but perhaps at a slightly slower pace than 2015," says Rod Loshiavo, a senior vice president at Jones Lang LaSalle. "It's tough to pick the next catalyst that will cause the next downturn."

Industrial Market

The Pompano Beach industrial submarket includes approximately 827 buildings totaling 28 million+ square feet, which constitutes over 23% of the entire Broward County industrial market. According to Cushman Wakefield's Marketbeat report - Broward County Industrial Snapshot Q4 2015, the Pompano Beach submarkets vacancy rate dropped from 5.8% to 3.7% over the course of the year. That is truly a significant statistic considering the amount of space and that the historical average for Broward County (the "County") is 8.4%. It is a landlords market indeed.

The vacancy rate can be attributed to a number of factors including: lack of available land due to increased competition for prime locations throughout the County, increased prices for labor and materials that directly led to increased construction costs, increases in domestic spending helped strengthen the retail sector, increases in e-commerce and domestic manufacturing, and of course, the expansion of the Panama Canal which will directly affect activity at South Florida's ports.

The Cushman Wakefield Marketbeat report - Broward County Industrial Snapshot Q4 2015 summed it up nicely in it's Outlook stating, "Broward County is expected to remain a top industrial market in South Florida by providing space options that meet today's tenant's requirements. Activity and demand has moved north in the County creating new opportunities and development possibilities. With strong absorption, rising rental rates and healthy leasing activity, Cushman Wakefield forecasts solid improvement in the industrial market for all of Broward County in 2016." A primary concern for the Pompano Beach submarket is the diminishing available land for industrial development; however, well

positioned redevelopment opportunities do exist.

North Andrews Extension continuation: The missing segment of N Andrews Ave Extension between NW 18th Street and Atlantic Boulevard was completed and opened for traffic in December 2008. This new road continues to improve transportation options for hundreds of acres of industrial property, west of I-95. The final two phases of the project are scheduled to be completed in 2016. The widening to four (4) lanes from NW 18th Street to Copans Road is almost complete and construction is almost complete for the widening of Andrews Avenue from Atlantic Boulevard to SW 3rd Street to four lanes.

Other industrial development projects include:

- The Pompano Beach Air Park completed two projects that had started in 2014. Socata- Daher, a French plane manufacturer, relocated from North Perry Airport and Sheltair Aviation completed construction on their taxiway for a planned future 49,500 sf hangar development on 7.2 acres at the eastern edge of the Air Park.
- Weeks Robinson constructed a 128,342 sf Pompano Distribution Center on a 7.53 acre property north of Sample Road.
- Duke is finishing construction at their Premier Turnpike Park. The final phase of the development consists of 2 buildings totaling 178,992 sf at 3021 NW 27th Avenue
- My Storage Bin, LLC has proposed a 97,000 sf self-storage facility at 51 NE 10th Street.
- Kalashnikov USA has relocated to the City from Tullytown, PA. The importer, assembler, tester and distributor of firearms will add 54 high paying jobs over 3 years with an estimated capital investment of \$3.09 million and will occupy 40,000 sf.

Commercial – Office & Retail Markets

Office – According to CBRE MarketView Q4 2015 reports, the Pompano Beach office market includes approximately 732,536 square feet of space with a total vacancy rate of 20.4%. Unlike the magnitude of Pompano Beach's industrial product, this constitutes merely 2% of the Broward County office market and includes no Class A space. The South Florida Business Journal hosted a panelist discussion on the South Florida markets, which included Michael Comras, CEO of the Comras Co., who stated, "If there's one real estate sector where scarcity prevails in South Florida, it's office."

Residential developments have pushed land prices so high that building an office over a condominium tower doesn't make sense. A lack of new office projects has, in turn, created huge demand for existing spaces." Patricia Nooney, CBRE Managing Director added, "Investors today want to be in South Florida... We see the interest from investors continuing." The discussion continued, "On the office brokerage side, CBRE has seen record deals close in Miami-Dade and Broward counties... Those deals are driven by a scarcity of office inventory... A lack of new office buildings being delivered in the next two years is creating intense scarcity in all three counties, which is driving down vacancy and hiking up rents." Angelo Bianco, Partner with Crocker Partners, then added, "In the next 24, 36 months, you cannot come out with a new building. We're developing a building in downtown Ft. Lauderdale, and it's not going to be ready for five years."

Once again, these factors substantiate Pompano Beach's investment in its 'downtown' area, the area identified as the "Downtown Pompano Beach Overlay District (DPOD)"; Pompano Beach's once and future downtown. Currently, the City does not have the Class A product to offer potential headquarter operations that Ft. Lauderdale does; however, recent efforts by the City, its Northwest CRA and its redevelopment team have been setting the stage for such future investment and development. However, despite the painstaking tasks of assembling land and obtaining the appropriate land use and zoning for the area; as well as, tearing up roadways, dealing with drainage issues, diverting traffic and upgrading the infrastructure to support such development, efforts are well underway.

Today, Pompano Beach continues to act like a suburban community; however, people keep moving to

South Florida and Pompano Beach is strategically positioned in the center of South Florida. There are not very many places in America that have the constraints of the South Florida peninsula. Over time densities cannot help but to increase and the City has been acting progressively to help identify those areas where it wants to see those densities increase. Transit oriented development(s) and development along the City's primary transit corridors makes complete sense and is encouraged by City leaders. The DPOD is positioned at the convergence of five transit corridors, six if you count the FEC railroad. These aforementioned strategies will help to guide the City's growth and allow the City to choose how and where that development occurs.

The old downtown area of old Pompano neighborhood has been a major redevelopment focus for the NWCRA and upgrades there have been significant. Those trying times are coming to an end as there are a number of investors looking at the area and its building stock, infrastructure and streetscapes are in place and what the area can become is now evident.

When the time comes for a full service passenger rail line on the Florida East Coast railroad (Henry Flagler's railroad that connects all of Florida's east coast municipalities), that area will be the primary welcoming point for the City just as it was when the City was founded over one hundred years ago. Recently, the All Aboard Florida project has begun to double track its lines and development on its South Florida stations. Pompano Beach is not included in the station locations at this point; however, the City will be positioned properly for a station when that time occurs. This project is a significant initial step in the need to link South Florida to the rest of the state via passenger rail.

Retail – "I think 2016 is going to be a good year in retail. Our economy is strengthening nicely. Consumer confidence has been up and up and up ever since the recession. In our business, consumer confidence equals consumer spending. Most of our folks are having good times now." Rick McAllister, Retired President, CEO – Florida Retail Federation. All evidence seems to back this statement.

The CBRE MarketView report for the 4th Quarter 2015 concurs: "Overall asking lease rates continue to show an upward trend due to shrinking inventory and high demand for quality spaces." It continued, "South Florida continues to show strong retail fundamentals for Q4 2015." Vacancy rates are at a 5 year low, and there was healthy sales activity during the 4th Quarter. "Demand for well-positioned and prime retail properties had a positive effect on investment pricing as well as creating demand for new construction." This despite the increased construction costs and competition from multi-family housing developers.

From the South Florida Business Journal panelist discussion, Michael Comras, CEO of the Comras Co., added, "The intensity of people entering South Florida is what's driving a retail renaissance. And as occupancy in condo projects and housing developments rises, demand for retail, office and industrial grows to match."

That is good news for an economy that is significantly based on the service industries. The CBRE MarketView report continued, "In terms of industry type, leisure and hospitality added the most jobs from last year with 2,900 in Broward... This growth in employment can be attributed to a strong economy that leads to increased tourism to the state."

Other commercial development projects in the City include:

- LA Fitness just opened a 56,908 sf two-story health and fitness club at 1000 N. Federal Hwy on 5.35 acres.
- Taco Bell opened a 2,084 sf restaurant at 2801 W. Atlantic Blvd.
- SPIH Pompano Beach, LLC obtained approvals to construct a 112 unit Residence Inn hotel at 2880 Centerport Circle.
- WholeFoods and Sports Authority have opened new stores at 2341 N Federal Hwy, both stores totaling 79,476 sf on 7.81 acres.

- Racetrac has been approved to construct a 2,822 sf gas station on 1.17 acres at 2851 W Atlantic Blvd.
- Racetrac is in the process of redeveloping its existing gas station on 2.58 acres at 599 W Atlantic Blvd with a 5,928 sf convenience store.
- Racetrac has also been approved to construct a 5,928 sf gas station at 3299 N Federal Hwy.
- 26 Degree Brewing Company opened a 21,000 sf brewpub in the Atlantic Square plaza.
- Dunkin Donuts is in the process of constructing a 1,955 sf store at 300 E. Atlantic Blvd.
- DTS Properties has gained approvals to construct a 26,185 sf Park Plaza Shopping Center at 1150 N Federal Hwy.
- Pompano Pet Lodge has gained approvals to expand to 11,000 sf at a site adjacent to their current location at 930 NW 31st Avenue.

Residential Market

In July of 2015 the South Florida housing market was given a stable grade after nearly seven years of substandard grades, according to the Freddie Mac Multi-Indicator Market Index. "Home prices in South Florida started dropping in 2006... and prices declined through 2011... But convinced that the worst was over, investors flooded the market in 2012 looking for bargains. That led to swift price increases during the next two years," reported the Sun-Sentinel.

In January 2016 "An improved economy is giving homebuyers confidence to enter the market, but many are less than impressed with their choices, particularly in the \$150,000 to \$400,000 price range. Strong sales over the past few years have depleted listings throughout the region. The upshot is that sellers still control the market. Steady price growth in recent years has hurt affordability, keeping some would-be buyers in the rental market and pushing rents higher, analysts say." reported the Sun-Sentinel.

"Buyers who need to buy quickly have to compromise," said Michael Citron, an agent for RE/MAX Park Creek. "If you have a fairly inexpensive house, it's getting offers the very first moment it goes on the market because buyers are waiting for those." Added Cathy Prenner, an agent for Campbell & Rosemurgy in Boca Raton & Lighthouse Point.

Pompano Beach has seen little development on the single family product front (Palm Aire has just had a project converted from condos to 11 single family units, but that's still being planned), mostly infill; however, multi-family projects such as Vintage Park and the Jefferson on North Federal Highway have come online in the past year adding 489 units to the City's inventory. Others, such as KOI on the 500 block of East Atlantic Boulevard and the Residences and Atlantico at Palm Aire are well underway. Those three projects offer a combined total of over 950 units along different sections of Atlantic Boulevard. The City's primary transit corridors have added well over 1,000 units in the past few years.

Other multi-family proposals that have been approved include Sabbia Beach, a Fernbrook Florida, LLLP 73 unit condo development at 730 N. Ocean Blvd. and a 147 unit apartment development was approved along US1 at 225 North Federal Highway.

The Sun Sentinel recently reported on a study conducted by the Harvard Joint Center for Housing Studies stating "No one in the county bears a heavier burden for rent than people in South Florida." The study showed that 62% of renters in the tri-county area pay at least 30% of their gross incomes for housing and 35% pay at least 50% of their income to rent. "Both percentages are the highest of the nation's 100 largest metro areas." Whereas analysts say one should keep their housing costs at 30% of their budget, South Florida residents have to look harder and at older product to maintain a healthy balance to their budgets. All these new products and units should help their cause.

Residential projects in the City include:

- Vintage Park at 4661 North Federal Highway has opened. The project includes 249 units on

5.328 acres.

- The Jefferson, a 240 apartment complex on 9.11 acres at 4411 N. Federal Hwy has also been completed and opened.
- The Myelin Group is well underway with the construction on KOI, a 350 unit mixed use development on 8.8 acres along East Atlantic Blvd. The project includes 7,500 square feet of commercial space, a community center and a 48 slip marina.
- The New Covenant Homes development at 3311 N Andrews Avenue has started development on 108 townhome unit complex on 6.87 acres.
- John Knox Village has almost completed construction on a 7 story, 144 bed "Green House" development on 3.33 acres of the 68+ acre complex. The \$34 million development project will be a state-of-the-art skilled nursing care center and includes a spa and bistro.
- Palm Aire Associates LP is in the process of constructing 907 dwelling units on 84.881 acres on a vacant golf course on the north side of West Atlantic Blvd. Phase 1 of this development, the Residences at Palm Aire, is a 404 multifamily unit complex on 26.77 acres. Phase 2, Atlantico at Palm Aire is a 210 unit complex on 9.987 acres.
- WH Pompano, LLC obtained a land use plan amendment on 6.4 acres at 1350 S. Ocean Blvd. in order to construct a 303 unit condominium development.
- 1380 S. Ocean Blvd. FL, LLC obtained site plan approval to construct 134 residential units and 98 apartment/hotel units on 4.3228 acres at 1380 S. Ocean Blvd.
- Beachside Cove Development Group LLC gained approvals for a 10 unit townhome project on SE 8th Street.
- The Chrome Group, Inc. has obtained approvals for a 22 unit townhome project called Pompano Golf Townhomes at 700 Cypress Grove Drive in Palm Aire.

Major City Initiatives

The City commenced/completed a number of significant improvements and programs during the year to meet the needs of the community. The most significant programs/improvements for the fiscal year ending September 30, 2015 were:

- The new library and cultural center is under construction adjacent to City Hall in the Civic Campus location. The project includes 47,816 sf on 4.58 acres.
- The City and CRA are developing a new 5-story 218,804 sf, 663 parking space beach parking garage at the southwest corner of A1A and NE 3rd Street. The structure will include 6,200 sf of retail space and a new tourism and welcome center.
- A new beach fire station (#11) was constructed on the northern portion of the Oceanside Parking lot.
- A new fire station (#103) is under construction in the Highlands at 3721 NE 12th Ave. The 13,204 sf project has an estimated cost of \$4.6 million on 0.964 acres.
- The City has started discussions with FDOT regarding taking control of certain segments of Atlantic Blvd. and the entire stretch of Dixie Hwy.
- The City is planning on making streetscape improvements to Riverside Drive from Atlantic Boulevard to NE 14 Street.
- The City will continue to construct reclaimed water distribution lines in the residential area between the Intracoastal Waterway and Federal Highway, as well as to schools within the Old Pompano neighborhood. The City continues to budget funds annually for the project and apply for available grants. The reclaimed water will be used for irrigation of landscaped areas, thus saving the City's drinking water supplies for household use. In July of 2011, the City launched the IcanWater program. This program has already been successful in adding 700+ residential reuse

water customers.

FINANCIAL POLICIES AND PLANNING

Financial Policies:

Investment Policy – The City has adopted a written comprehensive investment policy to help safeguard against the loss of its assets. Oversight for the investment program lies with the Finance Director under the direction of the City Manager. The City's investment program is established in accordance with the City's investment policy, which was adopted by resolution of the City Commission, and Florida State Statute Chapter 218.415 (Local Government Investment Policies), which establishes investment plan guidelines for local governments in Florida. The City's investment guidelines permit the investment of City funds in United States Treasury securities, United States Government Agency securities with the full faith and credit of the United States Government, Federal Instrumentalities (Government Sponsored Enterprises), Corporate Notes, Commercial Paper, Time Deposits (Certificates of Deposit), Repurchase Agreements, Bankers' Acceptances, State and/or Local Government Taxable and/or Tax-Exempt Debt, Money Market Mutual Funds, Intergovernmental Investment Pools and Savings Accounts of financial institutions that are Qualified Public Depositories in accordance with Florida State Statute Chapter 280.01 (Security for Public Deposits). All securities are purchased on a delivery-versus-payment basis. This requirement assures the City that it has possession of the securities before release of its funds. The investment policy further incorporates additional safeguards, limiting the allocation of the portfolio by sector within each investment type, as well as to the issuer within each sector.

The investments of the pension plans are controlled by the pension boards, who have hired professional money managers responsible for managing the assets of those funds. The pension plan Boards have also adopted formal investment policies.

Fund Balance/Net Position Policy – The City Commission has formally adopted a fund balance/net position policy (the "Policy") for the City's General Fund and its Water and Sewer and Stormwater Funds. The objective of the Policy to insure against unanticipated events that would adversely affect the financial condition of the City and jeopardize the continuation of necessary public services. More specifically, the Policy ensures that the City maintains adequate fund balance/net asset reserves to provide the capacity to: (1) provide sufficient cash flow for daily financial needs, (2) offset significant economic downturns and revenue shortfalls, (3) maintain stable tax/fee rates (4) provide funds for unforeseen expenditures related to emergencies, (5) provide for renewal and replacement of long-lived assets and (6) secure and maintain investment grade bond ratings.

Debt Management Policy – The City Commission has formally adopted a debt management policy (the "Debt Policy") to assist in improving the quality of the City's decisions governing debt issuance. More specifically, the Debt Policy establishes parameters for issuing debt and managing a debt portfolio that encompass existing legal, economic, financial and capital market conditions, the City's capital improvement needs, and its ability to repay financial obligations as they become due. The policy:

- Assists the City in maintenance, acquisition and replacement of appropriate capital assets for present and future needs;
- Guides the City in policy and debt issuance decisions;
- Provides a framework within which each potential issuance can be evaluated;
- Assists in controlling the types and levels of outstanding obligations;
- Outlines a mechanism to ensure ongoing compliance requirements governing outstanding obligations;
- Ensures that the costs of debt issuance are borne equitably by each generation of taxpayers, rate payers, users, and other beneficiaries; and promotes sound financial management.

Strategic Planning – The City has adopted a long-term strategic plan that articulates a clear vision of its future that is integrated with an organizational philosophy to guide elected officials' and employees' actions and the efficient and effective use of resources. The plan is focused on the issues of greatest importance to the City Commission and its citizens. It will provide the framework that will enable the City to make prudent business decisions for its successful operation and the continuing development of the City as a highly desirable location for residents, businesses and visitors. The plan includes benchmarks or milestones that measure the City's progress toward achieving its strategic goals and objectives.

SIGNIFICANT ACCOUNTING PRONOUNCEMENTS IMPLEMENTED

During the current fiscal year, the City has implemented GASB Statement No. 68, *Accounting and Financial Reporting For Pensions - An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*, which required the City to record a net pension liability and related deferred inflows/outflows of resources in its government-wide and enterprise fund financial statements, as it relates to the City's General Employees and Police and Firefighters Retirement Plans. The net pension liability is the difference between the present value of the projected benefit payments to employees based on their past service and the assets (primarily investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees and their beneficiaries. Please refer to Note (III)(C) and (III)(H) for additional information on the impact to the City's financial statements.

It should be noted that prior to the implementation of these accounting pronouncements the City has always disclosed the unfunded actuarially accrued liability related to its pension plans, within the notes to its financial statements. The implementation of these pronouncements, although impacting the methodologies and assumptions utilized to calculate such liabilities, does not impact the City's continued fiduciary role in ensuring that it implements sound fiscal and managerial policies to ensure that the City will continue to meet its annually required employer contribution obligation to each pension plan, as actuarially determined each fiscal year.

REPORTING ACHIEVEMENT AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the year ended September 30, 2014. The City has received the GFOA's prestigious Certificate of Achievement for Excellence in Financial Reporting award for thirty-three years. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of only one year. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The financial responsibility exhibited by the Commission throughout the year is certainly commendable, especially given the current and future challenges faced by the City given continued economic challenges impacting the fiscal affairs of the City and ultimately the residents of the City. Your interest in the fiscal matters of the City combined with a commitment to assume continual sufficient financial capacity is appreciated.

This report, which conforms to all the latest effective standards of local government financial reporting, could not have been prepared without the extraordinary devotion of the Finance Department team. Their dedication merits special attention. Special thanks to the City's Planner, for his contributions in providing a comprehensive profile of the City, as well as providing readers with a summary of economic conditions and major initiatives impacting the City and to the City's Budget Officer for providing insight into economic factors likely to have an impact on the City's fiscal year 2016 budget.

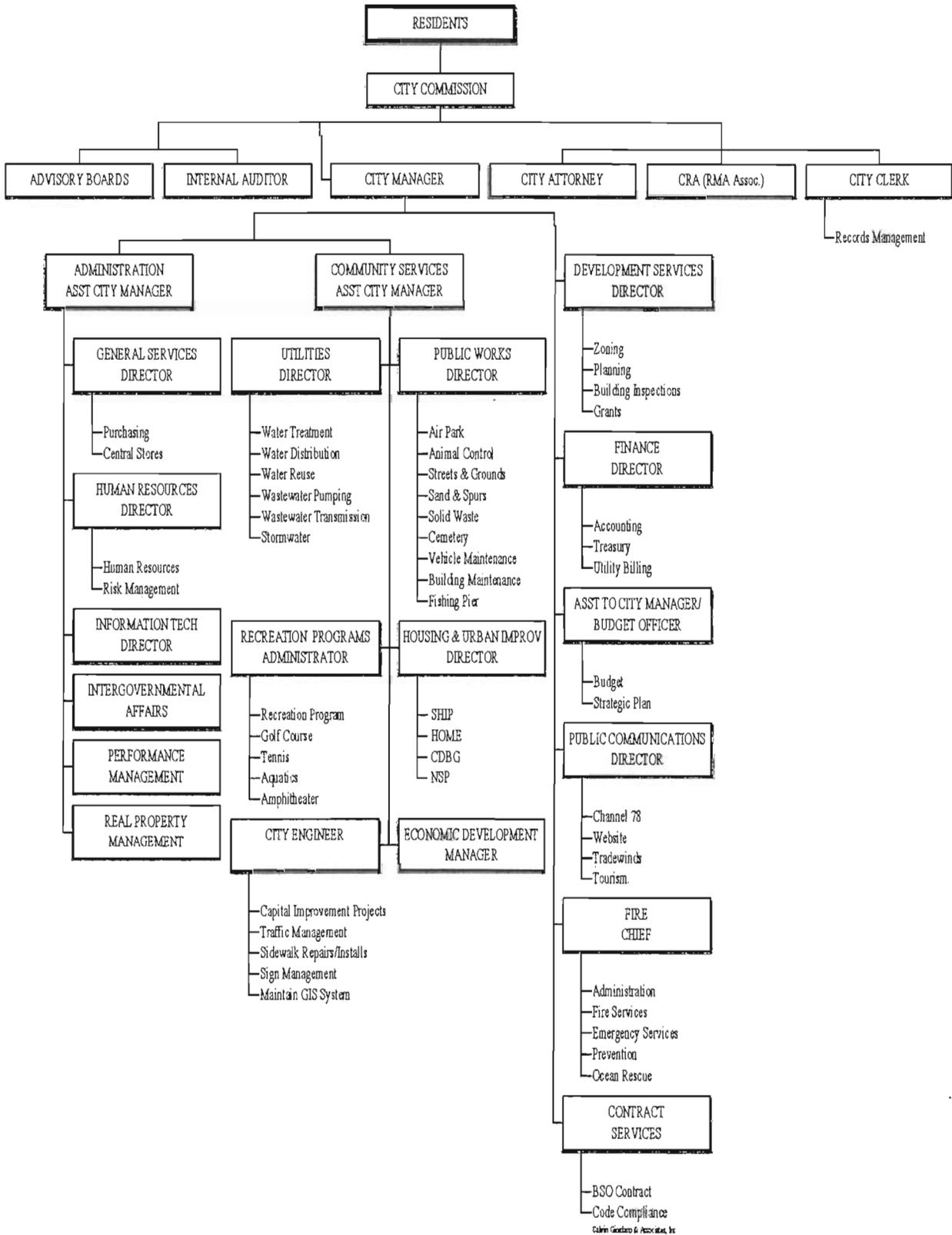
For further information, please refer to the Management's Discussion and Analysis section (Page 4) of this report.

Sincerely,

Suzette Sible
Finance Director

Dennis Beach
City Manager

City of Pompano Beach Organizational Chart 2015 – 2016





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Pompano Beach
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

Auditors' Report

To the citizens of CITY OF POMPANO BEACH, FLORIDA

To be provided by Mcgladrey.

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2015
(Unaudited)

The City of Pompano Beach, Florida (the "City") offers readers of its financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v through xiv of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS

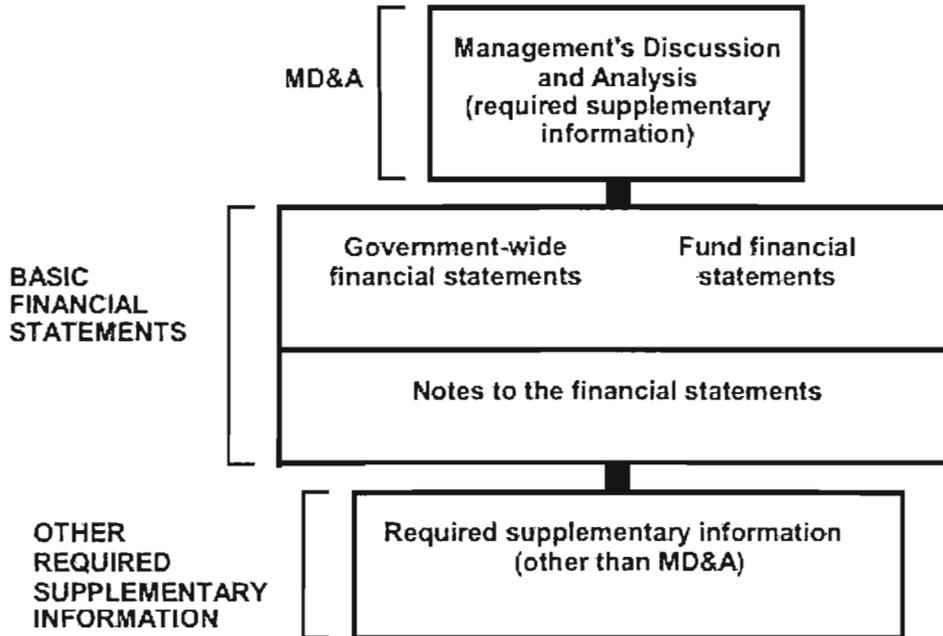
This annual report follows a format consisting of four parts – Management’s Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information, and an additional section that presents combining statements for non-major governmental funds, non-major enterprise funds, internal service funds and fiduciary funds. The basic financial statements include two kinds of statements that present different views of the City.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City’s operations in more detail than the government-wide statements.
- The governmental fund statements tell how general government services like public safety were financed in the short-term, as well as what remains for future spending.
- Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the water and sewer utility.
- Fiduciary fund statements provide information about the financial relationships – such as the retirement plans for the City’s employees, in which the City acts solely as trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of Required Supplementary Information that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another.

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FIGURE 1



FINANCIAL HIGHLIGHTS

1. The assets and deferred outflows of the City exceeded its liabilities at the close of the fiscal year by \$457.2 million. Of this amount, \$72.9 million (unrestricted net position) may be used to meet the government's on-going obligations to citizens and creditors in accordance with the City's fiscal policies. The City's total net position increased by \$7.1 million, primarily as a result of the City's implementation of GASB Statement No. 68, *Accounting and Financial Reporting For Pensions - An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*, which required the City to record a net pension liability and related deferred inflows/outflows of resources in its government-wide and enterprise fund financial statements, as it relates to the City's General Employees and Police and Firefighters Retirement Plans. The net pension liability is the difference between the the present value of the projected benefit payments to employees based on their past service and the assets (primarily investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees and their beneficiaries. Please refer to Note (III)(C) for additional information. In addition, beginning net position at October 1, 2014 has also been restated to reflect the adoption of GASB Statements No. 68 and 71, as discussed in more detail at Note (III)(H).

2. At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$153.4 million, representing a decrease of \$7.1 million from the previous fiscal year. The decrease noted was primarily due to a decrease of \$5.9 million in the Pompano Beach Community Redevelopment Agency's Northwest District Fund (NW CRA District Fund) balance as a result of increased project capital outlays during the fiscal year, from funds previously committed for those purposes, primarily related to Downtown Pompano, the Ali Building and the

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Public Library/Cultural Center Projects.

3. At the close of the current fiscal year the City's enterprise funds reported combined ending net position of \$166.1 million. This represents a decrease of \$4.8 million from the prior fiscal year, primarily due to the City's implementation of GASB Statements No. 68 and 71, as discussed above. In addition, beginning net position at October 1, 2014 for the enterprise funds has also been restated to reflect the implementation of these two GASB pronouncements, as discussed in more detail at Note (III)(H).

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the City's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, transportation, physical environment, and culture and recreation. The business-type activities of the City include utilities, stormwater, sanitation, golf, parking, airpark and pier activities.

The government-wide financial statements includes not only the City itself (the primary government), but also its blended component units, as discussed in the notes to the financial statements. In addition, the City has two defined benefit pension plans and a defined contribution pension plan established for the exclusive benefit of its employees and beneficiaries. The pension plans are reported as fiduciary funds in the fund financial statements of this report, but are not included in the government-wide statements. The government-wide financial statements can be found on pages 21 through 24 of this report.

FUND FINANCIAL STATEMENTS

The Fund Financial Statements include statements for each of the three fund types- governmental, proprietary and fiduciary. The governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The proprietary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Reconciliations of the Governmental Fund Financial Statements to the Government-wide Financial Statements are provided in the Basic Financial Statements (pages 27 and 30) to explain the differences between the governmental fund

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financial statements and the government-wide financial statements.

REPORTING THE CITY AS A WHOLE

Governmental-wide Financial Analysis - Net position may serve over time as a useful indicator of the government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$457.2 million at September 30, 2015. The City's net position increased by \$7.1 million during the current fiscal year. The largest portion of the City's net position, 74.2%, reflects its net investment in capital assets. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. The City utilizes these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City'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 will not be used to liquidate those liabilities. Approximately 9.8% or \$44.8 million of net position is subject to external restrictions for various purposes (e.g. building permitting function, capital projects etc.).

TABLE 1
SUMMARY OF NET POSITION
SEPTEMBER 30, 2015 and 2014

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 196,748,495	\$ 205,405,775	\$ 90,188,461	\$ 62,994,324	\$ 286,936,956	\$ 268,400,099
Capital assets	249,332,164	240,935,442	139,530,224	140,641,500	388,862,388	381,576,942
Total assets	446,080,659	446,341,217	229,718,685	203,635,824	675,799,344	649,977,041
Deferred outflows of resources	23,581,294	-	1,998,682	340,613	25,579,976	340,613
Long-term liabilities	166,402,752	52,038,626	60,023,197	28,561,421	226,425,949	80,600,047
Other liabilities	10,448,621	10,906,163	6,408,540	4,756,050	16,857,161	15,662,213
Total liabilities	176,851,373	62,944,789	66,431,737	33,317,471	243,283,110	96,262,260
Deferred inflows of resources	642,816	-	208,835	-	851,651	-
Net position:						
Net investment in capital assets	225,969,080	215,941,575	113,532,397	114,647,356	339,501,477	330,588,931
Restricted	40,980,733	39,320,526	3,843,804	3,871,104	44,824,537	43,191,630
Unrestricted	25,217,951	128,134,327	47,700,594	52,140,506	72,918,545	180,274,833
Total net position	\$ 292,167,764	\$ 383,396,428	\$ 165,076,795	\$ 170,658,966	\$ 457,244,559	\$ 554,055,394

At September 30, 2015, the City is able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate categories-governmental and business-type activities.

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Governmental Activities – There was a decrease of \$8.7 million in current and other assets for governmental activities, primarily as a result of current year operations, as discussed in detail on page 10. There was an increase of \$8.4 million in capital assets. The increase noted was primarily due to the net effect of the purchase and disposal of equipment and vehicles for the EMS, Fire, and Public Works Departments, as well as the net effect of current fiscal year construction activity (as discussed in more detail on page 17) and the recognition of current fiscal year depreciation expense.

The increase of \$114.4 million in long-term liabilities is primarily the result of the recognition of a Net Pension Liability in the current fiscal year related to the City's General Employees and Police and Firefighters Pension Plans. For the current fiscal year, the City was required to implement GASB Statement No. 68 and GASB Statement No. 71, as discussed earlier. The City was not previously required to reflect a Net Pension Liability within its financial statements prior to the implementation of these accounting pronouncements. Refer to Note (III)(C) and Note (III)(G) for additional information.

The increase of \$23.6 million in deferred outflows and \$.6 million in deferred inflows of resources resulted from the recognition of a Net Pension Liability in the current fiscal year related to the City's General Employees and Police and Firefighters Pension Plans (as discussed earlier). Deferred outflows of resources represents consumption of net position applicable to future periods that will not be recognized as expenditures until the future period to which it applies (i.e. employer contributions made subsequent to the measurement date or projected earnings exceed actual earnings on pension plan investments). Deferred inflows of resources represent net assets that are applicable to a future accounting period and will not be recognized as revenue until the future period to which it applies (i.e. actual earnings exceed projected earnings on pension plan investments). Pension plan losses or gains on investments are smoothed out over future periods in accordance with actuarial methodologies adopted. Refer to Note (III)(C) and Note (III)(G) for additional information.

Business-type Activities – The increase of \$27.2 million in current and other assets is primarily the result of the proceeds derived from the City's issuance of Certificates of Participation (COPs) to fund the design and construction of the Pier Parking Garage and related public improvements, as discussed in more detail in Note (II)(F).

The decrease of \$1.1 million in capital assets is primarily due to current fiscal year construction activity, (as discussed in more detail on page 18) and the net effect of machinery and equipment acquisitions and dispositions and recognition of current fiscal year depreciation expense. The increase of \$1.7 million in deferred outflows of resources primarily resulted from the recognition of a Net Pension Liability in the current fiscal year related to the City's General Employees and Police and Firefighters Pension Plans, which necessitated the deferral of outflows. Refer to Note (III)(C) and Note (III)(G) for additional information.

The increase of \$1.7 million in deferred outflows of resources is the result of the recognition of a Net Pension Liability in the current fiscal year related to the City's General Employees and Police and Firefighters Pension Plans and the recording of related deferred outflows (as discussed earlier).

The increase of \$31.5 million in long-term liabilities is primarily the result of the net effect of the satisfaction of debt service requirements for the 2006 Water and Sewer Bonds, the satisfaction of the annual rent requirements related to the energy performance equipment lease, the resulting obligation from the City's issuance of COPs to finance the design and construction of a Pier Parking Garage and related public improvements and the recognition of a Net Pension Liability in the current fiscal year

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related to the City's General Employees Pension Plan. Refer to Note (III)(C) and Note (III)(G) for additional information. The increase of \$1.7 million in other liabilities is primarily the result of an increase in outstanding payments due vendors compared to prior year fiscal year end and an accrual for interest expense due on the COPs issuance related to the design and construction of the Pier Parking Garage and related public improvements.

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Management Discussion and Analysis for the Fiscal Year Ended September 30, 2015
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Analysis of the City's Operations

The following table provides a summary of the City's changes in net position for the fiscal year ended September 30, 2015.

TABLE 2
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2015 and 2014

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues:						
Charges for services	\$ 40,059,870	\$ 37,704,596	\$ 57,420,940	\$ 53,624,334	\$ 97,480,810	\$ 91,328,930
Operating grants & contribs.	3,699,270	3,981,238	-	-	3,699,270	3,981,238
Capital grants and contribs.	6,046,134	5,508,176	1,139,355	1,102,648	7,185,489	6,610,824
General Revenues						
Taxes	76,674,054	78,741,738	-	-	76,674,054	78,741,738
Pari mutuel	2,520,242	2,267,089	-	-	2,520,242	2,267,089
Franchise fees	8,164,658	8,005,447	-	-	8,164,658	8,005,447
State revenue sharing	9,852,996	9,215,154	-	-	9,852,996	9,215,154
Gain from sale of capital assets	107,077	49,006	54,796	(145,266)	161,873	(96,260)
Investment earnings	1,339,969	826,960	530,059	296,748	1,870,028	1,123,708
Miscellaneous	800,707	1,099,493	37,307	446,197	838,014	1,545,690
Total revenues	149,264,977	147,398,897	59,182,457	55,324,661	208,447,434	202,723,558
Expenses						
General government	33,514,295	32,924,493	-	-	33,514,295	32,924,493
Public safety	81,641,409	79,092,062	-	-	81,641,409	79,092,062
Physical environment	17,608,014	19,107,230	-	-	17,608,014	19,107,230
Transportation	3,876,869	3,682,005	-	-	3,876,869	3,682,005
Culture and recreation	9,378,496	8,996,206	-	-	9,378,496	8,996,206
Interest costs	908,278	989,882	-	-	908,278	989,882
Utility	-	-	39,253,188	40,065,154	39,253,188	40,065,154
Sanitation	-	-	4,225,411	4,315,686	4,225,411	4,315,686
Stormwater	-	-	2,108,833	1,879,494	2,108,833	1,879,494
Pier	-	-	273,574	260,103	273,574	260,103
Airpark	-	-	2,211,600	2,167,927	2,211,600	2,167,927
Golf course	-	-	4,750,326	4,732,472	4,750,326	4,732,472
Parking	-	-	1,640,739	735,163	1,640,739	735,163
Total expenses	146,927,361	144,791,878	54,463,671	54,155,999	201,391,032	198,947,877
Increase (decrease) in net position before transfers	2,337,616	2,607,019	4,718,786	1,168,662	7,056,402	3,775,681
Transfers	(42,796)	1,162,173	42,796	(1,162,173)	-	-
Increase (decrease) in net position	2,294,820	3,769,192	4,761,582	6,489	7,056,402	3,775,681
Net position - beginning, as restated (Note III)(H)	289,872,944	379,627,236	160,315,213	170,652,477	450,188,157	550,279,713
Net position - ending	\$ 292,167,764	\$ 383,396,428	\$ 165,076,795	\$ 170,658,966	\$ 457,244,559	\$ 554,055,394

Note: Net position at October 1, 2014 has been restated for the effects of adopting GASB Statements No. 68 and 71. See Note (III)(H).

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Governmental Activities – Governmental activities increased the City's net position by \$2.3 million.

Charges for services increased by \$2.4 million primarily due to an increase in building permit revenues of approximately \$2.0 million due to an increase in new construction and rehab. activity.

Capital Grants and Contributions increased by approximately \$0.5 million, primarily due to the net effect of a decrease in grant fund expenditures related to the Law Enforcement Trust Fund (LETFF) Forfeiture Program, a decrease in Home, Community Development Block Grant (CDBG) and Neighborhood Stabilization Program (NSP) Funds activity from the U.S. Department of Housing and Urban Development (HUD) and an increase in contributions related to an interlocal agreement with Broward County to provide partial funding for the Public Library/Cultural Center Project.

Taxes revenue decreased by \$2.1 million primarily due to the net effect of an increase in ad valorem revenue and electric utility taxes and a decrease in communications service taxes (CST). The City received notice in fiscal year 2014 from the Florida Department of Revenue (FDOR) that as a result of a jurisdictional audit of CST provider remittances to FDOR, it was determined that the City was entitled to an additional \$4.6 million in CST distributions, which had been erroneously credited to a neighboring jurisdiction based on direction from a provider. The entire amount was recognized as revenue in fiscal year 2014.

State Revenue Sharing revenue increased by approximately \$0.6 million over prior fiscal year. This revenue source is primarily a factor of municipal population and municipal sales tax collections.

Investment earnings increased by \$0.5 million primarily as a result of the timing of amortization of premiums and discounts relating to the purchase of investments and an increase in interest rates.

Public safety expenses increased by \$2.5 million primarily due to an increase in the contractual amounts paid to the Broward Sheriff's Office (BSO) for policing services.

Physical environment expenses decreased by \$1.5 million primarily as a result of a decrease in NSP grant program activity related to the acquisition, rehabilitation and sale of homes under the program, as well as a decrease in Home grant program activity.

Net transfers decreased by \$1.2 million primarily as a result of a decrease in transfers from the Sanitation Fund to the General Fund due to the recognition of deferred amounts related to a lump sum payment received from a contracted vendor which was being recognized over the contract term, whereby amounts are transferred to the General Fund for general purposes, as well as a decrease in transfers from the General Fund to the Golf Fund to support operating and capital improvement costs for the municipal golf courses.

Business-type Activities - Business-type activities increased the City's net position by \$4.8 million primarily related to activity in the Utility Fund, which accounted for \$3.8 million of the increase in net position, and the Parking Fund, which accounted for \$.5 million of the increase noted.

Charges for services reported in business-type activities increased by \$3.8 million in comparison to the prior year primarily as a result of an increase in customer consumption for Utility Fund (approximately \$2.9 million). The Parking Fund (a general parking demand increase), Stormwater Fund (attributable to scheduled tiered rate increase) and the Golf Fund (green fees) accounted for the majority of the remaining increase noted.

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REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law, accounting regulations and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental Funds

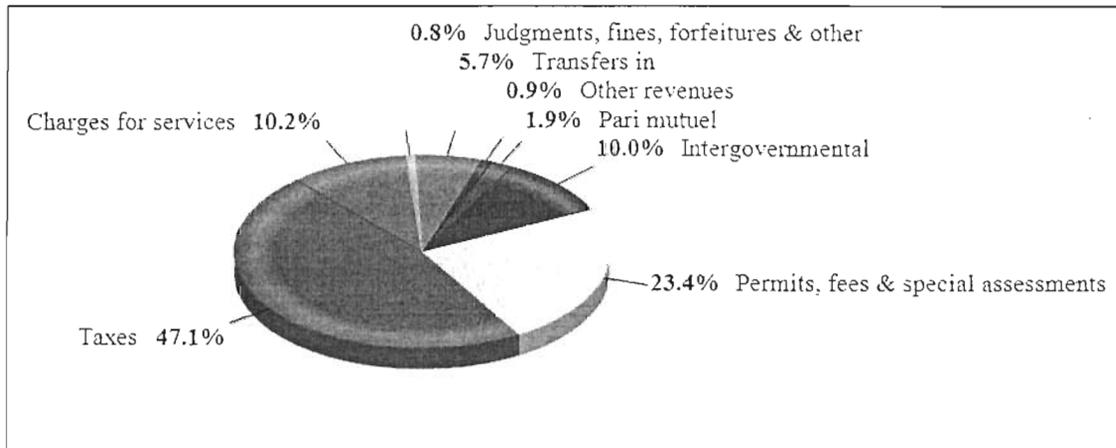
Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those of the governmental activities of the Government-wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

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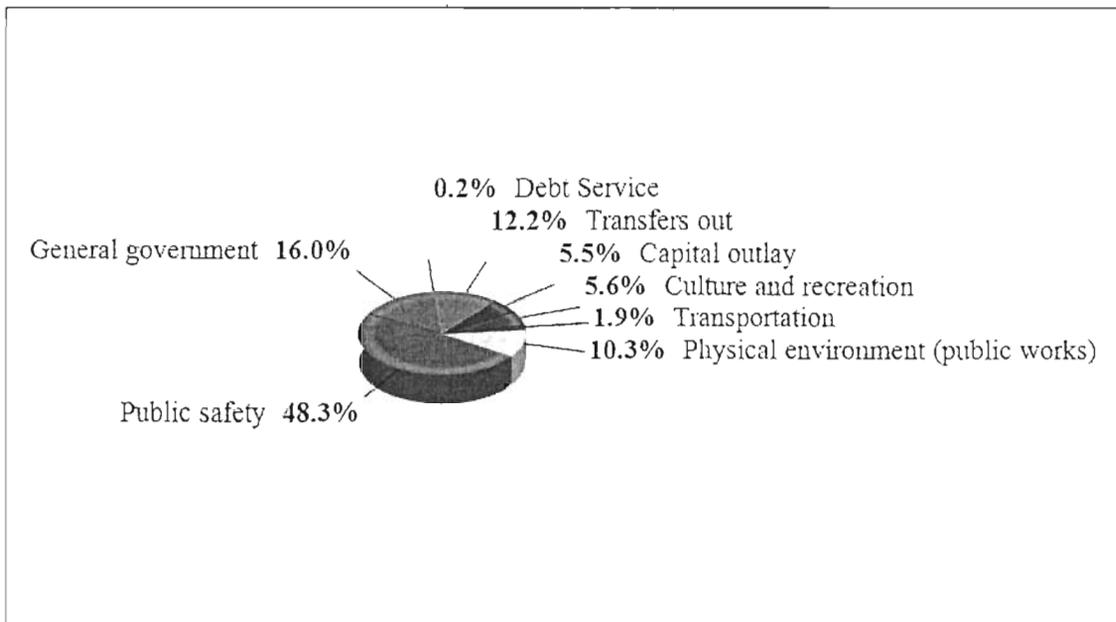
The General Fund

The General Fund is the chief operating fund of the City. The following pie charts depict the breakdown of actual receipts by revenue source and expenditures by function, for the fiscal year ended September 30, 2015:

Revenues Received by Source



Actual Expenditures By Function



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At the end of the current fiscal year, unassigned fund balance for the General Fund was \$49.8 million, while total fund balance was \$61.9 million. The fund balance for the City's General Fund decreased by \$0.2 million during the current fiscal year.

Compared to the prior fiscal year, there was an increase of \$2.0 million in taxes revenue, primarily as a result of an increase in ad valorem revenue receipts and communication service taxes, compared to prior fiscal year.

The increase of \$4.0 million in permits, fees and special assessments is primarily due to an increase in building permit fee receipts due to increased construction and build out activity, as well as an increase in electric franchise fee receipts.

The decrease of \$3.4 million in transfers-in is primarily due to a decrease in expenditures from the Pompano Beach Community Redevelopment Agency related to improvements made to City owned infrastructure in the current fiscal year.

The increase of \$1.7 million in general government expenditures is primarily the result of an increase in water and sewer expenditures due to increased usage for general government City functions, an increase in professional services expenditures related to the City's hiring of a consultant to administer Lean Six Sigma training sessions for City employees and an increase in tax increment payments to the CRA Districts (a function of an increase in the tax increment and the City's operating millage rate).

The increase of \$1.8 million in public safety expenditures is primarily the net result of an increase in police services contractual expenditures and reduction in employer contributions for the Police and Fire Retirement System.

The increase of \$0.5 million in physical environment expenditures is primarily the result of an increase in building maintenance expenditures and a full year of salaries for the new Assistant Public Works Director hired in the latter part of fiscal year 2014.

The \$1.4 million decrease in capital outlay expenditures is primarily the result of less transfers of expenditures from the Pompano Beach Community Redevelopment Agency Northwest and East Districts in the current fiscal year related to improvements to City owned infrastructure.

The decrease of \$2.2 million in transfers out is primarily due to less transfers from the General Fund to the Capital Projects fund compared to prior fiscal year, primarily related to the Library/Cultural Center Project.

The Northwest Community Redevelopment Agency Northwest District Fund

The fund balance of the Northwest CRA District Fund decreased by \$5.9 million during the current fiscal year. This is primarily the result of increased project outlays during the fiscal year from funds previously committed for these purposes, primarily related to Downtown Pompano, the Ali Building and the Public Library/Cultural Center Projects.

The East Community Redevelopment Agency East District Fund

The fund balance of the East CRA District Fund decreased by \$0.3 million primarily due to project outlays from funds previously committed for these purposes, primarily related to the Beach Library

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Relocation Project.

Emergency Management Service Fund

The fund balance for the EMS Fund increased by \$0.6 million. This was primarily the result of the recognition of greater than anticipated emergency transport fees and less than anticipated expenditures associated with special supplies and salary attrition due to vacancies during the current fiscal year.

Capital Projects Fund

The fund balance of the Capital Projects Fund decreased by \$0.2 million during the current fiscal year primarily due to the net effect of project activity during the current fiscal year and transfers from the General Fund, committed for future projects, as discussed in the notes to the financial statements at Note (II)(E).

Proprietary Funds

When the City charges customers for the services it provides – whether to outside customers or to other units of the City – 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 Position and the Statement of Activities. The City maintains internal service funds to report activities that provide services for the City's other programs and activities – such as the City's Risk Management Fund. Residual balances for internal service funds are reported with governmental activities in the Government-wide financial statements.

The \$3.4 million increase in operating revenue for proprietary funds, is primarily as a result of an increase in customer consumption for the Utility Fund (approximately \$2.9 million). The Parking (a general parking demand increase and enhanced parking citation activity), Stormwater (attributable to a scheduled tiered rate increase) and Golf Funds (green fees) accounted for the majority of the remaining increase noted.

The \$1.3 million increase in operating expenses in proprietary funds was primarily due to the City's recording of a Net Pension Liability in the current fiscal year related to the General Employees Retirement Plan Pension Plan. The City was required to implement GASB Statement No. 68 and GASB Statement No. 71 (as discussed earlier). Refer to Note (III)(C) and Note (III)(G) for additional information. Other increases related to increased activity in the Parking Fund, inclusive of costs of issuance associated with the Pier Parking Garage financing, and the recognition of current fiscal year depreciation expense.

General Fund Budgetary Highlights

Original budget compared to final budget – The City made revisions to the original appropriations approved by the City Commission. Overall these changes resulted in an increase from the original budget of \$17.3 million.

The increase of \$0.5 million in the Development Services expenditure budget is primarily related to funds being appropriated for credit card fees for the Building Permit Function, the Planning & Zoning Divisions (consulting services for the development of a transformation plan for the Highway A1A Corridor) and Code Compliance for a new contractual position added in the current fiscal year.

The increase of \$0.8 million in the Police expenditure budget was the result of establishing the fiscal year 2015 budget for grant funds to cover the costs for additional officers under the City's police services

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contract with the Broward Sheriff's Office (BSO), funded with a COPs Grant. The funds supported the School Resource Officers Program.

The increase of \$.5 million in the Fire expenditure budget was primarily due to greater than anticipated overtime expenditures due to vacancies.

The increase of \$0.6 million in the Public Works expenditure budget is primarily due to additional funds required for repair and maintenance of City facilities and to cover disposal services in the Public Works Sanitation Division.

The increase of \$0.9 million in the Non-departmental expenditure budget is primarily due to the City's donation of \$.3 million to The Shipwreck Park Inc., a 501(c)(3) Corporation formed with the mission of locating and sinking a ship to be utilized as an artificial reef off the Pompano Coast and generally promoting Shipwreck Park (numerous sunken ships off the coast) as a dive destination, thereby serving as an economic development stimulus for the City.

The increase of \$6.5 million in the capital outlay budget is primarily to facilitate the transfer of capital outlay costs from the CRA Districts for improvements to City owned assets, with a related increase in the General Fund's transfers-in account budget.

The transfers-out budget increased by approximately \$7.2 million primarily related to transfers from the General Fund unassigned fund balance to the Capital Projects and Golf Funds to commit funds for various projects, inclusive of MLK Blvd. Streetscape, replacement of the Public Safety Chiller and Golf Course Dune Restoration.

Final budget compared to actual – Permits, fees and special assessments revenue was approximately \$5.2 million higher than the final budget primarily as a result of greater than anticipated collections for building permit revenues due to an increase in construction and build out activity and an increase in electric franchise fee receipts.

Intergovernmental revenue was \$0.8 million higher than the final budget due to greater than anticipated receipts for state revenue sharing and half-cent sales tax revenue. Both sources are a function of sales and the City's population compared to other jurisdictions which participate in these State of Florida revenue sources.

Charges for services revenue was \$0.3 million higher than the final budget primarily as a result of the net effect of greater than anticipated receipts for engineering service and zoning fees, land rent and special assessment fees and budgeting for a chargeback amount to the building permit function surplus reserve fund balance account. It was necessary to budget for this line item in order to offset against budgeted expenditures within the General Fund. However, as the chargeback was simply taken from the building permit function fund balance reserve, an actual current revenue amount was not recorded.

Police expenditures were \$0.6 million lower than the final budget primarily due to vacancy credits provided by BSO under the City's police services contract.

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Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounts to \$388.9 million, net of accumulated depreciation. This investment in capital assets includes land, building, equipment, improvements, infrastructure and construction in progress.

TABLE 3
CAPITAL ASSETS
(NET OF ACCUMULATED DEPRECIATION)
September 30, 2015

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 61,369,255	\$ 61,363,386	\$ 277,365	\$ 277,365	\$ 61,646,620	\$ 61,640,751
Construction in Progress	31,993,767	24,595,705	8,290,991	1,166,346	40,284,758	25,762,051
Buildings	17,404,563	12,593,676	26,587,436	28,090,715	43,991,999	40,684,391
Infrastructure	68,803,520	71,085,864	58,816,652	58,141,517	127,620,172	129,227,381
Improvements	62,427,219	65,165,434	38,927,672	45,235,500	101,354,891	110,400,934
Machinery & Equipment	7,333,840	6,131,377	6,630,108	7,730,057	13,963,948	13,861,434
TOTALS	\$ 249,332,164	\$ 240,935,442	\$ 139,530,224	\$ 140,641,500	\$ 388,862,388	\$ 381,576,942

Major capital assets events during the fiscal year included:

- Capital projects under construction in governmental activities had a net increase of \$7.4 million, primarily as a result of major activity related to several projects in the current fiscal year, such as General Government Building Improvements, Rebuilding Fire Station 11, Fire Station 103, Tennis Center Resurfacing, Downtown Pompano Streetscape, Overhead Utilities Conversion (Pompano Beach Blvd.) and the Public Library/Cultural Center.
- Buildings for governmental activities increased by \$4.8 million primarily as a result of the net effect of the capitalization of costs associated with the Highlands Park Restroom, City Hall 3rd Floor renovations (Development Services) and the Beach Library and the acquisition of two properties by the Northwest CRA District (Ali & Bailey Buildings) and the recognition of current year depreciation expense.
- Infrastructure for governmental activities decreased by \$2.3 million, primarily due to the net effect of the recognition of current fiscal year depreciation expense and the capitalization of costs related to Bridge Maintenance and Repairs and Road Resurfacing.
- Improvements for governmental activities decreased by \$2.7 million primarily due to the net effect of the recognition of current fiscal year depreciation expense and the completion and capitalization of costs related to Tennis Center Resurfacing and 3rd Floor City Hall renovations.

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2015
(Unaudited)

- Machinery and Equipment increased by \$1.2 million primarily due to the net effect of the recognition of current fiscal year depreciation expense, the disposal of equipment during the fiscal year and the purchase of machinery and equipment by several City departments (primarily Fire Operations, Public Works and EMS) and the CRA, primarily related to the ALI Building.
- Capital projects in business-type activities increased by \$7.1 million due to the net effect of activity for several projects, to include Stormwater Drainage (Avondale, Lyons Park & Esquire Lake), Replacement of Utilities Field Operations Building, the Pier Parking Garage and the recognition of current fiscal year depreciation expense.
- Buildings for business-type activities decreased by \$1.5 million. This is the result of the recognition of current fiscal year depreciation expense.
- Infrastructure for business-type activities increased by \$0.7 million primarily due to the net effect of the capitalization of costs related to contributed capital from a private contractor for work at the City's municipal Airpark and the recognition of current fiscal year depreciation expense.
- Improvements decreased by approximately \$6.3 million due to the net effect of the recognition of current fiscal year depreciation expense and the capitalization of costs related to several projects during the fiscal year, as discussed above.
- The decrease of approximately \$1.1 million in machinery and equipment is primarily due to the net effect of the recognition of current fiscal year depreciation expense, the disposal of equipment during the fiscal year and the purchase of equipment and vehicles for the Utility, Stormwater and Parking Funds.

Additional information on the City's capital assets can be found in the notes to the financial statements, Note II (C).

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2015
(Unaudited)

Outstanding Debt

At the end of the current fiscal year the City had total debt (bonds and notes) of \$69,407,171 outstanding compared to \$50,988,011 last year, a 36% increase.

TABLE 4 - OUTSTANDING DEBT
September 30, 2015

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenue Bonds	\$ -	\$ -	\$ 14,440,000	\$ 17,355,000	\$ 14,440,000	\$ 17,355,000
Certificates of Participation	-	-	23,875,000	-	23,875,000	-
Tax increment bonds	19,867,028	22,669,190	-	-	19,867,028	22,669,190
Notes	2,093,489	2,324,677	7,579,826	8,416,881	9,673,315	10,741,558
Capital lease payable	1,402,567	-	149,261	222,263	1,551,828	222,263
Total	\$ 23,363,084	\$ 24,993,867	\$ 46,044,087	\$ 25,994,144	\$ 69,407,171	\$ 50,988,011

At September 30, 2015, the City's Certificates of Participation maintained a credit rating of AA- from Standard and Poor's and A-1 from Moody's. None of the City's other long term obligations were required to carry a credit rating at fiscal year end.

Required principal, interest and reserves on outstanding debt were provided for during the year. The City's Water & Sewer Bonds are pledged with the revenues from the water and sewer system. The City fully anticipates that it will meet future debt service requirements for outstanding bond issues based on these pledged revenue sources.

On April 14, 2015 the City Commission authorized the issuance of Taxable Certificates of Participation (Parking Garage Project) – Series 2015 (the "Certificates"), per City Ordinance No. 2015-30. The Certificates were subsequently issued on June 10, 2015. The Certificates were issued for the purpose of providing funds to finance the acquisition, construction and installation of a new public garage structure and surrounding public improvements, pay capitalized interest on the Certificates through July 1, 2018 and pay costs of issuance on the Certificates. The Certificates were issued in the par amount of \$23,875,000. Additional information on the City's long-term debt can be found in the notes to the financial statements, Note II (F).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET RATES

The City's fiscal year runs from October 1st to September 30th. The City begins its budget cycle in January. From January to May, workshops and meetings are held with department heads to determine the upcoming fiscal needs of the City while ensuring adherence to City policies. Upon establishing a fiscal blueprint for the upcoming fiscal year, the City Manager presents the recommended budget to the City Commission and public in May as required by the City Charter and then a second workshop is held in July. If necessary, resources and/or policies are modified by the Commission, and subsequently adopted in September.

As one of the largest cities in the Miami-Fort Lauderdale-Pompano Beach Metropolitan area, the City of Pompano Beach has a significant impact on South Florida's economic growth. According to the Office of Economic and Demographic Research (August, 2015), during 2014 the City of Pompano Beach's growth

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2015
(Unaudited)

rate surpassed the state's revised 2013 growth rate; with real estate and retail trade being the largest contributors to the state's growth. As for construction and real estate activity, according to Office of Economic and Demographic Research, Florida's economic growth rates trends are generally returning to more typical levels and continue to show progress.

Property values are one of the key economic factors that affect local government's finances. Since January 2nd, 2014 to January 2nd, 2015, the City experienced a 5.7% increase in its assessed taxable value, its third increase since the 2007 assessment. Florida's construction and real estate activity is continuing its path to recovery. As reported by realtytrac.com, there are currently 3,494 properties in Pompano Beach that are in some stage of foreclosure (default, auction or bank owned). Similar to the Broward County and the State of Florida, the foreclosure rates for the City of Pompano Beach remain high. In August, 1 in every 555 housing units received foreclosure filings in Pompano Beach, FL; though the number was 48% lower than the previous month and 39% lower than the same time last year.

The City's adopted budget for fiscal year 2016 is \$237 million, which is 5.88% or \$13.16 million more than the FY 2015 adopted budget of \$224 million. The General Fund budget accounts for \$114.3 million of the fiscal year 2016 budget. In fiscal year 2016, the Budget Office established the Building Permit Fund and the Administrative Capital Fund, for the purpose of improving efficiency and transparency. The activity for these functions were previously accounted for within the General Fund. The \$114.3 million fiscal year 2016 budget in the General Fund, which factors in this change, represents a 1% or \$1.15 million decrease compared to the fiscal year 2015 adopted budget of \$115.5 million. The adopted millage rate for fiscal year 2016 increased by 4.56% from the previous fiscal year to 5.4865. Moreover, the General Fund operating millage rate of 4.9865 increased by 5.05% compared to last year's rate of 4.7470. This represents a 12.08% increase in property taxes, when compared to the rolled back millage rate of 4.4491.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need any additional financial information, contact the City's Finance Department, at the City of Pompano Beach, 100 W. Atlantic Boulevard, Pompano Beach, Florida 33060.

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 8,601,555	\$ 4,023,517	\$ 12,625,072
Unrestricted investments	117,410,048	52,525,342	169,935,390
Restricted cash and cash equivalents	4,258,862	24,374,978	28,633,840
Restricted investments	10,821,346	3,747,222	14,568,568
Interest receivable	342,861	126,904	469,765
Accounts receivables (net)	5,796,276	5,875,764	11,672,040
Notes Receivable	-	322,312	322,312
Internal balances	1,480,181	(1,480,181)	-
Due from other governments	8,991,781	350,589	9,342,370
Inventories	1,325,049	308,562	1,633,611
Prepays	903,792	13,452	917,244
Other assets	99,748	-	99,748
Assets held for resale and redevelopment	36,716,996	-	36,716,996
Capital assets:			
Land and construction in progress	93,363,022	8,568,356	101,931,378
Other capital assets net of accumulated depreciation	<u>155,969,142</u>	<u>130,961,868</u>	<u>286,931,010</u>
Total capital assets net of accumulated depreciation	<u>249,332,164</u>	<u>139,530,224</u>	<u>388,862,388</u>
Total assets	<u>446,080,659</u>	<u>229,718,685</u>	<u>675,799,344</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	281,376	281,376
Deferred outflows related to pensions	<u>23,581,294</u>	<u>1,717,306</u>	<u>25,298,600</u>
Total deferred outflows of resources	<u>23,581,294</u>	<u>1,998,682</u>	<u>25,579,976</u>

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

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
LIABILITIES			
Accounts payable	\$ 4,587,617	\$ 1,843,410	\$ 6,431,027
Accrued expenses	1,737,889	324,683	2,062,572
Accrued interest payable	130,732	469,389	600,121
Due to other governments	785,798	122,542	908,340
Customer deposits payable	14,267	-	14,267
Unearned revenue	3,165,410	12,526	3,177,936
Liabilities payable from restricted assets:			
Customer deposits payable	-	1,680,070	1,680,070
Accounts payable	26,908	1,955,920	1,982,828
Noncurrent liabilities:			
Due within one year:			
Long term obligations	2,827,162	2,790,000	5,617,162
Notes Payable	237,541	860,056	1,097,597
Claims and judgments	3,033,121	-	3,033,121
Compensated absences	378,251	83,116	461,367
Capital lease payable	34,557	74,083	108,640
Due in more than one year:			
Long term obligations	17,039,866	11,650,000	28,689,866
Notes Payable	1,855,948	6,719,770	8,575,718
Claims and judgments	11,059,879	-	11,059,879
Compensated absences	5,352,603	1,022,538	6,375,141
Net OPEB obligation	6,907,667	1,578,780	8,486,447
Capital lease payable	1,368,010	75,178	1,443,188
Certificates of participation payable	-	23,875,000	23,875,000
Net pension liability	116,308,147	11,294,676	127,602,823
Total liabilities	<u>176,851,373</u>	<u>66,431,737</u>	<u>243,283,110</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	642,816	208,835	851,651
NET POSITION			
Net investment in capital assets	225,969,080	113,532,397	339,501,477
Restricted for:			
Renewal and replacement/rate stabilization	-	3,545,831	3,545,831
Capital projects	-	297,973	297,973
Building permit function	10,719,783	-	10,719,783
Community Redevelopment	30,148,843	-	30,148,843
Cultural Arts	10,544	-	10,544
Transportation	101,563	-	101,563
Unrestricted	<u>25,217,951</u>	<u>47,700,594</u>	<u>72,918,545</u>
Total net position	<u>\$ 292,167,764</u>	<u>\$ 165,076,795</u>	<u>\$ 457,244,559</u>

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

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Program Revenues

Functions/Programs

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 33,514,295	\$ 10,979,233	\$ 365,205	\$ 24,237
Public safety	81,641,409	27,233,712	2,972,505	542,770
Physical environment	17,608,014	102,780	361,560	2,945,965
Transportation	3,876,869	-	-	5,000
Culture and recreation	9,378,496	1,744,145	-	2,528,162
Interest on long-term debt	908,278	-	-	-
Total governmental activities	<u>146,927,361</u>	<u>40,059,870</u>	<u>3,699,270</u>	<u>6,046,134</u>
Business-Type Activities:				
Utility	39,253,188	42,673,872	-	1,029
Sanitation	4,225,411	5,899,635	-	-
Stormwater	2,108,833	2,843,950	-	-
Pier	273,574	17,869	-	-
Airpark	2,211,600	1,052,145	-	1,138,326
Golf course	4,750,326	2,865,570	-	-
Parking	1,640,739	2,067,899	-	-
Total business-type activities	<u>54,463,671</u>	<u>57,420,940</u>	<u>-</u>	<u>1,139,355</u>
Total government	<u>\$ 201,391,032</u>	<u>\$ 97,480,810</u>	<u>\$ 3,699,270</u>	<u>\$ 7,185,489</u>

General revenues:

Taxes:

- Property taxes, levied for general purposes
- Sales and use taxes
- Business tax receipts
- Utility taxes
- Communication service taxes
- Tax increment fees - Community Redevelopment Agency
- Pari Mutuel taxes
- Franchise fees
- State revenue sharing
- Gain (loss) on sale of capital assets
- Investment earnings
- Miscellaneous revenue

Transfers

- Total General Revenues and Transfers
- Changes in Net Position

Net position-beginning, as restated (Note III)(H)

Net position, ending

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

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (22,145,620)	\$ -	\$ (22,145,620)
(50,892,422)	-	(50,892,422)
(14,197,709)	-	(14,197,709)
(3,871,869)	-	(3,871,869)
(5,106,189)	-	(5,106,189)
(908,278)	-	(908,278)
<u>(97,122,087)</u>	<u>-</u>	<u>(97,122,087)</u>
-	3,421,713	3,421,713
-	1,674,224	1,674,224
-	735,117	735,117
-	(255,705)	(255,705)
-	(21,129)	(21,129)
-	(1,884,756)	(1,884,756)
-	427,160	427,160
-	<u>4,096,624</u>	<u>4,096,624</u>
<u>(97,122,087)</u>	<u>4,096,624</u>	<u>(93,025,463)</u>
47,922,298	-	47,922,298
2,016,087	-	2,016,087
2,134,279	-	2,134,279
11,487,684	-	11,487,684
4,999,534	-	4,999,534
8,114,172	-	8,114,172
2,520,242	-	2,520,242
8,164,658	-	8,164,658
9,852,996	-	9,852,996
107,077	54,796	161,873
1,339,969	530,059	1,870,028
800,707	37,307	838,014
(42,796)	42,796	-
<u>99,416,907</u>	<u>664,958</u>	<u>100,081,865</u>
2,294,820	4,761,582	7,056,402
289,872,944	160,315,213	450,188,157
<u>\$ 292,167,764</u>	<u>\$ 165,076,795</u>	<u>\$ 457,244,559</u>

CITY OF POMPANO BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	<u>General</u>	<u>Northwest Community Redevelopment District</u>	<u>East Community Redevelopment District</u>
ASSETS			
Cash and cash equivalents	\$ 1,742,571	\$ 1,106,774	\$ 1,780,127
Restricted cash and cash equivalents	-	-	4,258,862
Restricted investments	7,906,567	-	-
Unrestricted investments	46,871,656	4,919,221	3,841,488
Interest receivable	165,001	11,403	15,383
Accounts receivables, net	2,743,136	4,770	-
Assets held for resale and redevelopment	-	35,659,183	-
Advances to other funds	2,500,000	-	-
Due from other funds	1,546,434	-	-
Due from other governments	1,921,365	-	-
Inventories	169,044	-	-
Prepays	56,777	5,869	1,740
Other assets	99,669	-	-
Total assets	<u>\$ 65,722,220</u>	<u>\$ 41,707,220</u>	<u>\$ 9,897,600</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 471,007	\$ 449,716	\$ 75,712
Accrued expenditures	1,304,526	-	-
Due to other governments	518,894	-	-
Due to other funds	-	-	-
Advances from other funds	-	2,500,000	-
Deposits	1,506	12,761	-
Unearned revenue	1,263,652	4,500	-
Total liabilities:	<u>3,559,585</u>	<u>2,966,977</u>	<u>75,712</u>
Deferred inflows of resources:			
Unavailable revenue	308,615	-	-
Fund balances:			
Nonspendable	2,725,821	5,869	1,740
Restricted	7,906,567	38,734,374	9,820,148
Committed	-	-	-
Assigned	1,404,213	-	-
Unassigned	49,817,419	-	-
Total fund balances	<u>61,854,020</u>	<u>38,740,243</u>	<u>9,821,888</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 65,722,220</u>	<u>\$ 41,707,220</u>	<u>\$ 9,897,600</u>

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

<u>Emergency Medical Svc. District</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 59,541	\$ 1,412,636	\$ 1,611,447	\$ 7,713,096
-	-	-	4,258,862
-	-	2,914,779	10,821,346
1,594,297	34,893,511	3,035,576	95,155,749
9,165	83,069	4,422	288,443
2,860,151	188,219	-	5,796,276
-	-	1,057,813	36,716,996
-	-	-	2,500,000
-	-	-	1,546,434
8,062	6,675,749	377,771	8,982,947
322,415	-	-	491,459
-	839,406	-	903,792
-	-	79	99,748
<u>\$ 4,853,631</u>	<u>\$ 44,092,590</u>	<u>\$ 9,001,887</u>	<u>\$ 175,275,148</u>
\$ 48,598	\$ 3,120,459	\$ 199,694	\$ 4,365,186
326,873	7,997	11,486	1,650,882
-	-	-	518,894
-	-	546,434	546,434
-	-	-	2,500,000
-	-	-	14,267
-	125,000	1,772,258	3,165,410
<u>375,471</u>	<u>3,253,456</u>	<u>2,529,872</u>	<u>12,761,073</u>
<u>2,290,688</u>	<u>6,558,332</u>	<u>-</u>	<u>9,157,635</u>
322,415	839,406	-	3,895,251
-	-	4,379,064	60,840,153
1,865,057	-	2,092,951	3,958,008
-	33,441,396	-	34,845,609
-	-	-	49,817,419
<u>2,187,472</u>	<u>34,280,802</u>	<u>6,472,015</u>	<u>153,356,440</u>
<u>\$ 4,853,631</u>	<u>\$ 44,092,590</u>	<u>\$ 9,001,887</u>	<u>\$ 175,275,148</u>

CITY OF POMPANO BEACH, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

Fund Balances - total governmental funds \$ 153,356,440

Amounts reported for governmental activities in the statement of net position 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	\$ 397,832,017	
Less accumulated depreciation	<u>(148,855,254)</u>	248,976,763

Deferred outflows of resources related to pensions are recorded in the statement of net position		23,581,294
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Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenue in the governmental funds financial statements:

EMS transport fees		2,283,721
Broward County Contract Reimb. - Public Library		2,402,857
FEMA - Hurricane Wilma		242,438
Broward County - Ad Valorem		73,144
FIND/BBIP Grants		172,416
Communication service taxes		3,983,059

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

Tax increment bonds	(19,867,028)	
Net pension liability	(116,308,147)	
Net OPEB obligation	(6,563,513)	
Notes payable	(2,093,489)	
Compensated absences	(5,344,138)	
Capital lease payable	(1,402,567)	
Broward County Sheriffs Office Contractual Obligation	(266,904)	
Accrued interest payable	<u>(130,732)</u>	(151,976,518)

Deferred inflows of resources related to pensions are recorded in the statement of net position		(642,816)
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds that are reported with governmental activities are as follows:

Assets	24,395,001	
Liabilities	<u>(15,660,216)</u>	8,734,785

Adjustment for Internal Service Funds look-back		<u>980,181</u>
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Net position of governmental activities		<u>\$ 292,167,764</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>General</u>	<u>Northwest Community Redevelopment District</u>	<u>East Community Redevelopment District</u>
Revenues			
Taxes	\$ 61,455,076	\$ 5,914,887	\$ 2,199,285
Judgments, fines and forfeitures	1,055,782	-	-
Permits, fees and special assessments	30,588,769	-	-
Intergovernmental	13,075,759	125,305	-
Charges for services	12,993,640	128,319	-
Pari-Mutuel	2,520,242	-	-
Donations	9,671	500	-
Program income	-	-	-
Recaptured funds	-	-	-
Investment earnings	671,960	39,460	18,571
Cemetery lot sales	-	-	-
Other revenue	496,294	50,094	-
Total revenues	<u>122,867,193</u>	<u>6,258,565</u>	<u>2,217,856</u>
EXPENDITURES			
Current:			
General government	20,877,141	2,953,272	591,699
Public safety	63,071,413	-	-
Physical environment	13,416,461	-	-
Transportation	2,510,681	-	-
Culture and recreation	7,335,721	-	-
Debt Service:			
Principal	231,188	2,187,683	640,000
Interest	60,886	409,368	457,968
Capital outlay	7,182,025	3,598,257	9,020
Total expenditures	<u>114,685,516</u>	<u>9,148,580</u>	<u>1,698,687</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,181,677</u>	<u>(2,890,015)</u>	<u>519,169</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	118,221	-	-
Proceeds from capital lease	-	1,428,088	-
Transfers in	7,407,977	-	201,149
Transfers out	(15,913,437)	(4,476,021)	(1,027,545)
Total other financing sources (uses)	<u>(8,387,239)</u>	<u>(3,047,933)</u>	<u>(826,396)</u>
Net change in fund balances	(205,562)	(5,937,948)	(307,227)
Fund balances - beginning	62,059,582	44,678,191	10,129,115
Fund Balances - ending	<u>\$ 61,854,020</u>	<u>\$ 38,740,243</u>	<u>\$ 9,821,888</u>

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

<u>Emergency Medical Svc. District</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,561,697	\$ 2,727,775	\$ 311,198	\$ 77,169,918
-	-	-	1,055,782
-	474,307	437,408	31,500,484
91,105	483,676	2,010,907	15,786,752
3,585,145	-	246,142	16,953,246
-	-	-	2,520,242
80	-	89,195	99,446
-	-	1,206,314	1,206,314
-	-	27,677	27,677
38,176	333,121	29,883	1,131,171
-	-	760	760
-	124,462	816	671,666
<u>8,276,203</u>	<u>4,143,341</u>	<u>4,360,300</u>	<u>148,123,458</u>
-	18,219	5,074	24,445,405
13,256,786	-	584,820	76,913,019
-	126,938	3,098,458	16,641,857
-	-	321,233	2,831,914
-	64,091	105,508	7,505,320
-	-	-	3,058,871
-	-	-	928,222
373,196	13,263,501	-	24,425,999
<u>13,629,982</u>	<u>13,472,749</u>	<u>4,115,093</u>	<u>156,750,607</u>
<u>(5,353,779)</u>	<u>(9,329,408)</u>	<u>245,207</u>	<u>(8,627,149)</u>
-	-	-	118,221
-	-	-	1,428,088
6,002,799	9,114,766	-	22,726,691
-	-	(1,352,484)	(22,769,487)
<u>6,002,799</u>	<u>9,114,766</u>	<u>(1,352,484)</u>	<u>1,503,513</u>
649,020	(214,642)	(1,107,277)	(7,123,636)
<u>1,538,452</u>	<u>34,495,444</u>	<u>7,579,292</u>	<u>160,480,076</u>
<u>\$ 2,187,472</u>	<u>\$ 34,280,802</u>	<u>\$ 6,472,015</u>	<u>\$ 153,356,440</u>

CITY OF POMPANO BEACH, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Net change in fund balances - total governmental funds \$ (7,123,636)
 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 are capitalized and depreciated over their estimated useful lives.

Expenditures for capital assets	\$ 24,425,999	
Less depreciation	<u>(15,978,962)</u>	8,447,037

Some revenues and expenses reported in the statement of activities are not reported in the funds because they have no effect on current financial resources.

Change in unavailable revenue-EMS transport fees	(578,072)	
Change in unavailable revenue-Ad valorem taxes	73,144	
Change in unavailable revenue-communication service tax	(569,008)	
Change in unavailable revenue-Electric franchise tax	(830,109)	
Change in unavailable revenue-FIND/BBIP Grants	172,416	
Change in net OPEB Obligation	(247,702)	
Loss on sale of capital assets	(11,028)	
Change in compensated absences liability	(40,579)	
Change in accrued interest	19,944	
Broward Sheriffs Office Contractual Obligation	(266,904)	
Broward County Contract Reimbursement - Public Library	<u>2,402,857</u>	124,959

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net position.

Proceeds from capital lease		(1,428,088)
Principal payments		3,058,871

Changes in the City's net pension liability, deferred outflows of resources and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the statement of activities.

Change in deferred outflows of resources	18,525,834	
Change in net pension liability	(18,971,529)	
Change in deferred inflows of resources	<u>(642,816)</u>	(1,088,511)

Internal service funds are used by management to charge the costs of certain activities to individual funds.

The change in net position in the internal service funds is reported with governmental funds in the governmentwide statement of activities.		291,846
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Adjustment for Internal Service Funds look-back		12,342
Change in Net Position - Governmental Activities		<u>\$ 2,294,820</u>

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

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Funds				Governmental
				Internal	
	Utility	Parking	Nonmajor Enterprise Funds	Total	Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 3,600,855	\$ 49,227	\$ 373,435	\$ 4,023,517	\$ 888,459
Restricted cash and cash equivalents	2,438,237	21,928,365	8,376	24,374,978	-
Interest receivable	100,261	2,432	24,211	126,904	54,418
Accounts receivables, net	3,847,701	261,167	1,766,896	5,875,764	-
Due from other governments	4,897	-	345,692	350,589	8,834
Notes receivable	-	-	322,312	322,312	-
Inventories	292,075	-	16,487	308,562	833,590
Prepays	13,452	-	-	13,452	-
Total current assets:	10,297,478	22,241,191	2,857,409	35,396,078	1,785,301
Noncurrent assets:					
Unrestricted investments	41,564,456	1,225,834	9,735,052	52,525,342	22,254,299
Restricted investments	3,545,831	-	201,391	3,747,222	-
Capital assets:					
Land	216,373	-	60,992	277,365	-
Construction in progress	2,187,148	4,110,116	1,993,727	8,290,991	-
Buildings	47,635,353	-	4,380,273	52,015,626	254,536
Infrastructure	105,908,548	-	20,226,621	126,135,169	-
Improvements	54,663,769	-	30,487,317	85,151,086	423,838
Machinery and equipment	21,957,826	98,518	3,135,032	25,191,376	5,471,834
Less accumulated depreciation	(133,503,815)	-	(24,027,574)	(157,531,389)	(5,794,807)
Total capital assets (net of accumulated depreciation)	99,065,202	4,208,634	36,256,388	139,530,224	355,401
Total noncurrent assets:	144,175,489	5,434,468	46,192,831	195,802,788	22,609,700
Total assets	154,472,967	\$ 27,675,659	\$ 49,050,240	\$ 231,198,866	\$ 24,395,001
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	281,376	-	-	281,376	-
Deferred outflows related to pensions	1,456,736	-	260,570	1,717,306	-
Total deferred outflows of resources	1,738,112	-	260,570	1,998,682	-

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

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Funds				Governmental
	Utility	Parking	Nonmajor	Total	Activities
			Enterprise Funds		Internal Service Funds
LIABILITIES					
Current liabilities, unrestricted:					
Accounts payable	1,178,789	151,518	513,103	1,843,410	249,339
Accrued expenses	263,235	-	61,448	324,683	87,007
Accrued interest payable	88,100	381,289	-	469,389	-
Due to other funds	-	-	500,000	500,000	500,000
Unearned revenue	-	-	12,526	12,526	-
Due to other governments	-	-	122,542	122,542	-
Compensated absences	62,370	-	20,746	83,116	985
Claims and judgments	-	-	-	-	3,033,121
Current portion of long-term debt	2,790,000	-	-	2,790,000	-
Notes payable	860,056	-	-	860,056	-
Capital lease payable	-	-	74,083	74,083	-
Total current liabilities, unrestricted	<u>5,242,550</u>	<u>532,807</u>	<u>1,304,448</u>	<u>7,079,805</u>	<u>3,870,452</u>
Current liabilities payable from restricted assets:					
Accounts payable	-	1,926,752	29,168	1,955,920	-
Customer deposits payable	1,680,070	-	-	1,680,070	-
Total current liabilities payable from restricted assets	<u>1,680,070</u>	<u>1,926,752</u>	<u>29,168</u>	<u>3,635,990</u>	<u>-</u>
Total current liabilities	<u>6,922,620</u>	<u>2,459,559</u>	<u>1,333,616</u>	<u>10,715,795</u>	<u>3,870,452</u>
Noncurrent liabilities:					
Compensated absences	846,079	-	176,459	1,022,538	385,731
Net OPEB obligation	1,277,176	-	301,604	1,578,780	344,154
Claims and judgments	-	-	-	-	11,059,879
Notes payable	6,719,770	-	-	6,719,770	-
Revenue bonds payable	11,650,000	-	-	11,650,000	-
Capital lease payable	-	-	75,178	75,178	-
Certificates of participation payable	-	23,875,000	-	23,875,000	-
Net pension liability	9,507,678	-	1,786,998	11,294,676	-
Total noncurrent liabilities	<u>30,000,703</u>	<u>23,875,000</u>	<u>2,340,239</u>	<u>56,215,942</u>	<u>11,789,764</u>
Total liabilities	<u>36,923,323</u>	<u>26,334,559</u>	<u>3,673,855</u>	<u>66,931,737</u>	<u>15,660,216</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	175,795	-	33,040	208,835	-
NET POSITION					
Net investment in capital assets	77,326,752	98,518	36,107,127	113,532,397	355,401
Restricted:					
Renewal & replacement/rate stabilization	3,545,831	-	-	3,545,831	-
Capital Projects	-	-	297,973	297,973	-
Unrestricted	<u>38,239,378</u>	<u>1,242,582</u>	<u>9,198,815</u>	<u>48,680,775</u>	<u>8,379,384</u>
Total net position	<u>\$ 119,111,961</u>	<u>\$ 1,341,100</u>	<u>\$ 45,603,915</u>	<u>\$ 166,056,976</u>	<u>\$ 8,734,785</u>

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

CITY OF POMPANO BEACH, FLORIDA
RECONCILIATION OF THE ENTERPRISE FUNDS STATEMENT OF NET POSITION
TO THE GOVERNMENTWIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

Net Position - Enterprise Funds	\$ 166,056,976
Adjustment to Enterprise Funds for Internal Service Funds look-back	<u>(980,181)</u>
Net Position - Business-type Activities	<u>\$ 165,076,795</u>

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

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Funds				Governmental
	Utility	Parking	Nonmajor		Internal
			Enterprise Funds	Total	Service Funds
OPERATING REVENUES					
Charges for services	\$ 42,673,872	\$ 1,548,398	\$ 12,679,169	\$ 56,901,439	\$ 19,581,604
Fines and forfeitures	-	519,501	-	519,501	-
Miscellaneous	3,350	90	-	3,440	119,370
Total operating revenues	42,677,222	2,067,989	12,679,169	57,424,380	19,700,974
OPERATING EXPENSES					
Personnel services	7,946,495	-	1,676,805	9,623,300	2,724,947
Other current expenses	21,033,999	1,305,050	9,057,416	31,396,465	16,804,198
Depreciation and amortization	9,696,471	-	2,836,863	12,533,334	122,572
Total operating expenses	38,676,965	1,305,050	13,571,084	53,553,099	19,651,717
Operating income (loss)	4,000,257	762,939	(891,915)	3,871,281	49,257
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	424,315	(1,586)	107,330	530,059	208,797
Miscellaneous revenue	3,214	-	30,653	33,867	5,341
Interest expense and fiscal agent fees	(559,400)	(336,053)	(2,777)	(898,230)	-
Gain or (loss) from disposition of capital assets	20,178	-	34,618	54,796	4,214
Total nonoperating revenue (expenses)	(111,693)	(337,639)	169,824	(279,508)	218,352
Income (loss) before contributions and transfers	3,888,564	425,300	(722,091)	3,591,773	267,609
Capital grants and contributions	1,029	-	1,138,326	1,139,355	24,237
Transfers in	-	-	2,042,930	2,042,930	-
Transfers out	(65,700)	-	(1,934,434)	(2,000,134)	-
Change in net position	3,823,893	425,300	524,731	4,773,924	291,846
Total net position - beginning	123,942,743	915,800	46,768,262	171,626,805	8,442,939
Restatement of beginning net position for GASB 68 and 71 implementation	(8,654,675)	-	(1,689,078)	(10,343,753)	-
Total net position - beginning, as restated (Note III)(H))	115,288,068	915,800	45,079,184	161,283,052	8,442,939
Total net position - ending	\$ 119,111,961	\$ 1,341,100	\$ 45,603,915	\$ 166,056,976	\$ 8,734,785

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

CITY OF POMPANO BEACH, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION OF ENTERPRISE FUNDS TO THE
STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Net change in Net Position - Enterprise Funds	\$ 4,773,924
Adjustment to Enterprise Funds for Internal Service Funds look-back	<u>(12,342)</u>
Change in Net Position - Business-type Activities	<u>\$ 4,761,582</u>

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

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Funds				Governmental
	Utility	Parking	Nonmajor	Total	Internal
			Enterprise		Service
		Funds		Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from other funds for charges for services	\$ -	\$ -	\$ -	\$ -	\$ 16,846,375
Receipts from customers	42,325,488	1,874,895	11,778,422	55,978,805	2,856,772
Payments to suppliers/Insurer	(21,729,608)	(1,164,173)	(9,225,425)	(32,119,206)	(15,108,969)
Payments to employees	(8,278,663)	-	(1,802,405)	(10,081,068)	(2,640,510)
Claims paid	-	-	-	-	(3,214,659)
Net cash provided (used) by operating activities	<u>12,317,217</u>	<u>710,722</u>	<u>750,592</u>	<u>13,778,531</u>	<u>(1,260,991)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advances from other funds	-	-	(41,268)	(41,268)	-
Transfers to other funds	(65,700)	-	(1,934,434)	(2,000,134)	-
Transfers from other funds	-	-	2,042,930	2,042,930	-
Interest paid on utility deposits	(1,358)	-	-	(1,358)	-
Net cash provided (used) by noncapital financing activities	<u>(67,058)</u>	<u>-</u>	<u>67,228</u>	<u>170</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(4,259,768)	(2,190,037)	(2,160,153)	(8,609,958)	(59,164)
Capital grants and contributions	220,000	-	891,253	1,111,253	-
Proceeds from Certificates of Participation	-	23,875,000	65,271	23,940,271	-
Proceeds from the sale of surplus materials/capital assets	23,733	-	-	23,733	9,671
Principal paid on bonds/notes/capital lease	(3,752,055)	-	(73,002)	(3,825,057)	-
Interest paid on bonds/notes/capital lease	(475,470)	-	(2,777)	(478,247)	-
Net cash provided (used) by capital and related financing activities	<u>(8,243,560)</u>	<u>21,684,963</u>	<u>(1,279,408)</u>	<u>12,161,995</u>	<u>(49,493)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Calls/maturities of investments	15,620,417	8,909,532	4,574,078	29,104,027	10,446,225
Purchase of investments	(19,670,581)	(23,661,289)	(4,464,654)	(47,796,524)	(9,704,105)
Interest earnings	401,969	(2,954)	100,805	499,820	202,379
Proceeds from notes receivable	-	-	100,293	100,293	-
Net cash provided (used) by investing activities	<u>(3,648,195)</u>	<u>(14,754,711)</u>	<u>310,522</u>	<u>(18,092,384)</u>	<u>944,499</u>
Net increase (decrease) in cash and cash equivalents	358,404	7,640,974	(151,066)	7,848,312	(365,985)
Cash and cash equivalents, beginning of the year	<u>5,680,688</u>	<u>41,346</u>	<u>532,877</u>	<u>6,254,911</u>	<u>1,254,444</u>
Cash and cash equivalents, end of the year	<u>\$ 6,039,092</u>	<u>\$ 7,682,320</u>	<u>\$ 381,811</u>	<u>\$ 14,103,223</u>	<u>\$ 888,459</u>
Cash and cash equivalents, unrestricted	\$ 3,600,855	\$ 49,227	\$ 373,435	\$ 4,023,517	\$ 888,459
Cash and cash equivalents, restricted	<u>2,438,237</u>	<u>21,928,365</u>	<u>8,376</u>	<u>24,374,978</u>	<u>-</u>
Cash and cash equivalents, end of the year	<u>\$ 6,039,092</u>	<u>\$ 21,977,592</u>	<u>\$ 381,811</u>	<u>\$ 28,398,495</u>	<u>\$ 888,459</u>
Non-cash transactions (Capital & Related Financing Activities):					
Contribution of capital assets from developers	\$ -	\$ -	\$ 808,385	\$ 808,385	\$ -
Donation of equipment	1,029	-	-	1,029	24,237
Capitalized interest	<u>28,195</u>	<u>45,236</u>	<u>-</u>	<u>73,431</u>	<u>-</u>
Non-cash transactions (Investing Activities):					
Changes in fair value of investments	<u>17,298</u>	<u>409</u>	<u>3,819</u>	<u>21,526</u>	<u>9,013</u>
Total non-cash activities	<u>\$ 46,522</u>	<u>\$ 45,645</u>	<u>\$ 812,204</u>	<u>\$ 904,371</u>	<u>\$ 33,250</u>

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

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Funds				Governmental
	Utility	Parking	Nonmajor	Total	Activities
			Enterprise Funds		Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 4,000,257	\$ 762,939	\$ (891,915)	\$ 3,871,281	\$ 49,257
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization expense	9,696,471	-	2,836,863	12,533,334	122,572
Non-cash pension expense	(427,936)	-	(129,609)	(557,545)	-
Changes in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivables	(529,229)	(193,094)	(906,202)	(1,628,525)	-
Due from other governments	569	-	44,291	44,860	2,173
Inventories	67,683	-	-	67,683	71,271
Other assets and prepaids	40,214	-	-	40,214	-
Increase (decrease) in liabilities:					
Accounts and other payables	(841,674)	140,877	(223,882)	(924,679)	(912,681)
Accrued expenses	29,907	-	2,463	32,370	7,936
Customer deposits payable	176,926	-	-	176,926	-
Unearned revenue	-	-	5,455	5,455	-
Other Post Employment Benefits (OPEB)	38,168	-	11,582	49,750	15,980
Compensated absences	65,861	-	1,546	67,407	76,501
Estimated claims payable	-	-	-	-	(694,000)
Net cash provided (used) by operating activities	\$ 12,317,217	\$ 710,722	\$ 750,592	\$ 13,778,531	\$ (1,260,991)

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

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2015

	Employee Retirement Plans	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 2,872,329	\$ 516,971
Receivables:		
Accrued interest and dividends	646,343	-
Due from brokers	3,059,948	-
Other	365,776	2,294
Total receivables	<u>4,072,067</u>	<u>2,294</u>
Other assets	<u>2,978</u>	<u>-</u>
Investments:		
US Government obligations	25,851,816	-
Mortgage backed securities	9,949,063	-
Municipal obligations	961,128	-
Corporate obligations	33,233,635	-
Equity securities	165,755,487	-
Mutual funds and collective trusts	44,626,845	-
Hedge funds & private equity funds	56,977,966	-
Real estate funds	20,025,816	-
Money market funds	9,575,447	-
Total investments	<u>366,957,203</u>	<u>-</u>
Property & equipment, net of accumulated depreciation	<u>35,000</u>	<u>-</u>
Total assets	<u>373,939,577</u>	<u>519,265</u>
LIABILITIES		
Accounts payable and accrued expenses	413,857	-
Due to brokers	2,496,465	-
Deposits, sales tax & payroll taxes payable	-	519,265
Total liabilities	<u>2,910,322</u>	<u>\$ 519,265</u>
NET POSITION		
Restricted for pension benefits	<u>\$ 371,029,255</u>	

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

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Employee Retirement Plans</u>
ADDITIONS	
Contributions:	
Employer	\$ 10,238,875
Broward County Sheriff's Office	4,535,659
Broward County - Library	23,809
Members	4,024,428
State	<u>2,255,095</u>
Total contributions:	<u>21,077,866</u>
Investment income (loss)	
Net appreciation (depreciation) in fair value of investments	(9,394,146)
Interest and dividends	7,535,353
Other	<u>56,405</u>
Total investment income (loss)	<u>(1,802,388)</u>
Less: investment expenses	<u>2,313,153</u>
Net Investment Income (Loss)	<u>(4,115,541)</u>
Total	<u>16,962,325</u>
DEDUCTIONS	
Participant benefit payments	30,449,732
Benefits paid from drop	2,938,247
Refunds of participant contributions	311,815
Administrative expenses	<u>1,118,284</u>
Total	<u>34,818,078</u>
Net Increase (Decrease)	(17,855,753)
Net position restricted for pension benefits	
Beginning of the year	<u>388,885,008</u>
End of the year	<u>\$ 371,029,255</u>

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

CITY OF POMPANO BEACH, FLORIDA
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CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the City of Pompano Beach, Florida's (the "City") Significant Accounting Policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies are considered essential and should be read in conjunction with the accompanying financial statements.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Component units, although legally separate entities, are in substance part of the City's operations. The basic financial statements include both government-wide and fund financial statements. The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements focus on short-term results of operations and financing decisions at a specific fund level.

Internal service funds of a government (which provide services primarily to other funds of the government) are presented as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are included in the governmental column when presented at the government-wide level. The costs of these services are allocated to the appropriate functional activity.

The City's fiduciary funds are presented in the basic financial statements by type (i.e. Pension). Since, by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The following is a summary of significant accounting policies of the City.

(A) The Financial Reporting Entity

The City, located in Broward County, Florida, was incorporated in 1947. The legal authority by which the City was created and is governed is its charter, which was derived from Chapter 57-1754, Special Acts 1957, as amended. The City is governed by an elected five member district commission and a mayor at large and provides services to residents in many areas, including law enforcement and community enrichment. As required by accounting principles generally accepted in the United States of America, the accompanying financial statements present the reporting entity, which consists of the primary government and its component units. The component units discussed in Note 1 (B) below are included in the City's reporting entity because of the significance of their operational and financial relationships with the City. The City also has the following retirement plans:

- City of Pompano Beach General Employees' Retirement System, established in 1972 by Ordinance 73-3;
- Pompano Beach Police and Firefighter's Retirement System, established in 1973 by Ordinance 73-11; and
- Defined Contribution Retirement System, established in 1996 by Ordinance 96-84.

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NOTES TO THE FINANCIAL STATEMENTS
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(B) Blended Component Unit Disclosure

The reporting entity of the City includes the following component units:

The Pompano Beach Community Redevelopment Agency (the "Agency"), comprised of the Northwest and East Districts (the "Districts"), was established in 1988 by Ordinance 89-27 and in 2001 by Resolution 2002-12, respectively, pursuant to the authority set forth in Florida Statutes, Chapter 163, Part III. These Districts are dependent special districts governed by a five member board comprised of the City Commission and a mayor at large. Although legally separate from the City, each District is reported as part of the primary government as a special revenue fund, because each District is governed by the members of the City Commission and management of the City has operational responsibility for the CRA. The Agency does not issue separate financial statements;

The Pompano Beach Emergency Medical Services District (the "EMS District"), established in 1974 by Ordinance 75-18, is a dependent special district created to provide emergency medical care and transportation to the residents of the City. EMS is reported as a blended component unit because it is governed by the City Commission and there is a financial benefit or burden relationship between the City and EMS. EMS is reported as a special revenue fund. The EMS District does not issue separate financial statements; and

Herb Skolnick Cultural Arts Foundation (the "CAF"), established in 1999 by Resolution 99-13, is reported as a blended component unit because it is governed by the City Commission and management of the City has operational responsibility for the CAF. The CAF is reported as a special revenue fund. The CAF does not issue separate financial statements.

The criterion used for including component units in the reporting entity of the City consist of identification of legally separate organizations for which the elected officials of the City are financially accountable. This criterion also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Under the blended method, component unit balances and transactions are reported in a manner similar to the balances and transactions of the primary government itself. The City has no discretely presented component units.

(C) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units.

For the most part, the effect of interfund activity has been removed from these financial statements to avoid distorted financial results, with the exception of interfund services provided and used. Governmental activities, which primarily are 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

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items, which are not classified as 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 major individual enterprise funds are reported as separate columns in the fund financial statements. Activities of non-major governmental funds and non-major enterprise funds are aggregated in the respective fund financial statements.

(D) Measurement focus, basis of accounting, and financial statement presentation

The government-wide, proprietary and fiduciary funds (with the exception of the agency fund which has no measurement focus) financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 type items are recognized as revenue as soon as all eligibility requirements have been met. Unbilled service revenue is accrued in the enterprise funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, consistent with accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. Expenditures related to pensions and other post employment benefits are recognized when the City has made a decision to fund those obligations with current available resources.

Property taxes when levied for, and other taxes (such as franchise taxes, utility taxes and sales tax), fees and fines, charges for services, interest and intergovernmental revenue for which eligibility requirements have been met are all considered to be measurable, and accordingly, have been recognized as revenues of the current fiscal period, if available.

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

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Northwest Community Redevelopment District Fund (NW CRA) accounts for a City agency which uses tax-increment financing to encourage development and the resources accumulated therein are restricted to those activities.

The East Community Redevelopment District Fund (East CRA) accounts for a City agency which uses tax-increment financing to encourage development and the resources accumulated therein are restricted to those activities.

The Emergency Medical Services District Fund (EMS) accounts for ad valorem taxes and emergency transport fees collected for emergency medical services provided by the City and the resources therein are committed to support that function.

The Capital Projects Fund accounts for the resources accumulated and expenditures made for the acquisition or construction of long term capital assets other than for amounts accounted for in proprietary funds.

The City reports the following major proprietary funds:

The Utility Fund which accounts for the provision of water and sewer services to residents of the City and surrounding areas.

The Parking Fund which accounts for parking operation activities throughout the City.

The City also has certain funds (Special Purpose Fund, Law Enforcement Trust Fund (LETF), State Housing Initiative Partnership Grant Fund (SHIP), Other Grants Fund, Cultural Arts Foundation, Cemetery, Affordable Housing Fund, Pier, Airpark, Golf, Sanitation and Stormwater) that do not meet the GASB Statement No. 34 criteria for major fund classification.

Additionally, the City reports the following fund types:

The Internal Service Funds account for central stores, information technology, central services, risk management (health), risk management (general) and vehicle services provided to other departments or agencies of the government, on a cost reimbursement basis.

Fiduciary Funds:

The General Employees' Retirement System Pension Trust Fund accounts for the accumulation of resources to be used for retirement benefit payments to the majority of City employees. Resources are contributed by employees at rates fixed by contract and by the City at amounts determined by an annual actuarial valuation.

The Police and Firefighters' Retirement System Pension Trust Fund accounts for

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

the accumulation of resources to be used for retirement benefit payments to City police officers and firefighters. Resources are contributed by employees at rates fixed by contract and by the City at amounts determined by an annual actuarial valuation.

The Defined Contribution Retirement System Pension Trust Fund accounts for the accumulation of resources to be used for retirement benefit payments to City employees under the provisions of Internal Revenue code Section 401(a). The International City Management Association (ICMA) Retirement Corporation acts as an agent for the City in administering the Plan.

The General Agency Fund accounts for the receipt of monies from various funds for sales tax, payroll taxes, refundable deposits, and unclaimed checks.

The effect of interfund activity has been eliminated from the government-wide financial statements, except for charges between the enterprise funds activity and various other functions of the government.

Amounts reported as program revenues include 1) charges for service, 2) operating grants and contributions, and 3) capital grants and contributions.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 proprietary funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for the proprietary 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 nonoperating revenues and expenses.

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

(E) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, time and demand deposits and short term investments with original maturity dates within three months of the date acquired by the City.

(F) Investments

Investments in participating interest-earning contracts that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. All other investments, including pension trust fund and component unit investments, are reported at fair value. If available, quoted market prices are used to determine fair value. Where quoted market prices are not available, an estimate of fair value is made using market prices of similar investments and the results of valuation techniques, including, but not limited to, discounted cash flow analysis, matrix pricing, option-adjusted spread models and fundamental analysis.

CITY OF POMPANO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(G) Inventories/Prepays

Inventories consist of supplies and equipment replacement parts, valued using the lower of the weighted average cost method or market, which are purchased in one period and consumed in a future period. Prepaid items represent goods and services which are paid for in one period, but benefit a future period. Inventories and prepaid items are recorded as an expenditure/expense in the fund level and government-wide financial statements in the period benefited. Inventories/prepays for governmental fund types are reported as an asset of the fund with a corresponding amount recorded as non-spendable fund balance.

(H) Due to/from other funds and Advances to/from other funds

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due to/from other funds" and are expected to be repaid within one year of the balance sheet date. Activities between funds that are representative of long-term lending/borrowing arrangements (not expected to be repaid within one year from the balance sheet date) outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

(I) Capital Assets

Capital assets recorded in the government-wide and proprietary fund statements are stated at historical cost or estimated historical cost and include, land, buildings, improvements, equipment, infrastructure and intangible assets (such as right-of-way easements, utility easements, land use rights, computer software etc.). Contributed capital assets are recorded at estimated fair value when received.

In governmental fund financial statements, the cost associated with the acquisition or construction of capital assets are shown as capital outlay expenditures. Capital assets are not shown on the governmental fund balance sheets and no depreciation expense is recognized in the governmental fund statement of revenues, expenditures and changes in fund balances.

Depreciation on all assets meeting the City's capitalization threshold of \$1,000 including those obtained through contributions is charged to operations. A \$25,000 threshold is maintained for additions to infrastructure and intangible capital assets.

Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives are as follows:

Buildings	15-50 Years
Improvements	5-50 Years
Equipment	3-15 Years
Computer Software - Intangible	5-10 Years
Bridges	50 Years
Roads	15-20 Years
Other Infrastructure	15-50 Years

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
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Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred net of any interest earned on specific bonds during the construction phase of the capital assets of enterprise funds and business-type activities is capitalized as part of the capitalized value of the assets constructed. The total interest expense incurred by the Utility fund during the current fiscal year was \$527,000, of which \$28,195 was capitalized. Total interest expense incurred by the Parking Fund during the current fiscal year was \$381,289, of which \$45,236 was capitalized.

(J) Deferred Inflows & Outflows of Resources

The statement of net position includes a separate section for deferred inflows of resources and deferred outflows of resources. Deferred Inflows of resources represent the acquisition of net assets that is applicable to a future accounting period and will not be recognized as revenue until the future period to which it applies. Deferred outflows of resources represents the consumption of net position applicable to future periods and will not be recognized as expenditures or expenses until the future period to which it applies.

(K) Risk Management

The City is self-insured for automobile liability, general liability, including public official's liability and property damage claims pursuant to Florida Statute Section 768.28 (Waiver of Sovereign Immunity in Tort Actions; Recovery Limits; Limitation on Attorney Fees; Statute of Limitations; Exclusions; Indemnification; Risk Management Programs). Per Florida Statute Section 768.28, the City has sovereign immunity up to \$100,000 per person/\$200,000 per occurrence (\$200,000 and \$300,000, respectively effective October 1, 2011). The City is also self-insured for workers' compensation claims, in accordance with Florida Statute Section 440. Workers' compensation claims are self-insured up to \$500,000 per occurrence and property damage (buildings and contents) up to \$100,000, with property damage claims, related to named hurricane/windstorm, having a 5% of total location value deductible. Excess insurance policies apply above these self-insured levels.

The risk management funds charge the operating funds insurance premiums. The accrued liability for estimated insurance claims represents an estimate of the ultimate cost of settling claims arising prior to year end including claims incurred but not yet reported. The City has insurance coverage for health claims with a commercial carrier. The City accounts for its Risk Management activities in the internal service funds.

(L) Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. When terminated, an employee is paid for accumulated vacation leave and a percent of unused sick leave hours, subject to certain limitations. All vacation and sick pay is accrued when earned in the government-wide and proprietary fund financial statements. A liability for those amounts is reported in governmental funds only if they have matured, as a result of employee resignations or retirements.

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(M) 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 position. Bond premiums and discounts and gain/loss on bond refunding are deferred and amortized over the life of the bonds using the straight line method, which is not materially different than the effective interest method. Bonds payable are reported net of the unamortized amount of the applicable bond premium/discount and gain/loss on refunding. Bond issuance costs are expensed as incurred.

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. Payments on debt are recorded as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred in government-wide and proprietary fund statements. Prepaid insurance costs are reported as an asset and recognized as an expense over the duration of the related debt.

(N) Employee Benefit Plans and Net Pension Liability

The City provides separate defined benefit pension plans for general employees and for uniformed police and fire department personnel, as well as a defined contribution pension plan created in accordance with Internal Revenue Code Section 401(a) for certain employees. The City also offers an optional deferred compensation plan created in accordance with Internal Revenue Code Section 457. The 457 Plan is not included in the City's financial statements.

The Police and Firefighters' Retirement Plan (PFRP) is a single employer plan with the City being named as the Plan sponsor. In August 1999, the City contracted with the Broward County Sheriff's Office ("BSO") whereby the BSO would provide policing services in Pompano Beach. As a result, all of the City's police officers were employed by the BSO. Participating police officers were given the option to either remain in the Plan or switch to the BSO's retirement plan and the Plan was closed to new police officers. The City contracted with BSO to make annual contributions to the PFRP as actuarially determined. However, the City is ultimately obligated to ensure that the Plan is funded each year, despite its contract with BSO.

At September 30, 2015 the City recorded a net pension liability related to the General Employees Retirement Plan and a net pension liability related to the Police and Firefighters' Retirement Plan in its government-wide and enterprise fund statements of net position, as applicable. For governmental activities it is expected that the net pension liability will be liquidated by the General and EMS Funds. For business-type activities, the enterprise funds will be responsible for liquidating that component of the City's net pension liability and the net pension liability is recorded within these individual fund financial statements to reflect this, in accordance with accounting recognition criteria. The net pension liability is the difference between the total pension liability (the present

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees and their beneficiaries). Please refer to Note (III) for further information.

(O) Post Employment Benefits Other Than Pensions (OPEB)

Pursuant to Section 112.0801, Florida Statutes, the City is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees pay 100% of the blended (active and retiree combined) equivalent premium rates. The blended rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

The City currently provides these benefits in accordance with the vesting and retirement requirements for its General Employees Retirement System (GERS) and Police and Firefighters Retirement System (PFRS).

The City is financing other post employee benefits on a pay-as-you go basis. As determined by an actuarial valuation, the City records a Net OPEB obligation in its proprietary and government-wide financial statements related to the implicit subsidy. Please refer to Note II (J) for further information.

(P) Pollution Remediation Obligations

Once any one of five specified obligating events below occurs, the City is required to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired. Components of a liability (for example, legal services, site investigation, or required post-remediation monitoring) should be recognized as they become reasonably estimable. Obligating events include the following:

- The City is compelled to take pollution remediation action because of an imminent endangerment to the public.
- The City violates a pollution prevention-related permit or license.
- The City is named, or evidence indicates that it will be named, by a regulator as a responsible party or potentially responsible party (PRP) for remediation, or as a government responsible for sharing costs.
- The City is named, or evidence indicates that it will be named, in a lawsuit to compel participation in pollution remediation.
- The City commences or legally obligates itself to commence pollution remediation.

The City measures pollution remediation obligations using the expected cash flow

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
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technique. Estimates of a pollution remediation liability are adjusted when benchmarks are met or when new information indicates changes in estimated outlays due to, for example, changes in the remediation plan or operating conditions. These changes may include the type of equipment, facilities, and services that will be used, price increases or reductions for specific outlay elements such as ongoing monitoring requirements, changes in technology, and changes in legal or regulatory requirements. The City has adopted a minimum reporting threshold of \$100,000, per obligating event. Therefore only remediation sites with outlays estimated to meet or exceed that amount are reported in the financial statements. The City did not have any such pollution remediation obligations at September 30, 2015.

(Q) Unearned/Unavailable

Resources that do not meet revenue recognition requirements (not earned) are recorded as unearned revenue in the government-wide and the governmental and proprietary fund financial statements. In addition, amounts related to governmental fund receivables that are measurable, but not available (not received within 60 days from fiscal year end), are recorded as unavailable (a deferred inflow of resources) in the governmental fund financial statements.

(R) Fund Equity/Net Position

In the governmental fund financial statements, fund balance classifications are as follows:

- Nonspendable Fund Balance – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted Fund Balance - amounts that are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- Committed Fund Balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal City Ordinance by the City Commission, which is the City's highest level of legal authorization. Constraints may only be removed by similar City Commission action.
- Assigned Fund Balance – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Assignments are made directly by the City Commission via formal action.
- Unassigned Fund Balance – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as follows:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.
- Restricted Net Position – amounts that are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations. These amounts are reduced by liabilities and deferred inflows of resources related to those assets
- Unrestricted Net Position – have no third party limitations on their use. While City management may have categorized and segmented portions for various purposes, the City Commission has the unrestricted authority to revisit or alter these managerial decisions.

(S) Restricted Net Position

Restricted Net Position consists of amounts restricted to comply with grant contracts and other externally imposed constraints or by legislation that are legally enforceable. At September 30, 2015, the Government-wide statement of net position reports \$44,824,537 in restricted net position. Of this amount, \$40,970,189 is restricted as a result of enabling legislation.

(T) Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from those estimates.

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(II) **DETAILED NOTES ON ALL FUNDS**

(A) **Cash and Cash Equivalents and Investments**

The City maintains pooled cash, cash equivalents and investments that is available for use by all funds except for those in which the cash and investments must be segregated due to bond indenture or other legal restrictions such as the Pension Trust Funds.

Interest earned on pooled cash, cash equivalents and investments is allocated to funds based on average daily balances.

The following are components of the City's cash, cash equivalents and investments at September 30, 2015:

	Unrestricted		Restricted		Total cash, cash equivalents and investments
	Cash and cash equivalents	Investments	Cash and cash equivalents	Investments	
Governmental activities:					
General	\$ 1,742,571	\$ 46,871,656	\$ -	\$ 7,906,567	\$ 56,520,794
Northwest CRA	1,106,774	4,919,221	-	-	6,025,995
East CRA	1,780,127	3,841,488	4,258,862	-	9,880,477
EMS	59,541	1,594,297	-	-	1,653,838
Capital Projects	1,412,636	34,893,511	-	-	36,306,147
Nonmajor Governmental	1,611,447	3,035,576	-	2,914,779	7,561,802
Internal Service Funds	888,459	22,254,299	-	-	23,142,758
Total governmental	<u>8,601,555</u>	<u>117,410,048</u>	<u>4,258,862</u>	<u>10,821,346</u>	<u>141,091,811</u>
Business-type activities:					
Utility	3,600,855	41,564,456	2,438,237	3,545,831	51,149,379
Parking	49,227	1,225,834	21,928,365	-	23,203,426
Nonmajor Enterprise	373,435	9,735,052	8,376	201,391	10,318,254
Total business-type	<u>4,023,517</u>	<u>52,525,342</u>	<u>24,374,978</u>	<u>3,747,222</u>	<u>84,671,059</u>
Fiduciary Funds	<u>3,389,300</u>	<u>366,957,203</u>	<u>-</u>	<u>-</u>	<u>370,346,503</u>
Total	<u>\$ 16,014,372</u>	<u>\$ 536,892,593</u>	<u>\$ 28,633,840</u>	<u>\$ 14,568,568</u>	<u>\$ 596,109,373</u>

Public Deposits:

At September 30, 2015, the book balance of the City's deposits was \$21,807,745 and the bank balance was \$23,159,371. Deposits whose balance exceeds the limits of federal depository insurance are collateralized pursuant to Florida Statutes, Chapter 280, Florida Security for Public Deposits Act (the Act). Under this Act, financial institutions which are qualified as public depositories place with the State Board of Administration ("SBA"), securities which have a market value equal to 50 percent of the average daily balance for each month of all public deposits in excess of applicable deposit insurance. The Public Deposit Security Trust Funds have a procedure to allocate and recover losses in the event of default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. It is the City's

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
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practice to ensure that all its public deposits are maintained with a qualified depository and as a result, all City depositories at fiscal year end were designated as qualified public depositories in accordance with Florida Statute.

Investment Authorization:

The City's investment program is established in accordance with the City's investment policy, which was adopted via resolution by the City Commission, and Florida State Statute Chapter 218.415, Local Government Investment Policies, which establishes investment plan guidelines for local governments in Florida. The City's investment Funds Trust Fund, United States Treasury securities, United States Government Agency securities with the full faith and credit of the United States Government, Federal Instrumentalities (Government Sponsored Enterprises), Corporate Notes, Commercial Acceptances, State and/or Local Government Taxable and/or Tax-Exempt Debt, Money Market Mutual Funds, Intergovernmental Investment Pools and Savings Accounts of financial institutions that are Qualified Public Depositories, in accordance with Florida State Statute Chapter 280.01, Security for Public Deposits.

The City has a General Employees' Retirement Pension Plan and a Police and Firefighters' Retirement Pension Plan (the plans) whose investments are held separately from those of other City funds. The Plan's adopted investment policies (as adopted by the Board of Trustees for each Plan) comply with guidelines stipulated in Florida Statutes, Chapter 280, Florida Security for Public Deposits Act and 218, Local Government Investment Policies and City Code of Ordinances.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
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The Police and Firefighters' Retirement Plan's investment policy is also governed by Chapter 175, (Firefighter Pensions) and 185 (Municipal Police Pensions), Florida Statutes. Both Plans also apply the "Prudent Person Rule" when executing investment strategies. The City's investment policy stipulates the following maximum portfolio percentages:

Authorized Investments	Maximum % Portfolio Composition	Maximum % Individual Issuers	Maximum % Individual Sectors
Florida Local Government Surplus Funds Trust Fund	25%	NA	NA
U.S. Government Securities	100% (1)	NA	NA
U.S. Government Agencies	50%	10%	NA
U.S. Sponsored Agencies	80%	25%	NA
Interest Bearing Time Deposit	10%	10%	NA
Repurchase Agreements	20% (2)	5%	NA
Commercial Paper	25%	2%	10%
Corporate Notes	25%	2%	10%
Asset Backed Securities	10%	2%	5%
Bankers' Acceptances	15%	5%	NA
State/Local Government Taxable/Tax Exempt general obligation bonds	25%	NA	NA
State/Local Government Taxable/Tax Exempt revenue/excise tax bonds	10%	NA	NA
Money Market Mutual Funds	35%	15%	NA
Intergovernmental Investment Pools	25%	NA	NA

(1) 10% for treasury strips

(2) excludes one (1) business day agreements and overnight sweep agreements

NA-not applicable

At September 30, 2015 the City held investments in the Florida Municipal Investment Trust (FMIT), which is a local government investment pool authorized under Section 218.415, Florida Statutes, Local Government Investment Policies, for units of local government in Florida. The operation and administration of the FMIT is the responsibility of a Board of Trustees who are selected from the ranks of elected officials of governmental entities participating in the FMIT. The fair value of the City's position in the FMIT is the same as the value of the pool shares.

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**NOTES TO THE FINANCIAL STATEMENTS
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Florida Statutes and the investment policy authorize the Board of Trustees for the General Employees Retirement Plan to acquire any kind of investment property, real, personal or mixed, and every kind of investment specifically including, but not by way of limitation, bonds, debentures, and other corporate obligations and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account. The investment policy stipulates the following maximum portfolio percentages:

Authorized Investments	Maximum % Portfolio Composition
Domestic Equities	35-60%
International Equities	10-25%
Fixed Income	10-35%
Real Estate	5-15%
Alternatives	5-20%
Cash and Cash Equivalents	0-10%

Florida Statutes and Plan policy authorize the Board of Trustees for the Police and Firefighters Retirement Plan to invest in marketable debt securities issued or guaranteed by either the United States Government or its agencies, domestic corporations (including industrial and utilities), Israel bonds, asset backed and commercial mortgage backed securities, domestic banks and other financial institutions, exchange traded funds, equity securities listed on the New York, American and principal regional and foreign (for foreign securities) exchanges, over the counter securities for which there is an active market maker regulated by National Association of Securities Dealers, American Depository Receipts, and real estate investment trusts (REIT) listed on the New York, American, and principal regional and foreign exchanges, Funds of Hedge Funds, and private real estate through institution vehicles or direct ownership.

The investment policy establishes asset classes and stipulates the following maximum portfolio percentages:

Authorized Investments	Effective June 15, 2015		Prior to June 15, 2015	
	Allowable Range %	Target %	Allowable Range %	Target %
Fixed Income Securities	17.5%-27.5%	22.5%	20%-30%	25.0%
Equity Securities	42.5%-57.5%	50.0%	45%-60%	52.5%
Real Estate	2.5%-10%	7.5%	2.5%-10%	7.5%
Private Equity	0%-7.5%	5.0%	0%-7.5%	5.0%
Hedge Funds	0%-10%	10.0%	0%-10%	10.0%
Master Limited Partnerships	0%-7.5%	5.0%	0%	0.0%

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Security:

The City and the Pension Plans have a third party custodial arrangement with certain financial institutions to accept securities on a delivery vs. payment basis for direct purchase agreements. Securities purchased in the City's or Pension Plan's name are registered in the name of the City or Pension Plans by an agent of these entities and are confirmed with safekeeping statements.

Risk Disclosures:

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

The City employs multiple investment duration and investment management strategies which seek to minimize the City's portfolio interest rate risk. The City maintains sixty days or more of liquidity in overnight investments and remaining assets are invested in short term securities with maturity and diversification limitations to further minimize changes in market price, as interest rates change.

The City's overnight investments have an effective duration of 1 day. The City's short term and core portfolios have durations of 0.37 years and 1.58 years, respectively. This multiple portfolio strategy seeks to limit the risk associated with losses associated with interest rate movements, while providing required liquidity. The City's investment in the Florida Municipal Investment Trust Local Government Investment Pool had a duration of 1.59 years at September 30, 2015.

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**NOTES TO THE FINANCIAL STATEMENTS
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Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity at September 30, 2015:

Investment Type	Fair Value	Remaining Maturity (in years)					
		Less than 1	1 to 2	2 to 3	3 to 4	4 to 5	5+ Years
U.S. Treasury Notes	\$ 54,513,527	\$ 13,293,396	\$ 21,677,705	\$ 16,731,509	\$ 2,810,917	\$ -	\$ -
U.S. Sponsored Agencies	62,453,111	13,425,355	21,966,146	20,788,227	2,632,665	-	3,640,718
Asset Backed Securities	15,691,582	-	3,737,791	2,199,763	6,359,163	3,394,865	-
Commercial Paper	3,158,387	3,158,387	-	-	-	-	-
Corporate Bonds	52,553,946	15,908,952	12,249,260	18,579,304	5,816,430	-	-
State/Local Govt. Debt	1,291,381	490,093	-	801,288	-	-	-
Money Market Mutual Funds	10,816,757	10,816,757	-	-	-	-	-
Intergovernmental Investment Pool	3,926,707	3,364	3,923,343	-	-	-	-
	<u>\$ 204,405,398</u>	<u>\$ 57,096,304</u>	<u>\$ 63,554,245</u>	<u>\$ 59,100,091</u>	<u>\$ 17,619,175</u>	<u>\$ 3,394,865</u>	<u>\$ 3,640,718</u>
Breakdown Government-wide Investments --							
(subject to interest rate risk)	\$ 204,405,398						
Deposits --							
(not subject to interest rate risk)							
Certificate of Deposit	5,213,950						
Money Market Savings	11,038,032						
Cash & Cash Equivs. (other deposits)	<u>5,622,461</u>						
Total Government-wide & Agency Fund	<u>\$ 226,279,841</u>						

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As a means of limiting its exposure to interest rate risk over time, the General Employees Retirement Plan diversifies its investments by security type and durations of maturities. Information about the sensitivity of the fair values of the investments for the plan to market interest rate fluctuations is provided by the following table which shows the distribution of the plan's debt type investments by remaining maturity at September 30, 2015:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Remaining Maturity (in years)</u>			
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
Corporate Bonds	\$ 10,205,951	\$ 287,859	\$ 6,911,916	\$ 2,297,870	\$ 708,306
Fixed Income Mutual Funds	4,015,255	105,610	1,847,665	2,061,980	-
US Treasuries	1,092,615	-	-	1,092,615	-
US Agencies	6,964,151	698,881	-	59,650	6,205,620
	<u>22,277,972</u>	<u>\$ 1,092,350</u>	<u>\$ 8,759,581</u>	<u>\$ 5,512,115</u>	<u>\$ 6,913,926</u>
Investment types not subject to interest rate risk:					
Common Stock	52,608,549				
Real Estate	17,025,816				
Mutual Funds	39,094,189				
Private Equity	14,330,505				
Total Investments	<u>\$ 145,337,031</u>				

As a means of limiting its exposure to fair value losses, the investment guidelines for the Police and Firefighters' Retirement Plan look to control impacts from interest rate risk in both rising and declining interest rate environments considering such factors as credit quality and duration for losses in rising rate environments, and credit quality in declining rate environments. The benchmarks are monitored and changed when warranted by the investment market environment. Debt portfolios are structured and managed to produce returns based on risks inherent in the selected benchmarks.

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Information about the sensitivity of the fair values of the investments for the plan to market interest rate fluctuations is provided by the following table which shows the distribution of the plan's investments by remaining maturity at September 30, 2015:

Investment Type	Fair Value	Remaining Maturity (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasuries, notes and bonds	\$ 12,162,035	\$ 1,039,029	\$ 5,720,572	\$ 2,839,325	\$ 2,563,109
U.S. Federal agencies	4,323,665	4,024,235	299,430	-	-
US Mortgage backed securities	7,429,191	-	2,463	158,407	7,268,321
U.S. Treasury/Inflation protected securities	1,309,350	-	1,309,350	-	-
Municipal obligations	961,128	-	257,716	-	703,412
Corporate obligations	22,487,965	232,802	9,262,364	8,535,971	4,456,828
Bond mutual funds	449,300	449,300	-	-	-
Collateralized mortgage obligations	2,519,872	-	184,453	-	2,335,419
Foreign obligations	90,419	-	-	90,419	-
	<u>51,732,925</u>	<u>\$ 5,745,366</u>	<u>\$ 17,036,348</u>	<u>\$ 11,624,122</u>	<u>\$ 17,327,089</u>
Investment types not subject to interest rate risk:					
Equity securities	113,146,938				
Hedge funds & private equity	42,647,461				
Real estate	3,000,000				
Money market funds	9,575,447				
Total Investments	<u>\$ 220,102,771</u>				

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

Both the The General Employees Retirement System (the GERS) and Police and Firefighters Retirement System (the PFRS) plans' exposure to foreign currency risk derives mainly from its investments in international equity funds. The plans investment policies limits the foreign investments to no more than 25% of each Plan's investment portfolio. As of fiscal year end, the foreign investments were 10% of total investments for the GERS and less than 1% for the PFRS.

Credit Risk – This is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. One measure of the perceived credit risk of an issuer is the credit rating. The City's investment policy provides strict guidelines and limits investments to highly rated securities with minimum ratings of AAA for money market funds, AA for corporate notes, A-1 for commercial paper and AAA for U.S. Agencies and U.S. Treasuries. To further minimize credit risk the City's investment policy also provides asset allocation limits for each security type. Issuer limits are also provided for certain investment types.

CITY OF POMPANO BEACH, FLORIDA
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Corporate notes limits (25%) and commercial paper limits (25%) are established with additional asset allocation limits for the sector (10%) and issuer (2%). The following table discloses composite credit ratings by investment type as rated by Moody's (Standard & Poor's for money market funds) at September 30, 2015:

Investment Type	Fair Value	Rating at September 30, 2015			
		AAAm	P-1	Aaa/Aa1/Aa2/ Aa3/A1/A2	AAA/V2
U.S. Treasury Notes	\$ 54,513,527	\$ -	-	\$ 54,513,527	-
U.S. Sponsored Agencies	62,453,111	-	-	62,453,111	-
Asset Backed Securities	15,691,582	-	-	15,691,582	-
Commercial Paper	3,158,387	-	3,158,387	-	-
Corporate Bonds	52,553,946	-	-	52,553,946	-
State/Local Govt. Debt	1,291,381	-	-	1,291,381	-
Money Market Mutual Funds	10,816,757	10,816,757	-	-	-
Local Gov't Investment Pool	3,926,707	-	-	-	3,926,707
Total Investments					
with Credit Risk	204,405,398	\$ 10,816,757	\$ 3,158,387	\$ 186,503,547	\$ 3,926,707
Certificate of Deposit	5,213,950				
Demand Deposits	16,660,493				
Total City Portfolio	<u>\$ 226,279,841</u>				

The City's General Employees Retirement Plan utilizes portfolio diversification, as well as minimum credit ratings in order to control credit risk. The fixed income portfolio shall be comprised of securities rated "BBB" or higher by Standard and Poor's rating services with no more than 5% of an investment manager's total fixed income portfolio invested in the securities of a single issuer, other than U.S. Government securities and its agencies. In addition, the average credit quality of the bond portfolio shall be "A" or higher and the duration of the fixed income portfolio should be less than 135% of the duration of the market index defined as the Barclays U.S. Aggregate Bond Index.

CITY OF POMPANO BEACH, FLORIDA

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The following table discloses credit ratings by investment type for the General Employees Retirement Plan at September 30, 2015, as applicable:

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
U.S. government guaranteed*	\$ 7,357,500	33.02%
Quality rating of credit risk debt securities		
A1	840,995	3.78%
A2	2,004,397	9.00%
A3	2,514,970	11.29%
AA1	-	-%
AA2	175,600	0.79%
AA3	151,814	0.68%
AAA	1,701,390	7.64%
B	2,363,627	10.61%
BAA1	2,702,122	12.13%
BAA2	480,732	2.16%
BAA3	102,785	0.46%
BB	1,209,955	5.43%
BBB	98,962	0.44%
CCC	188,293	0.85%
D	18,075	0.08%
WR	230,412	1.03%
Not rated	136,343	0.61%
Total credit risk debt securities	<u>14,920,472</u>	<u>66.98%</u>
Total fixed income securities	<u>\$ 22,277,972</u>	<u>100.00%</u>

*Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

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The City's Police and Firefighters Retirement Plan also utilize portfolio diversification in order to control credit risk. The Plan's investment policy requires all fixed income investments to hold a credit rating in one of the four highest classifications by a major rating service. Commercial paper, if used, must be of only the highest quality (rating of A-1 or P-1). Investments in fixed income securities with a rating of BBB are limited to 15% of the fixed income portfolio. The fixed income investments credit ratings for the fiscal year ended September 30, 2015 ranged between AAA and CCC and below ratings. All of the fixed income investments for the fiscal year ended September 30, 2015 met the ratings requirements of the investment policy or an approved exception thereto.

	<u>Fair Value</u>	<u>Corporate</u>	<u>Bond Fund</u>	<u>Foreign</u>	<u>Municipal</u>	<u>U.S. Government</u>
U.S. government guaranteed*	<u>\$24,924,811</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,924,811</u>
Quality rating of credit risk debt securities						
AAA	775,871	696,429	-	-	79,442	-
AA	3,353,751	2,486,157	-	-	568,164	299,430
A	9,492,554	9,197,366	-	-	295,188	-
BBB	11,002,158	10,893,405	-	90,419	18,334	-
CCC and below	40,407	40,407	-	-	-	-
Not rated	<u>2,143,373</u>	<u>1,694,073</u>	<u>449,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total credit risk debt securities	<u>26,808,114</u>	<u>25,007,837</u>	<u>449,300</u>	<u>90,419</u>	<u>961,128</u>	<u>299,430</u>
Total fixed income securities	<u>\$51,732,925</u>	<u>\$25,007,837</u>	<u>\$ 449,300</u>	<u>\$ 90,419</u>	<u>\$ 961,128</u>	<u>\$ 25,224,241</u>

*Obligations are backed by the full faith and credit of the U.S. Government

Concentration of Credit Risk – Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. The investment policy of the City includes limitations on the amount that can be invested in any one issuer as stated in the maximum portfolio percentages stated earlier. There were no individual investments that represent 5% or more of the City's total investments (excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) at September 30, 2015. The investment policy of the General Employees Retirement Plan includes limitations on the amount that can be invested in any one issuer, as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of plan net position (excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) at September 30, 2015. The investment policy of the Police and Firefighters Retirement Plan utilizes limitations on securities of a single issuer to manage this risk. The System's investment policy limits investments in the fixed income portion of the portfolio to 10% of a given issuer and limits equity investments in any one company to 10% of the equity portion of each portfolio manager (at market). There were no individual investments that represent 5% or more of plan net position (excluding investments issued

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
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or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) at September 30, 2015.

Custodial Credit Risk – This is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are held by the counterparty. It is the City's policy that all investments purchased by the City be designated as an asset of the City in the City's name, despite being held in safekeeping by the City's custodial bank or a third party custodial institution, chartered by the United States Government or the State of Florida. Consistent with the Plans' investment policies, investments are held by the Plans' custodial bank and registered in the Plans' name. Investments in mutual funds and external investment pools are not subject to custodial credit risk.

CITY OF POMPANO BEACH, FLORIDA

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(B) Receivables and Other Assets, net

Receivables at fiscal year-end for the City's governmental individual major funds, non-major governmental funds in the aggregate and internal service funds, including the applicable allowances for uncollectible accounts of \$1,683,586, are as follows:

Governmental	General	NW CRA	EMS	Capital Projects	Non-Major Gov't'l	Internal Service	Total
Receivables:							
Electric franchise tax	\$ 1,581,074	\$ -	\$ -	\$ -	\$ -	\$ -	1,581,074
Electric utility tax	752,874	-	-	188,219	-	-	941,093
EMS transport fees	-	-	2,860,151	-	-	-	2,860,151
Utility tax	188,688	-	-	-	-	-	188,688
Slot machine revenue	175,997	-	-	-	-	-	175,997
Other	44,503	4,770	-	-	-	-	49,273
Total governmental receivables	<u>\$ 2,743,136</u>	<u>\$ 4,770</u>	<u>\$ 2,860,151</u>	<u>\$ 188,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5,796,276</u>
Due from other governments:							
State half cents sales tax	517,754	-	-	-	-	-	517,754
State local option gas tax	92,755	-	-	-	-	-	92,755
State revenue sharing	251,796	-	-	-	-	-	251,796
Motor fuel tax	-	-	-	54,194	11,735	8,834	74,763
Communications service tax	451,811	-	-	4,046,282	-	-	4,498,093
Broward County court fines	28,677	-	-	-	-	-	28,677
Broward County - ad valorem taxes	103,229	-	8,062	-	-	-	111,291
Broward County - OES	24,350	-	-	-	-	-	24,350
Broward County - Library Project	-	-	-	2,402,857	-	-	2,402,857
Broward Sheriff's Office	23,156	-	-	-	-	-	23,156
FEMA - Hurricane Wilma Grant	242,438	-	-	-	-	-	242,438
FDOT - Highway Lighting Project	185,399	-	-	-	-	-	185,399
LETF - Treasury	-	-	-	-	449	-	449
LETF - US Dept of Justice	-	-	-	-	2,882	-	2,882
LETF - BSO	-	-	-	-	14,597	-	14,597
Hardest Hit - State of Florida	-	-	-	-	1,095	-	1,095
Florida Inland Navigation Dist	-	-	-	86,208	-	-	86,208
Broward County Boating	-	-	-	86,208	-	-	86,208
CDBG - HUD	-	-	-	-	172,111	-	172,111
Home - HUD	-	-	-	-	87,409	-	87,409
Community Bus	-	-	-	-	87,493	-	87,493
Total due from other governments	<u>\$ 1,921,365</u>	<u>\$ -</u>	<u>\$ 8,062</u>	<u>\$ 6,675,749</u>	<u>\$ 377,771</u>	<u>\$ 8,834</u>	<u>\$ 8,991,781</u>

CITY OF POMPANO BEACH, FLORIDA

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Business-type	Utility	Parking	Nonmajor Enterprise	Total
Receivables:				
Water /sewer customer charges	\$ 3,865,212	\$ -	\$ -	\$ 3,865,212
Solid waste service charges	-	-	1,525,274	1,525,274
Stormwater customer charges	-	-	625,990	625,990
Parking Fees	-	379,079	-	379,079
Less: Allowance for uncollectibles	(17,511)	117,912)	(384,368)	(519,791)
Total business-type receivables (net)	<u>\$ 3,847,701</u>	<u>\$ 261,167</u>	<u>\$ 1,766,896</u>	<u>\$ 5,875,764</u>
Due from other governments:				
FDOT Aviation Development Grant	-	-	164,761	164,761
FAA - Reimbursement for Utility Expenses	-	-	6,698	6,698
Broward County Office of Environmental Services	4,897	-	174,233	179,130
Total due from other governments	<u>\$ 4,897</u>	<u>\$ -</u>	<u>\$ 345,692</u>	<u>\$ 350,589</u>

Mortgages

The Northwest Community Redevelopment District (the Northwest District) provided qualified individuals with loans/grants to build new homes at the Canal Point (10 year amortization period), Sabal Chase (30 year amortization period), and Ortanique Estates (30 year amortization period) subdivisions which were reported as community redevelopment expenses/expenditures. In addition, the Northwest District also provided similar grants for various infill housing projects during the current fiscal year. The Northwest District has placed a mortgage lien on these new homes with a covenant that the owner must reside at the property for the respective period of time in order to remain eligible for the grant. The Northwest District's reasonable assumption is that the homeowner will reside at the home for the stipulated period. The Northwest District maintains a memorandum record of the outstanding mortgage amounts related to these grants. These amounts are reduced ratably over the ten year period as it relates to the grants for the Canal Point subdivision and the infill housing projects. Should the homeowner move, sell or refinance, the Northwest District is paid a prorated amount of the initial grant. As it relates to the Sabal Chase and Ortanique Estates grants, these amounts are not amortized over the 30 year period, as they are required to be repaid in full at the end of the 30 year period. During fiscal year 2015, no one defaulted on the terms of the grants and consequently, the Northwest District did not receive any repayments related to these grants. At September 30, 2015 the unamortized amount outstanding related to these grants was \$2,869,557. Due to the uncertainty of collections regarding this amount a receivable has not been recorded.

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SEPTEMBER 30, 2015

Notes Receivable

On April 23, 2013 the City sold equipment related to its golf course for \$575,000 to Cypress Golf Management, LLC. Payment is to be made in 5 equal annual installments of \$115,000. The loan is non-interest bearing with an implicit interest rate of 3.48%.

The loan payments are as follows:

Fiscal Year Ending	Principal	Interest	Total
2016	\$ 103,784	\$ 11,216	\$ 115,000
2017	107,395	7,605	115,000
2018	111,133	3,867	115,000
Total	<u>\$ 322,312</u>	<u>\$ 22,688</u>	<u>\$ 345,000</u>

Assets Held for Resale for Development

The City and the Agency acquires and develops property in economically depressed areas, for the intention of rendering the property suitable for economic development and then reselling it to private sector purchasers meeting certain criteria. Since these properties are acquired with the express intent of resale and development, they are reported at lower of cost/donated value or net realizable value. Assets donated from the City or other related entities are recorded at the carrying value of the donor entity. Donated assets from other sources are recorded at fair value at the date of donation. The cost basis of assets held for resale and development include costs incurred to acquire the asset and prepare the asset for resale and development, such as purchase price, closing fees, surveys, lot clearing, demolition, judgments levied through suits, costs of construction, permits etc. These assets include land, land improvements and buildings. Upon the sale of these assets, a gain or loss is recognized. When the net realizable amount is less than the carrying amount a loss would be recognized. Gains are recorded as charges for services in the government-wide statements and miscellaneous revenue in the fund financial statements and losses are recorded as general government expenses/expenditures.

Additionally the City participates in the Neighborhood Stabilization Program (NSP) funded by the United States Department of Housing and Urban Development (HUD). The Housing and Economic Recovery Act signed into law on July 30, 2008 provided Neighborhood Stabilization funds to assist local governments to acquire foreclosed, vacant and abandoned properties to address neighborhood decline. HUD awarded NSP funds to the City to stabilize City neighborhoods through the purchase of foreclosed properties. Through this program, the City purchases foreclosed homes in targeted neighborhoods with the intention of rehabilitating and selling back to the public. The homes are available for purchase by eligible residents meeting certain income requirements. The cost basis of assets held for resale and development in this category include all costs incurred by the City to acquire and redevelop or rehabilitate the homes or properties up to a marketable, safe, and habitable condition. These assets are recorded at the lower of cost or net realizable value.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
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Assets held for resale and development activity for the year ended September 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Assets held for resale & development	\$ 34,694,991	\$ 3,390,554	\$ 1,368,549	\$ 36,716,996

(C) Capital Assets and Construction Commitments

Capital asset activity for the year ended September 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 61,363,386	\$ 5,869	\$ -	\$ 61,369,255
Construction in progress	24,595,705	20,493,112	13,095,050	31,993,767
Total capital assets, not being depreciated	<u>85,959,091</u>	<u>20,498,981</u>	<u>13,095,050</u>	<u>93,363,022</u>
Capital assets, being depreciated:				
Buildings	37,953,039	6,022,764	-	43,975,803
Infrastructure	117,186,361	3,215,619	-	120,401,980
Improvements other than buildings	107,763,968	3,794,430	-	111,558,398
Machinery and equipment	31,941,365	4,072,657	1,331,000	34,683,022
Total capital assets being depreciated	<u>294,844,733</u>	<u>17,105,470</u>	<u>1,331,000</u>	<u>310,619,203</u>
Less accumulated depreciation for:				
Buildings	25,359,363	1,211,877	-	26,571,240
Infrastructure	46,100,497	5,497,963	-	51,598,460
Improvements other than buildings	42,598,534	6,532,645	-	49,131,179
Machinery and equipment	25,809,988	2,859,049	1,319,855	27,349,182
Total accumulated depreciation	<u>139,868,382</u>	<u>16,101,534</u>	<u>1,319,855</u>	<u>154,650,061</u>
Total capital assets being depreciated, net	<u>154,976,351</u>	<u>1,003,936</u>	<u>11,145</u>	<u>155,969,142</u>
Governmental activities capital assets, net	<u>\$ 240,935,442</u>	<u>\$ 21,502,917</u>	<u>\$ 13,106,195</u>	<u>\$ 249,332,164</u>

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Utility Fund:				
Capital assets, not being depreciated:				
Land	\$ 216,373	\$ -	\$ -	\$ 216,373
Construction in progress	679,923	3,461,603	1,954,378	2,187,148
Total capital assets, not being depreciated	<u>896,296</u>	<u>3,461,603</u>	<u>1,954,378</u>	<u>2,403,521</u>
Capital assets, being depreciated:				
Buildings	47,635,353	-	-	47,635,353
Infrastructure	105,908,548	-	-	105,908,548
Improvement other than buildings	52,781,415	1,882,354	-	54,663,769
Machinery and equipment	21,214,467	891,497	148,138	21,957,826
Total capital assets being depreciated	<u>227,539,783</u>	<u>2,773,851</u>	<u>148,138</u>	<u>230,165,496</u>
Less accumulated depreciation for:				
Buildings	21,366,134	1,362,639	-	22,728,773
Infrastructure	58,766,508	781	-	58,767,289
Improvements other than buildings	29,574,751	5,951,889	-	35,526,640
Machinery and equipment	14,258,509	2,370,401	147,797	16,481,113
Total accumulated depreciation	<u>123,965,902</u>	<u>9,685,710</u>	<u>147,797</u>	<u>133,503,815</u>
Utility Fund capital assets, being depreciated, net	<u>103,573,881</u>	<u>(6,911,859)</u>	<u>341</u>	<u>96,661,681</u>
Utility Fund capital assets, net	<u><u>104,470,177</u></u>	<u><u>(3,450,256)</u></u>	<u><u>1,954,719</u></u>	<u><u>99,065,202</u></u>
Parking Fund:				
Capital assets, not being depreciated:				
Construction in progress	46,609	4,063,507	-	4,110,116
Capital assets, being depreciated:				
Machinery and equipment	-	98,518	-	98,518
Parking Fund capital assets	<u><u>\$ 46,609</u></u>	<u><u>\$ 4,162,025</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,208,634</u></u>

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Nonmajor Enterprise Funds:				
Capital assets, not being depreciated				
Land	\$ 60,992	\$ -	\$ -	\$ 60,992
Construction in progress	439,814	1,618,068	64,155	1,993,727
Total capital assets, not being depreciated	<u>500,806</u>	<u>1,618,068</u>	<u>64,155</u>	<u>2,054,719</u>
Capital assets, being depreciated:				
Buildings	4,380,273	-	-	4,380,273
Infrastructure	19,418,236	808,385	-	20,226,621
Improvements other than buildings	30,438,242	49,075	-	30,487,317
Machinery and equipment	2,942,437	557,164	364,569	3,135,032
Total capital assets being depreciated	<u>57,179,188</u>	<u>1,414,624</u>	<u>364,569</u>	<u>58,229,243</u>
Less accumulated depreciation for:				
Buildings	2,558,777	140,640	-	2,699,417
Infrastructure	8,418,759	132,469	-	8,551,228
Improvements other than buildings	8,409,406	2,287,368	-	10,696,774
Machinery and equipment	2,168,338	276,386	364,569	2,080,155
Total accumulated depreciation	<u>21,555,280</u>	<u>2,836,863</u>	<u>364,569</u>	<u>24,027,574</u>
Nonmajor Enterprise Funds capital assets, being depreciated, net	<u>35,623,908</u>	<u>(1,422,239)</u>	<u>-</u>	<u>34,201,669</u>
Nonmajor Enterprise Funds capital assets, net	<u>36,124,714</u>	<u>195,829</u>	<u>64,155</u>	<u>36,256,388</u>
Business-type activities capital assets, net	<u>\$ 140,641,500</u>	<u>\$ 907,598</u>	<u>\$ 2,018,874</u>	<u>\$ 139,530,224</u>

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 8,973,923
Public safety	3,079,073
Transportation	1,047,294
Physical environment	1,131,441
Culture and recreation	1,869,803
Total depreciation expense - governmental activities	<u>\$ 16,101,534</u>

Business-type activities:

Utilities	\$ 9,685,710
Pier	73,722
Airpark	1,278,760
Golf	453,269
Sanitation	15,596
Stormwater	1,015,516
Total depreciation expense - business-type activities	<u>\$ 12,522,573</u>

The City has active construction projects as of September 30, 2015. Significant projects that were ongoing as of September 30, 2015 for governmental activities with significant commitments, were as follows:

<u>Project</u>	<u>Expended through September 30, 2015</u>	<u>Committed</u>
Public Safety Bldg Improvement Project	\$ 5,236,392	\$ 440,427
Rebuild Fire Station 11	4,087,403	172,730
Library - Cultural Center	2,362,238	14,493,952
A1A Underground Electric	692,175	531,487
Cresthaven Fire Station 103	2,946,345	989,647
Briny Ave Streetscape and Utilities	485,418	33,419
Overhead Utility Conversion Downtown Pompano	1,185,045	469,135
Downtown Pompano Streets	10,901,034	1,962,277
CRA Atlantic and ICW Bridge	358,646	1,141,354
	<u>\$ 28,254,696</u>	<u>\$ 20,234,428</u>

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

Significant projects that were ongoing as of September 30, 2015 for business-type activities with significant commitments were as follows:

Project	Expended through September 30, 2015	Committed
Replacement Utilities Field Office	\$ 1,792,816	\$ 1,178,847
Pier Replacement	780,797	100,950
Pier Parking Garage	4,064,880	15,972,230
Golf Course Dune Repair	103,231	522,245
	<u>\$ 6,741,724</u>	<u>\$ 17,774,272</u>

(D) Unearned/Unavailable Revenue

Unearned/Unavailable revenue at fiscal year end for the City's governmental individual major funds and non-major governmental funds in the aggregate are as follows:

Governmental Activities	General Fund	N.W. CRA	EMS Fund	Capital Projects	Non Major Gov't'l Funds	Total
Unearned revenue:						
Local Business Taxes	\$ 1,263,652	\$ -	\$ -	\$ -	\$ -	\$ 1,263,652
Law Enforcement Trust Fund	-	-	-	-	1,574,804	1,574,804
Prepaid Rent	-	4,500	-	-	-	4,500
Cultural Facilities Grant	-	-	-	125,000	-	125,000
SHIP Grant Funds	-	-	-	-	197,454	197,454
Total unearned revenue	<u>\$ 1,263,652</u>	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ 1,772,258</u>	<u>\$ 3,165,410</u>
Unavailable revenue:						
FEMA-Hurricane Wilma Grant	242,438	-	-	-	-	242,438
Broward County - Library Project	-	-	-	2,402,857	-	2,402,857
Broward County - Ad Valorem	66,177	-	6,967	-	-	73,144
Communications Service Tax	-	-	-	3,983,059	-	3,983,059
EMS Transport Fees	-	-	2,283,721	-	-	2,283,721
FL. Inland Navigation District Grant	-	-	-	86,208	-	86,208
Broward County - Boating Grant	-	-	-	86,208	-	86,208
Total unavailable revenue	<u>\$ 308,615</u>	<u>\$ -</u>	<u>\$ 2,290,688</u>	<u>\$ 6,558,332</u>	<u>\$ -</u>	<u>\$ 9,157,635</u>

Unearned revenue at fiscal year end for the City's non-major enterprise funds is as follows:

Business-Type Activities	Non-Major Enterprise Funds
Unredeemed Gift Cards	<u>\$ 12,526</u>

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

(E) Interfund Loans and Transfers

The composition of interfund balances as of September 30, 2015, is as follows:

Due to/from other funds:

Receivable	Payable	Amount
General Fund	Internal Service Fund	\$ 500,000 (a)
General Fund	Sanitation Fund	500,000 (b)
General Fund	Other Grants Fund	<u>546,434 (c)</u>
		<u>\$ 1,546,434</u>

- (a) This is a short-term non-interest bearing receivable and payable to cover a negative cash balance at fiscal year end in the central stores fund.
- (b) This is a short-term non-interest bearing receivable and payable to cover a negative cash balance at fiscal year end, related to an outstanding receivable.
- (c) This amount represents a short-term non-interest bearing receivable and payable to cover negative cash balances related to cost reimbursement grants for which the City has not yet received reimbursement from the grantor at fiscal year end.

Advances to/from other funds:

Advances to Fund	Advances From Fund	Amount
Northwest CRA District Fund	General Fund	\$ 2,500,000

This amount represents a long-term receivable and payable to cover the purchase of two (2) properties that would enable the development of a 30 acre Commerce Park at the northeast quadrant of Atlantic Boulevard and Interstate 95. The loan has a fixed annual interest rate of 2.91%, amortized over a 20 year term.

The annual requirements to pay on the advance from the General Fund to the NW CRA District Fund is as follows.

	Principal	Interest	Total
2016	\$ -	\$ 54,563	\$ 54,563
2017	-	72,750	72,750
2018	107,641	72,750	180,391
2019	110,774	69,618	180,392
2020	113,997	66,394	180,391
2021-2024	621,720	280,236	901,956
2025-2029	1,545,868	44,985	1,590,853
	<u>\$ 2,500,000</u>	<u>\$ 661,296</u>	<u>\$ 3,161,296</u>

In the government-wide statement of net position, interfund balances between governmental activities and business-type activities have been consolidated and reported

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
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on a single line called "internal balances" (net amount of \$1,480,181), which includes a short-term loan from the General Fund to the Sanitation Fund and the internal service fund look-back adjustment to enterprise funds.

Transfers in/out are as follows:

	Transfers In:					Nonmajor	Total
	General Fund	EMS	East CRA	Capital Projects	Subtotal Gov't Activities	Enterprise Funds	
Transfers out							
General Fund	\$ -	\$ 6,002,799	\$ 201,149	\$ 7,666,559	\$ 13,870,507	\$ 2,042,930	\$ 15,913,437
East District Fund	1,027,545	-	-	-	1,027,545	-	1,027,545
NW District fund	4,476,021	-	-	-	4,476,021	-	4,476,021
Nonmajor							
Gov't Funds	-	-	-	1,352,484	1,352,484	-	1,352,484
Utility Fund	-	-	-	65,700	65,700	-	65,700
Nonmajor Enterprise Funds	1,904,411	-	-	30,023	1,934,434	-	1,934,434
	<u>\$ 7,407,977</u>	<u>\$ 6,002,799</u>	<u>\$ 201,149</u>	<u>\$ 9,114,766</u>	<u>\$ 22,726,691</u>	<u>\$ 2,042,930</u>	<u>\$ 24,769,621</u>

The transfer from the General Fund to the Emergency Management Services (EMS) Fund was required to support operating costs, as the General Fund subsidizes the EMS Fund. Transfers from the General Fund to the Capital Projects Fund were to support capital projects, including improvements on MLK Boulevard, replacement of the public safety building complex chiller and the renovation of the 3rd floor of City Hall (Dev. Services Dept.). Transfers from the General Fund to the Nonmajor Enterprise Funds were required to support operating and capital improvement costs for the municipal golf courses. Transfers from the NW and East CRA District Funds to the General Fund pertain to capital improvements made in the respective districts to city owned assets. Transfers from the Nonmajor Governmental Funds to the Capital Projects Fund were to support capital projects, including improvements to Briny Ave.

Transfers from the Nonmajor enterprise Funds to the General Fund were primarily for an administrative charge to garbage customers to cover services provided by the Public Works Department and the transfer of the annual rebate received from Waste Management as part of the agreement with the vendor, with funds being utilized for general purposes.

CITY OF POMPANO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(F) Long-term Obligations

Summarized below are the City's debt issued to finance the acquisition of properties for community development and construction of capital facilities, which were outstanding at September 30, 2015.

Governmental Activities Debt:

- On December 16, 2003, the Pompano Beach Community Redevelopment Agency (the Agency) authorized the issuance of Tax Increment Bond – Series 2003A in an original principal amount not to exceed \$10,000,000, with Wachovia Bank, National Association (the Bank) being the registered holder of the bond. On December 22, 2003, the Agency also entered into a non-revolving line of credit agreement (line of credit) with the Bank, not to exceed \$10,000,000, which represents the Bank's obligation to fund advances of principal of the Series 2003A Bond. The Series 2003A Bond represent the Agency's obligation to reimburse the Bank for up to \$10,000,000 of drawings made under the line of credit. The line of credit is secured by a senior lien on all tax increment revenues generated within the Agency's Northwest District's Redevelopment Area boundaries on a parity with the lien of the Agency's Series 2004A Bond as discussed below. At September 30, 2015 the Agency had \$3,513,514 outstanding related to this line of credit. Proceeds of these draws were used to finance the current refunding of the Agency's Special Obligation Bonds – Series 1999, the cost of redevelopment projects in the Northwest District Redevelopment Area and costs of issuance. Interest on the 2003A Bond is at a fixed rate of 4.39%, with a final maturity date of November 1, 2018. Principal and interest on the Series 2003A Bond is due and payable quarterly.
- On January 21, 2004, the Agency authorized the issuance of Tax Increment Bonds – Series 2004A in an original principal amount not to exceed \$10,000,000, with Wachovia Bank, National Association (the Bank) being the registered holder of the Series 2004A Bond. On January 21, 2004, the Agency also entered into a non-revolving line of credit agreement (line of credit) with Wachovia Bank, National Association (the Bank), in an amount not to exceed \$10,000,000, representing the Bank's obligation to fund advances of principal of the Series 2004A Bond. The Series 2004A Bond represents the Agency's obligation to reimburse the Bank for up to \$10,000,000 of drawings made under the line of credit. The line of credit is secured by a senior lien on all tax increment revenues generated within the Agency's Northwest District Redevelopment Area boundaries, on a parity with the Agency's Series 2003A Bond, as discussed above. At September 30, 2015 the Agency had \$3,513,514 outstanding related to this line of credit. Proceeds of these draws were used to finance the cost of redevelopment projects in the Northwest District Redevelopment Area. Interest on the Series 2004A Bond is at a fixed rate of 4.39%, with a final maturity date of November 1, 2018. Principal and interest on the Series 2004A Bond is due and

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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payable quarterly.

For the Series 2003A & 2004A bonds, principal and interest paid for the current fiscal year and total tax increment revenues were \$2,597,051 and \$5,914,887, respectively. At September 30, 2015, total principal and interest remaining on the bonds is \$7,566,879 payable through November 2018.

- On April 23, 2013 the Pompano Beach Community Redevelopment Agency Board authorized the issuance of tax increment revenue bonds – Series 2013A and B (collectively known as the Series 2013 bonds). The Series 2013 bonds were subsequently issued on June 20, 2013. The Series 2013A bonds were issued at a fixed rate of 3.48%, with a final maturity of February 1, 2030, for the purpose of refunding and redeeming the Agency's outstanding tax increment revenue bonds, Series 2010A, which bore an interest rate of 5.13% and had outstanding balance of \$9,055,000. As a result of the refunding the Series 2010A bonds are considered fully refunded and the outstanding balance has been removed from the financial statements. The Series 2013B bonds were issued at a fixed interest rate of 2.83% and a final maturity of February 1, 2030, to finance the cost of community projects in the East District Redevelopment Area and to cover related costs of issuance in the original aggregate principal amount of \$5,000,000.

At September 30, 2015, the City had \$12,840,000 outstanding related to this obligation. Principal and interest paid for the current fiscal year and total tax increment revenues were \$1,097,968 and \$2,199,285, respectively. At September 30, 2015, total principal and interest remaining on the bonds is \$16,480,428 payable through February 2030.

Business-type Activities Debt:

- On September 23, 2014, the City Commission authorized the issuance of Water and Sewer Revenue Refunding Bonds – Series 2014 (Series 2014 bonds), per City Ordinance No. 2014-50. The Series 2014 bonds were subsequently issued on September 26, 2014. The Series 2014 bonds were issued for the purpose of providing funds sufficient to accomplish the current refunding of the City's outstanding Water and Sewer Revenue Bonds, Series 2006B, which had an outstanding balance in the amount of \$17,945,000. As a result of the refunding the Series 2006B bonds are considered fully refunded and the outstanding balance has been removed from the financial statements.

The City has pledged future water and sewer customer gross revenues, net of specified operating expenses (net revenues), to repay the Series 2014 bonds. The bonds are payable solely from water and sewer customer net revenues and are payable through 2020. The interest on the Series 2014 bonds is 1.68% through July 1, 2020, the scheduled maturity of the bonds.

Principal and interest payments on the Series 2014 bonds are due semi-annually through maturity. Annual principal and interest payments on the Series 2014

CITY OF POMPANO BEACH, FLORIDA

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bonds are expected to require less than 20 percent of net revenues. Principal and interest paid for the current fiscal year and total water and sewer net revenue were \$3,467,618 and \$18,578,294, respectively. The total principal and interest remaining to be paid on the bonds is \$15,176,176.

- On April 14, 2015 the City Commission authorized the issuance of Taxable Certificates of Participation (Parking Garage Project) – Series 2015 (the "Certificates"), per City Ordinance No. 2015-30. The Certificates were subsequently issued on June 10, 2015. The Certificates were issued for the purpose of providing funds to finance the acquisition, construction and installation of a new public garage structure and surrounding public improvements, pay capitalized interest on the Certificates through July 1, 2018 and pay costs of issuance on the Certificates. The Certificates were issued in the par amount of \$23,875,000.

The Certificates are payable solely from legally available revenues as budgeted and appropriated each year by the City to make rent payments under the lease agreement and are payable through 2040. Interest on the Certificates range from 3.058% to 5.579% through January 1, 2040, the scheduled maturity of the Certificates. The total principal and interest remaining to be paid on the Certificates is \$46,876,752.

Governmental/Business-type Activities Obligation:

The City contracted with Siemens Industry, Inc. (Siemens) under an energy performance contract to perform an audit of City facilities in order to identify energy performance projects which, if implemented, would result in energy savings to the City. As a mechanism to finance the projects identified by Siemens, the City entered into a loan agreement with Chase Equipment Finance on November 12, 2010 for the purchase of energy efficiency equipment for various City facilities. It is anticipated that the savings from these projects will be utilized to cover the obligation for the note. At September 30, 2015, total principal and interest related to Governmental Activities was \$2,336,596 and \$8,460,037 was related to Business-type Activities. Interest on the loan is fixed at 2.72%, with a final maturity date of August 12, 2023. Principal and interest is due and payable quarterly.

Conduit Debt:

- On December 14, 2010 the City Commission authorized the issuance of Health Facilities Revenue Refunding Bonds, Series 2010, in an amount not exceeding \$30 million, for the purpose of loaning the proceeds to John Knox of Village, Inc. (the Village), as borrower, to be applied to (I) refund and defease all of the Broward County Health Facilities Authority Revenue and Revenue Refunding bonds, Series 2002, outstanding as of the date of issuance of the Series 2010 Bonds, and (II) pay costs of issuance of the Series 2010 Bonds. The 2010 Series bonds were subsequently issued on December 30, 2010 in the amount of \$29,045,000. The bonds are limited obligations of the City payable from the loan payments due from the Village. The City is not obligated to pay the principal or

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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interest on the bonds except from the loan payments made by the Village, and neither the faith and credit nor the taxing power of the City is pledged to the payment of the principal and interest on the bonds. At September 30, 2015, total principal and interest outstanding related to this debt issue was \$24,300,000 and \$7,464,421, respectively.

- On January 13, 2015 the City Commission authorized the issuance of Revenue Bonds, Series 2015, in an amount not exceeding \$40 million, for the purpose of loaning the proceeds to John Knox Village of Florida, Inc. (the Village) in order to finance or reimburse the costs of certain capital improvements to the senior living and healthcare facilities owned and operated by the Village, fund any necessary reserves, and pay the costs of issuance of the bonds. The 2015 Series bonds were subsequently issued on February 12, 2015 in the amount of \$29,470,000. The bonds are limited obligations of the City payable from the loan payments due from the Village. The City is not obligated to pay the principal or interest on the bonds except from the loan payments made by the Village, and neither the faith and credit nor the taxing power of the City is pledged to the payment of the principal and interest on the bonds. At September 30, 2015, total principal and interest outstanding related to this debt issue was \$29,470,000 and \$24,525,363 respectively.

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**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

Changes in long-term liabilities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
Tax increment bonds-East					
District	\$ 13,480,000	\$ -	\$ 640,000	\$ 12,840,000	\$ 665,000
Tax increment bonds-NW					
District	9,189,190	-	2,162,162	7,027,028	2,162,162
Total bonds payable	22,669,190	-	2,802,162	19,867,028	2,827,162
Claims and judgments	14,787,000	1,826,659	2,520,659	14,093,000	3,033,121
Net pension liability:					
PFRP*	61,291,910	32,138,718	11,888,503	81,542,125	-
GERP*	36,044,708	12,800,219	14,078,905	34,766,022	-
Total net pension liability	97,336,618	44,938,937	25,967,408	116,308,147	-
Net OPEB obligation	6,643,985	522,284	258,602	6,907,667	-
Notes payable	2,324,677	-	231,188	2,093,489	237,541
Compensated absences	5,613,774	4,899,713	4,782,633	5,730,854	378,251
Capital lease payable	-	1,428,088	25,521	1,402,567	34,557
Long-term liabilities	<u>149,375,244</u>	<u>53,615,681</u>	<u>36,588,173</u>	<u>166,402,752</u>	<u>6,510,632</u>
Business-type activities:					
Water & sewer revenue bonds	17,355,000	-	2,915,000	14,440,000	2,790,000
Certificates of Participation	-	23,875,000	-	23,875,000	-
Net pension liability (GERP)*	11,986,155	6,922,008	7,613,487	11,294,676	-
Net OPEB obligation	1,529,030	74,437	24,687	1,578,780	-
Notes payable	8,416,881	-	837,055	7,579,826	860,056
Capital lease payable	222,263	-	73,002	149,261	74,083
Compensated absences	1,038,247	779,463	712,056	1,105,654	83,116
Business-type activity					
Long-term liabilities	40,547,576	31,650,908	12,175,287	60,023,197	3,807,255
Total long-term liabilities	<u>\$189,922,820</u>	<u>\$85,266,589</u>	<u>\$ 48,763,460</u>	<u>\$226,425,949</u>	<u>\$10,317,887</u>

***Note:** Beginning balance has been restated for the effects of adopting GASB Statements No. 68 and 71. See Note (III)(H).

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities.

For the governmental activities; pension liabilities, compensated absences and OPEB liabilities are generally liquidated by the General Fund and EMS Funds. Pension contributions are paid by the General Fund and EMS Funds as actuarially determined by the actuaries of the pension plans.

Bond indentures for the water and sewer bonds contain provisions relating to annual debt service payments, restricted account transactions, minimum sinking fund requirements, and minimum revenue levels. The City believes that it is in compliance with all bond provisions and maintained

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

reserves totaling \$3,545,831 at September 30, 2015.

The City Charter limits the amount of net general obligation bonded debt to 15% of the assessed property valuation. At September 30, 2015, the statutory limit for the City was approximately \$1.4 billion, providing a legal debt margin of approximately \$1.4 billion, as the City had no general obligation debt outstanding at September 30, 2015.

The Tax Reform Act of 1986 arbitrage rebate regulations require earnings from investment of tax-exempt debt proceeds which exceed the yield on the debt to be remitted to the federal government every five years. As of September 30, 2015 the City had negative arbitrage related to all outstanding bond issues. Amounts to be rebated, if any, depend on net results of arbitrage calculations in future years.

The annual requirements to pay principal and interest on bonds and notes at September 30, 2015 are as follows:

Bonds:

	Governmental Activities						
	Northwest (NW) CRA District			East CRA District			Total
	Principal	Interest	Subtotal NW District	Principal	Interest	Subtotal East District	
2016	\$2,162,162	\$ 272,892	\$ 2,435,054	\$ 665,000	\$ 435,261	\$ 1,100,261	\$ 3,535,315
2017	2,162,162	177,973	2,340,135	685,000	411,771	1,096,771	3,436,906
2018	2,162,162	83,054	2,245,216	710,000	387,498	1,097,498	3,342,714
2019	540,542	5,932	546,474	735,000	362,355	1,097,355	1,643,829
2020	-	-	-	765,000	336,255	1,101,255	1,101,255
2021 - 2025	-	-	-	4,235,000	1,256,193	5,491,193	5,491,193
2026 - 2030	-	-	-	5,045,000	451,095	5,496,095	5,496,095
	<u>\$7,027,028</u>	<u>\$ 539,851</u>	<u>\$ 7,566,879</u>	<u>\$12,840,000</u>	<u>\$ 3,640,428</u>	<u>\$ 16,480,428</u>	<u>\$ 24,047,307</u>

	Business-type Activities		
	Principal	Interest	Total
2016	\$ 2,790,000	\$ 242,592	\$ 3,032,592
2017	2,835,000	195,720	3,030,720
2018	2,890,000	148,092	3,038,092
2019	2,935,000	99,540	3,034,540
2020	2,990,000	50,232	3,040,232
	<u>\$ 14,440,000</u>	<u>\$ 736,176</u>	<u>\$ 15,176,176</u>

Notes:

On November 12, 2010 the City entered into a loan agreement which allowed the City to be reimbursed for the purchase of equipment up to a maximum of \$13,500,000. At September 30,

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

2015, the City's obligation under the note, inclusive of accrued interest was \$9,673,315 and allocated between Governmental and Business-type Activities was as follows:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 237,541	\$ 54,534	\$ 292,075	\$ 860,056	\$ 197,448	\$ 1,057,504
2017	244,068	48,006	292,074	883,690	173,815	1,057,505
2018	250,775	41,300	292,075	907,972	149,532	1,057,504
2019	257,666	34,409	292,075	932,922	124,582	1,057,504
2020	264,746	27,328	292,074	958,558	98,947	1,057,505
2021 - 2025	838,693	37,530	876,223	3,036,628	135,887	3,172,515
	<u>\$ 2,093,489</u>	<u>\$ 243,107</u>	<u>\$ 2,336,596</u>	<u>\$ 7,579,826</u>	<u>\$ 880,211</u>	<u>\$ 8,460,037</u>

OTHER UNAMORTIZED AMOUNTS ON BOND REFUNDING – Deferred charges (difference between carrying value of old debt and reacquisition price of new debt) on the bond refunding of the 1993, 2000 and 2006 Water and Sewer Revenue Bonds are being amortized over the life of the latest refunding (Water and Sewer Revenue Refunding Bonds, Series 2014) in the Utility Fund and the government-wide financial statements using the effective interest method. The deferred charge was \$281,376 at September 30, 2015. This amount is reported as a deferred outflows of resources at September 30, 2015.

Certificates of Participation

The annual requirements to pay principal and interest on certificates of participation at September 30, 2015 are as follows:

	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ -	\$ 1,322,875	\$ 1,322,875
2017	-	1,249,960	1,249,960
2018	-	1,249,960	1,249,960
2019	-	1,249,960	1,249,960
2020	100,000	1,248,431	1,348,431
2021-2025	2,645,000	6,000,688	8,645,688
2026-2030	4,150,000	5,271,595	9,421,595
2031-2035	6,670,000	3,875,452	10,545,452
2036-2040	10,310,000	1,532,831	11,842,831
	<u>\$ 23,875,000</u>	<u>\$ 23,001,752</u>	<u>\$ 46,876,752</u>

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

Capital Lease

On September 27, 2013 the City entered into a master lease agreement as lessee for financing the acquisition of golf carts in the amount of \$294,200. The lease is for four (4) years, with annual payments being subject to annual appropriations by the City. The annual interest rate on the lease is 1.47%. The lease agreement qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of the future minimum lease payments as of the inception date.

Future minimum lease obligations are as follows:

Year Ending September 30,	Business-type Activities
2016	\$ 75,779
2017	75,778
Total minimum lease payments	<u>151,557</u>
Less: Amount representing interest	<u>2,296</u>
Present value of minimum lease payments	<u>\$ 149,261</u>

On September 16, 2014 the Pompano Beach Community Redevelopment Agency entered into an agreement as lessee for the lease of a 6,098 square foot building located at 11 NE 1st Street in downtown Pompano. The lease is for twenty (20) years and is subject to annual rent increases of 3%. The annual interest rate on the lease is 2.91%. The lease agreement qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of the future minimum lease payments as of the inception date.

Future minimum lease obligations are as follows:

Year Ended September 30,	Governmental Activities
2016	\$ 75,371
2017	77,632
2018	79,961
2019	82,360
2020	84,831
2021 - 2025	463,891
2026 - 2030	537,777
2031 - 2035	<u>491,267</u>
Total minimum lease payments	<u>1,893,090</u>
Less: Amount represent interest	<u>490,523</u>
Present value of minimum lease payments	<u>\$ 1,402,567</u>

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

(G) Operating Leases

The City is a lessee in a long-term land lease in order to receive access to a tract of land at the Hillsboro Inlet. The lease expires in 58 years and is adjusted for changes in the Consumer Price Index every three years.

The lease payments are as follows:

Fiscal Year Ending	Governmental Activities
2016	\$ 143,034
2017	143,034
2018	143,034
2019	143,034
2020	143,034
2021 - 2025	715,170
2026 - 2030	715,170
2031 - 2035	715,170
2036 - 2040	715,170
2041 - 2045	715,170
2046 - 2050	715,170
2051 - 2055	715,170
2056 - 2060	715,170
2061 - 2065	715,170
2066 - 2070	715,170
2071 - 2073	429,102
Total lease payments	<u>\$ 8,295,972</u>

(H) Governmental Fund - Fund Balance

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Please refer to Note (I)(R) for a description of these categories.

The City Commission has adopted a formal minimum unassigned fund balance policy for the General Fund via Resolution No. 2013-358, whereby a target equal to at least 17% of that fund's annual appropriation budget must be maintained.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

Below is a table of fund balance categories and classifications at September 30, 2015 for the City's governmental funds:

	<u>General</u>	<u>NW CRA District</u>	<u>East CRA District</u>	<u>Emergency Medical Services</u>	<u>Capital Projects</u>	<u>Non-major Gov't Funds</u>
Fund Balances:						
Non-spendable						
Inventory	\$ 169,044	\$ -	\$ -	\$ 322,415	\$ -	\$ -
Prepays	56,777	5,869	1,740	-	839,406	-
Advances to other funds	2,500,000	-	-	-	-	-
Restricted:						
Building Permit Function	7,906,567	-	-	-	-	2,813,216
Transportation	-	-	-	-	-	101,563
Cultural Arts	-	-	-	-	-	10,544
Community Redevelopment	-	38,734,374	9,820,148	-	-	1,453,741
Committed:						
Cemetery Care	-	-	-	-	-	930,963
Disaster Relief	-	-	-	-	-	380,439
Affordable Housing	-	-	-	-	-	414,921
Tree Canopy Landscape/ Tricentennial/Nautica Flea Mkt.	-	-	-	-	-	335,229
Beach Area Parking	-	-	-	-	-	5,626
Emergency Medical Services	-	-	-	1,865,057	-	25,773
Assigned:						
Culture, Recreation & Leisure	-	-	-	-	7,207,592	-
Civic Campus - Public Library	-	-	-	-	7,428,358	-
Seawall Repairs	-	-	-	-	305,326	-
Public Safety (Fire)	-	-	-	-	3,802,349	-
General Government Bldg. Improvs.	-	-	-	-	1,531,655	-
City Landscaping/Signage/Lighting	-	-	-	-	1,405,321	-
Bridge Repairs/Enhancements	-	-	-	-	495,676	-
Traffic Calming/Signals	-	-	-	-	370,424	-
Streetscape	-	-	-	-	2,758,637	-
Railroad Crossing Repairs	-	-	-	-	376,162	-
Road/Sidewalks/Parking Lots	-	-	-	-	6,448,688	-
Art in Public Places	-	-	-	-	721,559	-
Beach Renourishment	-	-	-	-	50,000	-
Capital Reserves	-	-	-	-	539,649	-
General Government (Encumbrances)	523,769	-	-	-	-	-
Public Safety (Encumbrances)	96,537	-	-	-	-	-
Physical Environment (Encumbrances)	145,858	-	-	-	-	-
Culture & Recreation (Encumbrances)	101,426	-	-	-	-	-
Subsequent Year's Expenditures	536,623	-	-	-	-	-
Unassigned						
General Government	49,817,419	-	-	-	-	-
Total Fund Balances	\$ 61,854,020	\$ 38,740,243	\$ 9,821,888	\$ 2,187,472	\$ 34,280,802	\$ 6,472,015

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

(I) Property Taxes

The City levies property taxes each October 1, which becomes a lien on real and personal property located in the City. Property taxes are based on the assessed values determined by the Broward County Property Appraiser as of the prior January 1. The current year's levy is based on assessed property values totaling approximately \$9.5 billion. Taxes are collected directly by Broward County and remitted to the City as collected.

The State of Florida permits the City to levy taxes up to 10 mills of assessed property valuation for the General Fund. The City levied taxes at 4.9865 mills for the General Fund and .5000 mills for the EMS District for the fiscal year ended September 30, 2015.

All taxes are due from property owners on March 31. Taxes become delinquent on April 1 and are subject to the issuance of tax sale certificates if unpaid by June 1. Gross tax collections for the year ended September 30, 2015 were approximately 96.0% of the total tax levy.

(J) Post Employment Benefits Other Than Pensions

Plan Description - The City as a single employer, maintains a Post Employment Benefits Plan, for benefits other than pension (OPEB). Pursuant to Section 112.0801, Florida Statutes, the City is mandated to permit participation in the health insurance program by eligible retirees (as defined in the City's pension plans as discussed in more detail at Note III) and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees pay 100% of the blended (active and retiree combined) equivalent premium rates. The blended rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The OPEB Plan does not issue a separate stand alone financial report.

Funding Policy - The City is financing the post employee benefits on a pay-as-you go basis. For fiscal year 2014, 55 retirees received health care benefits. Annual required contributions amounted to \$976,618 for the current fiscal year, towards which the City made a contribution of \$283,289. Retiree contributions totaled \$1,052,042 for the fiscal year ended September 30, 2015. At September 30, 2015 the City recorded a net OPEB obligation of \$6,907,667 for governmental activities and \$1,578,780 for business-type activities in its government-wide statement of net position. The Utility Fund reported a net OPEB obligation of \$1,277,176, while the non-major enterprise funds reported \$301,604. Internal Service Funds reported a net OPEB obligation of \$344,154. The OPEB obligation is a function of annual required contributions, interest, adjustments to the annual required contribution, annual pension costs and actual employers' contributions made to the plan.

Annual OPEB Cost and Net OPEB Obligation - The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the retiree health plan:

Annual Required Contribution	\$	976,618
Interest on Net OPEB Obligation		326,921
Adjustment to Annual Required Contribution		<u>(706,818)</u>
Annual OPEB Cost (Expense)		596,721
Implied Employer Contribution		<u>(283,289)</u>
Increase in Net OPEB Obligation		313,432
Net OPEB Obligation-beginning of year		<u>8,173,015</u>
Net OPEB Obligation-end of year	\$	<u><u>8,486,447</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30, 2015 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2015	\$ 596,721	47%	\$ 8,486,447
September 30, 2014	\$ 486,318	49%	\$ 8,173,015
September 30, 2013	\$ 469,085	50%	\$ 7,924,588

Funded Status and Funding Progress - As of July 1, 2015 the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$6,692,363 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$6,692,363. The covered payroll (annual payroll of active employees covered by the plan) was \$42,065,734, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 16 percent. The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF POMPANO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

In the actuarial valuation as of July 1, 2015 the Projected Unit Credit method (PUC) was used to determine all liabilities, with the liability for each active employee assumed to accrue over his working lifetime based on elapsed time from his date of hire until retirement. The unfunded actuarial accrued liability is being amortized over a fifteen year open period, utilizing the level dollar payment method.

The following simplifying assumptions were made:

Eligibility

For firefighters and police officers – Age 47 with at least 20 years of service, or age 55 with at least 10 years of service, but no earlier than age 55.

For general employees – Age 55 with at least 20 years of service, or age 62 with at least three years of service, but no earlier than age 60.

Mortality

Sex-distinct mortality rates set forth in the RP-2000 mortality table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service for purposes of Internal Revenue Code Section 430 were used. Future generational improvements in mortality have not been reflected.

Disability

Sex-distinct disability rates set forth in the Wyatt 1985 Disability Study were used. Class 4 rates were used for police officers and firefighters, while class 2 rates were used for general employees.

Permanent Withdrawal from Active Status

Sex-distinct withdrawal rates set forth in the Scale 155 table were used.

Investment Rate of Return

A discount rate of 4% per annum was utilized (includes inflation at 2.75% per annum).

Healthcare Cost Trend Rates

The cost of covered medical services, based on market place knowledge, was assumed to increase or decrease in accordance with the following rates, compounded annually:

- 2014/15-4.00%
- 2015/16-6.00%
- 2016/17-6.00%
- 2017/18-6.00%
- 2018/19-6.00%
- 2019/20-6.00%
- 2020/21-6.00%
- 2021/22 & later-5.00%

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Implied Subsidy

The annual implied subsidy for a 65-year old retiree for the period July 1, 2015 through June 30, 2016 is assumed to be \$3,900 per year under the HMO plan and \$5,100 per year PPO plan. Upon the attainment of Medicare eligibility, the subsidy is assumed to disappear.

Age Related Morbidity

The cost of covered medical services has been assumed to increase with age at the rate of 2.50% per annum.

Retiree Contributions

Retirees electing post-employment healthcare coverage have been assumed to make monthly contributions equal to the premium charged to the active employees.

Cost of Living Increases

Retiree contributions have been assumed to increase in accordance with the healthcare cost trend assumption.

Medical Plan Choice

Both current and future retirees have been assumed to continue coverage in accordance with their current plan election.

Future Participation Rates

Fifty percent (50%) of eligible employees were assumed to elect coverage upon retirement or disability. Coverage for retirees and their dependents was assumed to continue for the life of the retiree only, with coverage for all dependents ending upon the retiree's death.

Marriage and Dependent Assumption

Both current and future retirees were assumed to continue single or family coverage in accordance with their current election.

COBRA Assumption

Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation. As the COBRA premium is determined periodically based on plan experience, it was assumed that the COBRA premium to be paid by the participant fully covers the cost of providing healthcare coverage during the relevant period.

Retiree Age Assumption

All current retirees were assumed to be an average age 61 years, based on actual

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

retirees' data.

(III) **OTHER INFORMATION**

(A) **Employee Retirement System**
Police and Firefighters' Retirement System

1. Summary of Significant Accounting Policies

Basis of accounting – The PFRS's financial statements are prepared using the accrual basis of accounting. Contributions from the Plan's members are recognized as revenue in the period in which the contributions are due. Contributions from the City and the Broward Sheriff's Office (BSO), as calculated by the System's actuary, are recognized as revenue when due and when the entities have made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method used to value investments – Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Short-term investments, which consist of money market funds, are reported at cost, which is fair value. Securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates. Real estate investment is reported at its fair value based on an independent appraisal of underlying property. The PFRS has investments in funds of hedge funds which hold a variety of different investment vehicles that do not have readily available market quotations. The PFRS's fair value is based on its proportionate share of the value of the funds of hedge funds as determined by the fund managers. That value is based on what the hedge fund can reasonably expect to receive as its interest in the various investment vehicles based on input from fund managers, independent valuation consultants and independent auditors. Net appreciation (depreciation) in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost. Interest and dividends are recorded as earned. Purchases and sales of investments are recorded on a trade date basis. Dividends are recorded on the ex-dividend date.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

2. Plan Description and Contribution Information

The following brief description of the Plan is provided for general information purposes only. Participants should refer to City ordinances for more complete information.

Plan description – The Pompano Beach Police and Firefighters' Retirement System ("PFRS") was established by ordinance of the City of Pompano Beach, Florida ("City") on August 15, 1972 (effective October 1972), to account for the financial activity of the Pompano Beach Police and Firefighters' Retirement Plan ("Plan"). The PFRS is a single-

CITY OF POMPANO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2015

employer defined benefit pension plan, which is administered by a nine member Board of Trustees comprised of three members appointed by the City Commission, three members elected by/from the Firefighter members, and three members elected by/from the Police members. Ordinance Section No. 34.047 provides the Board of Trustees sole and exclusive responsibility for the administration and operation of the PFRS, including the authority to establish and amend benefit terms and contribution requirements.

All full time employees of the police and fire departments, who are classified as sworn police officers and firefighters are covered by this single employer defined benefit pension plan. In August 1999, the City contracted with the Broward County Sheriff's Office ("BSO") whereby the BSO would provide policing services in Pompano Beach. As a result, all of the City's police officers were employed by the BSO. Participating police officers were given the option to either remain in the Plan or switch to the BSO's retirement plan and the Plan was closed to new police officers. The PFRS is an integral part of the primary government of the City and is included as a pension trust fund in the City's basic financial statements. However, the PFRS also issues a stand alone financial report that may be obtained by writing to the Pension Board, P.O. Box 610489, Pompano Beach, Florida 33061-0489.

The PFRS provides retirement, death and disability benefits for its members. Benefit provisions are established and may be amended by the City of Pompano Beach, in conjunction with the members' collective bargaining units. A member may retire with normal benefits after reaching age 47 and accumulating 20 or more years of credited service or age 55 and accumulating 10 or more years of credited service. Pursuant to Ordinance 2014-61, firefighters hired on or after May 27, 2014, may retire with normal benefits after reaching age 50 and accumulating 20 or more years of credited service or age 55 and accumulating 10 or more years of credited service. Pursuant to Ordinance 2008-54, a police officer with 25 years of credited service may elect to purchase unreduced normal retirement benefits regardless of age. Normal retirement benefits are stipulated in Section 34.055 of the City's Code of Ordinances and are contingent upon a member's employment classification, separation date, length of service and average monthly earnings. In general, normal retirement benefits are the member's average monthly earnings times the number of years of service multiplied by a factor ranging from 2.0% to 4.0%. Members with 20 or more years of service may receive an early retirement benefit at age 47 or an immediate benefit at a reduced amount. Members who have attained age 50 and have completed 10 years of service are also eligible for an early retirement benefit.

Each October 1, an automatic cost of living adjustment (COLA) of 2% is provided to those who have been retired at least 5 years. An additional increase of up to 1% may be paid to those same retirees under certain circumstances.

A member attaining age 47 with 20 or more years of credited service is eligible for delayed retirement. These benefits begin upon application and are computed in the same manner as the normal retirement benefit.

Disability benefits for service related disabilities are paid to the member for at least 10 years or until recovery. Benefits are calculated as 75% of the member's final earnings in effect at the date the benefit is approved. Disability benefits for non-service related disabilities for members with 10 or more years of credited service are paid to a member

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for at least 10 years or until recovery. Benefits are calculated as 3% of the member's average monthly earnings times the number of credited service years, up to a maximum of 60% of the member's salary, plus 2% of average monthly earnings times the number of credited service years in excess of 25 years.

Pre-retirement death benefits for service related deaths are payable to the member's surviving spouse until death or remarriage (for life if the member was killed in the line of duty). Benefits are calculated as \$5,000 lump sum payment plus 75% of the member's final earnings. In addition, eligible children each receive 7.5% of the member's final earnings. If no eligible surviving spouse exists, eligible children each receive 15% of the member's final earnings not to exceed 50%. Pre-retirement death benefits for non-service related deaths of members with more than 10 years of credited service are payable to a designated beneficiary. The designated beneficiary may elect to receive a return of the member's contribution plus interest or an accrued benefit payable at normal retirement or early retirement. In addition, the designated beneficiary may elect the pre-retirement death benefit for non-service related deaths of members with 5 to 10 years of credited service. Pre-retirement death benefits for non-service related deaths of members with 5 to 10 years of credited service are paid to the member's surviving spouse for life. Benefits are computed as a \$5,000 lump sum plus 65% of the member's accrued benefits at the date of death, subject to a minimum of 20% of the member's average monthly salary. In addition, eligible children each receive 7.5% of the member's final earnings. If no eligible surviving spouse exists, eligible children each receive 15% of the member's final earnings. The pre-retirement death benefit for members with 1 to 5 years of credited service is a \$5,000 lump sum payment to the member's designated beneficiary. Post retirement death benefits are payable to the member's beneficiary in accordance with the terms of the payment method selected.

A member with less than 10 years of credited service who terminates employment is refunded his or her contributions, plus interest of 3%. A member with 10 or more years who terminates employment may receive his or her accrued benefit or a refund of contributions plus 3% interest.

Membership consisted of the following at October 1, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	393
Inactive plan members entitled but not yet receiving benefits	2
Active plan members	163
Total	<u>558</u>

Deferred Retirement Option Plan (Drop) Plan - Any member who is eligible to receive a normal retirement pension and prior to attaining 25 years of service may elect to participate in a deferred retirement option plan ("DROP") while continuing his or her active employment as a police officer or firefighter. A member with 25 years of credited service, who is not yet eligible for normal retirement may elect to participate in the DROP upon reaching normal retirement. Upon participation in the DROP, the member becomes a retiree for all PFRS purposes so that he or she ceases to accrue any further benefits under the pension plan. Normal retirement payments that would have been payable to

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the member as a result are accumulated and invested in the DROP plan to be distributed to the member upon his or her termination of employment. Participation in the DROP plan ceases for a member after 5 years of participation. As of September 30, 2015, the balance in the Drop account was \$18,534,093, with 73 DROP participants. These amounts are included in the total investment balance presented on the statement of fiduciary net position.

Drop Loan Program - Effective June 22, 2010, the PFRS allowed participants (Police officers only) to borrow from their DROP account. The loan limit is up to 50% of participant's account balance, subject to a minimum of \$5,000 and a maximum of \$50,000. The interest rate charged is the "prime rate" in effect on the day of loan application and the repayment schedule and maturity date may not exceed five years. At September 30, 2015, the balance of DROP loans outstanding was \$297,133.

Share Plan - A Supplemental Retirement Benefit Plan was established for firefighter members who were employed on October 1, 2010. Firefighters who were actively employed on that date were given a share, based on completed months of service, of the existing Chapter 175 reserves. Annually thereafter, Chapter 175 contributions exceeding \$821,230 are also allocated to members who are employed at the end of each fiscal year. In addition, earnings are posted to the share plan accounts each January 1. Firefighters become vested in their accounts at the rate of 50% after 10 years of service, 75% after 15 years of service and 100% after 20 years of service. As of September 30, 2015, the balance in the share plan account was \$4,687,043. This amount is included in the total investment balance presented on the statement of fiduciary net position.

Contributions – Contribution requirements are established and may be amended by the City in conjunction with the Broward County Police Benevolent Association and the Pompano Beach Professional Firefighters Local 1549. The contribution requirements are determined based on the benefit structure established by the City. The City is required to contribute amounts necessary to finance the benefits through periodic contributions at actuarially determined rates. Police officers are required to contribute 8.6% and firefighters 11.6% of their annual covered salary.

The City also has a contract with BSO to provide annual contributions to the Plan on behalf of police officers, as actuarially determined. Pursuant to chapters 175 and 185 of the Florida Statutes, a premium tax on certain property and casualty insurance contracts written on Pompano Beach properties is collected by the State and is remitted to the PFRS. Administrative costs are financed through investment earnings.

3. Due to Brokers

Pending trades payable amounting to \$2,337,336 at September 30, 2015 account for amounts due to the PFRS's broker for investment purchases made with trade dates prior to the fiscal year end and settlement dates after the fiscal year end. The trades will be settled by receiving or liquidating cash equivalents.

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(B) **Employee Retirement System
General Employees' Retirement System**

1. Summary of Significant Accounting Policies

Basis of Accounting – The GERS's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenues in the period in which employee contributions are due. City and County contributions are recognized as revenues when due pursuant to actuarial valuations. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Interest and dividend income are recorded as earned and dividend income is recorded as of the ex-dividend date.

Cash Equivalents – The GERS considers all highly liquid investment with a maturity of three months or less when purchased, to be cash equivalents.

Investments – Plan investments are reported at fair value. Quoted market prices, when available, have been used to value investments. The fair value of quoted investments is based on the closing sales price or bid price as reported by recognized security exchanges. The market values for securities that have no quoted market price represent estimated fair value. Many factors are considered in arriving at that value. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2015. In general, corporate debt securities have been valued at quoted market prices or, if not available, values are based on yields currently available on comparable securities of issuers with similar credit ratings. The fair value of real estate investment securities is based on appraisals plus fiscal year-to-date capital expenditures.

Private equity partnerships are valued using their respective net asset value ("NAV") and are audited annually. The most significant input into the NAV of such an entity is the fair value of its investment holdings. These holdings are valued by the general partners on a quarterly or semi-annual basis, in conjunction with management and investment advisors. The management assumptions are based upon the nature of the investment and the underlying business. Because of the inherent uncertainty of the valuation for these private equity investments, the estimated fair value may differ from the values that would have been used had a ready market existed.

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the statement of changes in plan net position along with gains and losses realized on sales of investments. Purchases and sales of investments are recorded on a trade-date basis.

Property and Equipment - Property and equipment is stated at cost. The cost of property and equipment is depreciated over the estimated useful lives of the related assets. The costs of leasehold improvements are depreciated (amortized) over the lesser of the length of the related leases or estimated useful lives of the assets. Depreciation is computed using the straight-line method.

Use of Estimates – 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. Accordingly, actual

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results could differ from those estimates.

2. Plan Description

Organization – The City of Pompano Beach General Employees' Retirement System (the GERS) is a single employee defined benefit pension plan established by the City of Pompano Beach, Florida (the City), on December 8, 1972. The GERS reflects the provisions and requirements of Ordinance Section No. 34.010 through 34.040, as amended. In September 1991, the City contracted with Broward County for the operation of the Pompano Beach Public Library. As part of this agreement, all City employees who chose to remain in the library system became employees of Broward County. These employees were given the option of remaining in the GERS, in which case Broward County would make the required annual employer contributions as determined by the Plan actuary. In August 1999, the City also contracted with the Broward County Sheriff's Office ("BSO") whereby the BSO would provide policing services in Pompano Beach. As a result, certain code enforcement officers were employed by the BSO. Participating code enforcement officers were given the option to either remain in the Plan or switch to the BSO's retirement plan.

The GERS is administered by a seven member Board of Trustees comprised of three persons elected directly by the members, three persons who are not members appointed by the City Commission and one person elected by the other six trustees. Ordinance Section No. 34.012 provides the Board of Trustees sole and exclusive responsibility for the administration and operation of the GERS, including the authority to establish and amend benefit terms and contribution requirements.

Since the GERS is sponsored by the City, the GERS is included as a pension trust fund in the City's comprehensive annual financial report, as part of the City's financial reporting entity. The GERS issues a stand alone financial report that may be obtained by writing to the Pension Board, 555 S. Andrews Avenue, Suite 106, Pompano Beach, Florida 33069.

The following brief description of the GERS is provided for general information purposes only. Participants should refer to the Plan document for more detailed and comprehensive information.

Participants

Participants are all general employees with full-time status, elected officials and appointees and senior managers of the City of Pompano Beach who have met the requirements of the City's merit system. Members are further divided in the following two tiers:

Tier One members are those members hired prior to June 8, 2011.

Tier Two members are those members hired on or after June 8, 2011.

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Membership

As of October 1, 2014, the date of the latest actuarial valuation, membership in the Plan consisted of:

Retirees and Beneficiaries currently receiving benefits and Drop and Terminated Employees entitled to benefits, but not receiving them	426
Current Employees:	
Fully vested, partially vested and non-vested active employees covered by the Plan	467
Total	893

Pension Benefits

The GERS provides retirement benefits as well as death and disability benefits for all regular full time employees employed at least twenty hours per week and five months per year. Several benefit options are available to employees, which should be elected at time of retirement. Early retirement, disability, death and other benefits are also provided. Employees must have ten years of service and be unable to be gainfully employed before becoming eligible for non-service connected disability benefits. General employees have vested benefits after 10 years of creditable service in accordance with qualifications under the Plan. Elected officials, appointees and senior management have vested benefits after 5 years of creditable service in accordance with qualifications under the Plan.

Employees who retire at age fifty-five with twenty years of continuous service or age sixty-two with at least three years of continuous service are entitled to an annual retirement benefit payable monthly for life in accordance with the following parameters. Employees with twenty years of continuous service who have not yet reached age fifty-five may retire and receive immediate reduced benefits.

Tier One members

Normal retirement benefit is calculated using 2.75% of the Average Monthly Salary multiplied by the years of credited service. Average Monthly Salary is the average of the highest completed 78 biweekly pay periods times 1.0048.

Tier Two members

Normal retirement benefit is calculated using 2.00% of the Average Monthly Salary multiplied by the years of credited service. Average Monthly Salary is the average of the highest completed 130 biweekly pay periods times 1.0048.

Deferred Retirement Option Plan (DROP)

Any member who is eligible to receive a normal retirement pension may freeze their accrued benefits and elect to participate in a DROP while continuing their active employment. For members electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the Plan into the employee's DROP account in an amount equal to the regular monthly retirement benefit which the participant

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would have received had the participant separated from service and commenced receipt of pension benefits plus interest. Interest shall be at the same rate as the investment earnings assumption for the Plan. Participation in the DROP is limited to sixty months.

Cost of Living Adjustment (COLA)

Tier One members

The Plan allows for an annual guaranteed Cost of Living Adjustment (COLA) equal to two percent (2%) payable on October 1, plus an additional variable COLA equal to up to one percent (1%) if Plan earnings are sufficient (as certified by the Plans actuary). The COLA is payable to each Retiree who has been retired for at least one year at the time of COLA payment (October 1). All retirees and their beneficiaries are eligible for the COLA once they have been retired for one year.

Tier Two members

The Plan allows for an annual guaranteed Cost of Living Adjustment (COLA) for eligible Retirees over the age of 55, payable to each Retiree who has been retired for five years at the time of the COLA payment (October 1). The amount is determined by the Retirees' age on October 1. The COLA amount is one percent (1%) for Retirees between the ages of 55 and 64. For Retirees age 65 and older, the COLA amount is two percent (2%). In addition, eligible Retirees may receive an additional variable COLA equal to up to one percent (1%) if Plan earnings are sufficient (as certified by the Pan's actuary).

Funding Requirements and Funding Status of Plan

Member Contributions:

Tier One members are required to contribute 10% of their earnings to the Plan. Tier Two members are required to contribute 7% of their earnings to the Plan. If a member terminates their employment before they become eligible to receive benefits, the accumulated contributions will be returned to the members plus interest at 3% per year.

City Contributions:

The City is to contribute such amounts as are necessary to maintain the actuarial soundness of the Plan and to provide the Plan with assets sufficient to meet the benefits to be paid to the participants.

County Contributions:

The County is to contribute such amounts as determined by the actuary to cover Broward Sheriff's Office employees.

Investments

The Plan contracts with investment managers who supervise and direct the investment of equity and fixed income securities. In addition, the Plan utilizes an investment advisor who monitors the investing activity. The investments owned are held in the name of the GERS.

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(C) Other Pension Information

1. Contribution Rates and Actual Contributions

	Police and Firefighters'	General Employees
Contributions:		
Contribution rates:		
City:		
General Employees		24.69%
Police	545.48%	-
Fire	34.19%	-
Plan members:		
General Employees		10.00% ⁽¹⁾
Police	8.60%	-
Fire	11.60%	-
Contributions made:		
Employer	\$ 8,129,211	\$ 6,669,132
Plan members	1,453,342	2,562,901
State	2,255,095 ⁽²⁾	-

⁽¹⁾ 7% for employees hired on or after June 8, 2011

⁽²⁾The Police and Firefighters Plan is also funded by contributions from the State of Florida under Chapters 175 (Firefighter Pensions) and 185 (Municipal Police Pensions) of Florida Statutes. This contribution consists of excise taxes collected on fire and casualty insurance premiums on policies written within the City.

Prior to fiscal year 1998 the City was allowed to take a credit for actual premium taxes received in relation to the Police and Firefighters Pension Plan, thereby reducing the City's annual required contribution. However, beginning in fiscal year 1998, the State, by passage of Chapters 175 and 185 of Florida Statutes, limited the allowable premium tax credit to the base amount received by the Plan in 1997 plus any fire supplemental payments received from the State subsequent to 1997.

In addition, the City is allowed to take an additional credit for any improved benefits (approved by City Ordinance) provided to the firefighters resulting in additional costs to the Plan. The annual credit taken, which is equal to the sum of the 1997 base amount plus additional fire supplemental payments received and additional costs incurred from improved benefits cannot exceed the actual premium taxes received for that fiscal year. For the fiscal year ended September 30, 2015 the Plan received \$2,255,095 for the Police and Firefighters Plan. This amount is recorded as intergovernmental revenue and public safety expenditures (on behalf payments) in the City's General Fund and as operating grants and contributions and public safety expenses for governmental activities in the government-wide financial statements.

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The maximum allowable credit for fiscal year 2015 was \$1,567,826. Any excess premium taxes received from the State for which a credit is not taken goes into Plan assets for the Plan. For the fiscal year ended September 30, 2015 excess premium taxes amounted to \$687,269 (actual amount received less maximum allowable premium tax credit), of which \$215,163 pertains to the police members (Chapter 185 funds) and \$472,107 pertains to the firefighter members (Chapter 175 funds).

2. Net Pension Liability

Police and Firefighters

The City's net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2014. Update procedures were used to roll forward the total pension liability to the measurement date. The components of the net pension liability of the City at September 30, 2015 were as follows:

Total pension liability	\$300,798,426
Plan fiduciary net position	<u>219,256,301</u>
Net pension liability	<u>\$ 81,542,125</u>
Plan fiduciary net position as a percentage of the total pension liability	72.89%

General Employees

The City's net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2013. Update procedures were used to roll forward the total pension liability to the measurement date. The components of the net pension liability of the City at September 30, 2015 were as follows:

Total pension liability	\$200,374,332
Plan fiduciary net position	<u>154,313,634</u>
Net pension liability	<u>\$ 46,060,698</u>
Plan fiduciary net position as a percentage of the total pension liability	77.01%

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Actuarial Methods and Assumptions

Police and Firefighters

The total pension liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions applied to all measurement periods:

Actuarial cost method	Entry Age Normal
Asset Method	Market Value of Assets
Interest rates:	
Discount rate	7.5%
Expected long-term rate of return	7.5%
Municipal bond rate	N/A
Inflation	2.5%
Salary increases, including inflation	3-11%
Ad-hoc Cost of Living Increases	none

Mortality rates were based on RP-2000 Mortality Table (healthy) set forward 5 years, with fully generational mortality improvements. Mortality rates were based on RP-2000 Mortality Table (disabled) for Disabled Lives Table set forward 5 years, with fully generational mortality improvements. The most recent experience study was completed in November 2013 taking into account 6 years of data experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	52.50%	7.30%
Fixed income	25.00%	2.10%
Real estate	7.50%	5.80%
Hedge funds and private equity	15.00%	6.10%
Short-term investments	-%	-%
Cash	-%	-%
Total	<u>100.00%</u>	

General Employees

The total pension liability was determined by an actuarial valuation as of October 1, 2013 updated to September 30, 2014 using the following actuarial assumptions applied to all

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measurement periods:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	*1 to 30 years
Asset valuation method	5 year smoothed market
Inflation	3.50%
Salary increase	4.25 - 7.50%, including inflation
Investment rate of return	8.00 percent, net of pension plan investment expense, including inflation

Mortality rates were the 1983 Group Annuity Mortality Table for men and women. For the period after disability retirement, the mortality tables were set back five years. This assumption measures the probabilities of each benefit payment being made after retirement. There is sufficient margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	47.10%	7.60%
Int'l equity	14.20%	8.10%
Fixed income	18.30%	4.10%
Real estate	9.30%	6.60%
Infrastructure	9.50%	7.50%
Cash	1.60%	2.00%
Total	<u>100.00%</u>	

Discount Rate:

Police and Firefighters

The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of

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

General Employees

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability:

Changes in the City's net pension liability for the Police and Firefighters and General Employees Plans for the fiscal year ended September 30, 2015 is as follows:

	Police and Firefighters			General Employees		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 9/30/2014	\$ 294,329,522	\$ 233,037,612	\$ 61,291,910	\$ 191,553,593	\$ 143,522,730	\$ 48,030,863
Changes for the year:						
Service cost	3,645,948	-	3,645,948	4,002,187	-	4,002,187
Interest	21,555,235	-	21,555,235	15,228,081	-	15,228,081
Changes of benefit terms	(6,900)	-	(6,900)	-	-	-
Differences between expected and actual experience	2,419,307	-	2,419,307	-	-	-
Contributions - employer	-	8,129,211	(8,129,211)	-	6,697,862	(6,697,862)
Contributions - member	-	1,453,342	(1,453,342)	-	2,515,665	(2,515,665)
Contributions - nonemployer contributing member	-	2,255,095	(2,255,095)	-	-	-
Net investment income (loss)	-	(3,955,004)	3,955,004	-	12,478,865	(12,478,865)
Benefit payments, including refunds of member contributions	(21,144,686)	(21,144,686)	-	(10,409,529)	(10,409,529)	-
Administrative expense	-	(563,224)	563,224	-	(491,959)	491,959
Other changes	-	43,955	(43,955)	-	-	-
Net changes	<u>6,468,904</u>	<u>(13,781,311)</u>	<u>20,250,215</u>	<u>8,820,739</u>	<u>10,790,904</u>	<u>(1,970,165)</u>
Balances at 9/30/2015	<u>\$ 300,798,426</u>	<u>\$ 219,256,301</u>	<u>\$ 81,542,125</u>	<u>\$ 200,374,332</u>	<u>\$ 154,313,634</u>	<u>\$ 46,060,698</u>

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Sensitivity of the net pension liability to changes in the discount rate:

Police and Firefighters

The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension liability	\$ 112,011,532	\$ 81,542,125	\$ 55,826,716

General Employees

The following presents the net pension liability, calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's net pension liability	\$ 67,448,714	\$ 46,060,698	\$ 27,864,194

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

For the year ended September 30, 2015, the City recognized pension expense related to the pension plans as follows:

	Police and Firefighters	General Employees	Total
Pension expense	\$ 12,005,053	\$ 5,579,349	\$ 17,584,402

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At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pension plans from the following sources:

	Police and Firefighters		General Employees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,814,480	\$ -	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	16,814,988	-	-	851,651
Employer contributions subsequent to the measurement date	-	-	6,669,132	-
Total	\$ 18,629,468	\$ -	\$ 6,669,132	\$ 851,651

The City reported \$6,669,132 reported as deferred outflows of resources relating to pensions. This amount resulted from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	Police and Firefighters		General Employees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 4,808,574	\$ -	\$ -	\$ 212,913
2017	4,808,574	-	-	212,913
2018	4,808,574	-	-	212,913
2019	4,203,746	-	-	212,912
	\$ 18,629,468	\$ -	\$ -	\$ 851,651

**(D) Employee Retirement System
Defined Contribution Retirement System (Contribution Plan)**

Plan Description – The defined contribution retirement system (“DCRS”) is a defined contribution pension plan established by the City to provide benefits at retirement to certain professional and managerial employees of the City. At September 30, 2015, there were 9 plan members. Contribution Plan provisions and contribution requirements are established and may be amended by City Commission Ordinance. The International City Management Association Retirement Corporation acts as agent for the City in administering the Contribution Plan. The DCRS does not issue a stand alone financial report.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

The City does not incur an actuarial liability related to the sponsorship of the DCRS. For the fiscal year ended September 30, 2015, employer contributions totaled \$0 and employee contributions totaled \$8,185. Financial information for the DCRS at and as of September 30, 2015 is shown below:

ASSETS	
Investments, at fair value:	
Mutual funds	\$ 1,517,401
Total assets	<u>1,517,401</u>
NET POSITION	
Held in trust for pension benefits	<u>\$ 1,517,401</u>
 ADDITIONS	
Members contributions	\$ 8,185
Investment income	<u>5,735</u>
Total additions	<u>13,920</u>
 DEDUCTIONS	
Participant benefit payments	<u>30,281</u>
Total deductions	<u>30,281</u>
Net increase (decrease)	(16,361)
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	
Beginning of the year	<u>1,533,762</u>
End of year	<u>\$ 1,517,401</u>

(E) Risk Management

The City is exposed to various risks and losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and group health. The City is self-insured except for commercial insurance purchased for airport liability and group health insurance, and purchases of excess commercial insurance beyond the self-insured retention for general liability, auto liability, property damage and workers' compensation and has not incurred a reduction in insurance coverage. No workers' compensation settlements exceeded the City's self-insured retention in fiscal year 2015.

There have been no settlements in excess of insurance coverage for the past three years.

All funds, except for the capital projects fund, participate in the program and make premium payments to the risk management fund based on actuarial estimates of the amounts needed to ultimately settle claims. The total estimated claims payable at September 30, 2015 reflect management's loss estimate of \$14,093,000, which includes reported claims and claims incurred but not reported (IBNR).

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Changes in the fund's estimated claims payable amount in fiscal years 2015 and 2014 were:

Fiscal Year	Liability October 1	New Claims and Changes in Estimates	Claims Payments	Liability September 30
2015	\$ 14,787,000	\$ 1,826,659	\$ 2,520,659	\$ 14,093,000
2014	\$ 14,577,000	\$ 4,581,010	\$ 4,371,010	\$ 14,787,000

(F) Contingencies/Risks/Uncertainties

There are several pending claims and lawsuits in which the City is involved. The estimated liabilities related to all known pending claims have been accrued in the City's risk management fund. In the opinion of City management, the ultimate resolution of these claims will not materially exceed the amounts recorded in the financial statements. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, might constitute a liability of the applicable funds. It is Management's opinion that there are not any significant contingent liabilities relating to these grants.

The City's pension plans (PFRS and GERS-the Plans) invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term, and those changes could materially affect the amounts reported in the statement of plan net position for each Plan. The Plans, through investment advisors, monitors plan investments and the risks associated therewith on a regular basis, which the Plans believe serve to minimize these risks.

The Plans contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimate and assumptions in the near term could be material to the Plans financial statements.

(G) New Accounting Pronouncements

GASB 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27, is effective for financial statements for periods beginning after June 15, 2014. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27,

CITY OF POMPANO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Accounting for Pensions by State and Local Governmental Employers. Statement No. 67, Financial Reporting for Pension Plans, revises existing standards of financial reporting for most pension plans. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions and paying benefits to plan members as they come due. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed.

The adoption of Statement No. 68 has no impact on the City's governmental fund financial statements, which continue to report expenditures based on contributions made during the year. There is no change in cash flow, contribution rates or budgeted expenditures associated with the implementation of GASB 68.

However, the adoption has resulted in the restatement of the City's Fiscal Year 2014 government-wide and enterprise funds net position to reflect the reporting of net pension liabilities, deferred inflows of resources and deferred outflows of resources in accordance with the provisions of the Statement. See Note III(H), Restatement of Beginning Net Position for GASB Statement No. 68/71.

GASB 69, *Government Combinations and Disposals of Government Operations*, is effective for financial statements for periods beginning after December 15, 2013. The objective of this Statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The implementation of this pronouncement had no impact on the City's financial statements for the fiscal ending September 30, 2015.

GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, is effective for financial statements for periods beginning after June 15, 2014. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The City has adopted this pronouncement as of September 30, 2015. The adoption has resulted in the restatement of the City's Fiscal Year 2014 government-wide and proprietary fund net position to reflect the reporting of net pension liabilities, deferred inflows of resources and deferred outflows of resources in accordance with the provisions of the Statement. See Note III(H), Restatement of Beginning Net Position for GASB Statement No. 68/71.

GASB 72, *Fair Value Measurement and Application*, is effective for financial statements for periods beginning after June 15, 2015. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair

CITY OF POMPANO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, Measurement of Elements of Financial Statements, and other relevant literature. The City is aware of this requirement and will assess its impact to ensure timely implementation.

GASB 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, is effective for financial statements for periods beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. The primary objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports of governments whose employees—both active employees and inactive employees—are provided with pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as amended. The City is aware of this requirement and will assess its impact to ensure timely implementation.

GASB 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, is effective for financial statements for periods beginning after June 15, 2016. The primary objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental benefit plans for making decisions and assessing accountability. These benefits are referred to as other postemployment benefits (OPEB), and the plans through which the benefits are provided are referred to as OPEB plans. The City is aware of this requirement and will assess its impact to ensure timely implementation.

GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, is effective for financial statements for periods beginning after June 15, 2017. The primary objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports of governments whose employees—both active employees and inactive employees—are provided with postemployment benefits other than pensions. These benefits are referred to as other postemployment benefits (OPEB). The City is aware of this requirement and will assess its impact to ensure timely implementation.

GASB 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, is effective for financial statements for periods beginning after June 15, 2015. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The City is aware of this requirement and will assess its impact to ensure timely implementation.

GASB 77, Tax Abatement Disclosures, is effective for financial statements for periods beginning after December 15, 2015. The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess

CITY OF POMPANO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(a) whether current-year revenues were sufficient to pay for current-year services, (b) compliance with finance-related legal or contractual requirements, (c) where a government's financial resources come from and how it uses them, and (d) financial position and economic condition and how they have changed over time. The City is aware of this requirement and will assess its impact to ensure timely implementation.

GASB 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, is effective for financial statements for periods beginning after December 15, 2015. The objective of this Statement is to amend the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The City is aware of this requirement and will assess its impact to ensure timely implementation.

GASB 79, *Certain External Investment Pools and Pool Participants*, is effective for financial statements for periods beginning after June 15, 2015. The objective of this Statement is to address accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The City is aware of this requirement and will assess its impact to ensure timely implementation.

GASB 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, is effective for financial statements for periods beginning after June 15, 2016. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. The City is aware of this requirement and will assess its impact to ensure timely implementation.

CITY OF POMPANO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(H) Restatement of Beginning Net Position for GASB Statement No. 68 and 71

The October 1, 2014 beginning net position of the following fund/activity was restated due to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. These Statements establishes standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The impact of this restatement is as follows:

	Government-Wide		
	Governmental Activities	Business-type Activities	Total
Net position-beginning	\$ 383,396,428	\$ 170,658,966	\$ 554,055,394
Cumulative effect of application of GASB 68 and 71	(93,523,484)	(10,343,753)	(103,867,237)
Net position-beginning, as restated	<u>\$ 289,872,944</u>	<u>\$ 160,315,213</u>	<u>\$ 450,188,157</u>

	Proprietary Funds		
	Utility	Nonmajor Enterprise Funds	Total Enterprise Funds
Net position-beginning	\$ 123,942,743	\$ 47,684,062	\$ 171,626,805
Cumulative effect of application of GASB 68 & 71	(8,654,675)	(1,689,078)	(10,343,753)
Net position-beginning, as restated	<u>\$ 115,288,068</u>	<u>\$ 45,994,984</u>	<u>\$ 161,283,052</u>

CITY OF POMPANO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM
LAST TWO FISCAL YEARS

	<u>2014</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 3,645,948	\$ 3,645,948
Interest	21,340,649	21,555,235
Changes of benefit terms (1)	-	(6,900)
Differences between expected and actual experience	(1,213,699)	2,419,307
Benefit payments, including refunds of member contributions	<u>(20,678,837)</u>	<u>(21,144,686)</u>
Net change in total pension liability	3,094,061	6,468,904
Total pension liability - beginning	<u>291,235,461</u>	<u>294,329,522</u>
Total pension liability - ending (a)	<u><u>294,329,522</u></u>	<u><u>300,798,426</u></u>
Plan fiduciary net position		
Contributions - employer	9,722,948	8,129,211
Contributions - employee	1,422,685	1,453,342
Contributions - nonemployer contributing member	2,219,537	2,255,095
Net investment income (loss)	22,149,737	(3,955,004)
Benefit payments, including refunds of member contributions	(20,678,837)	(21,144,686)
Administrative expenses	(581,767)	(563,224)
Other	17,738	43,955
Net change in plan fiduciary net position	<u>14,272,041</u>	<u>(13,781,311)</u>
Plan fiduciary net position - beginning	<u>218,765,571</u>	<u>233,037,612</u>
Plan fiduciary net position - ending (b)	<u><u>233,037,612</u></u>	<u><u>219,256,301</u></u>
City's net pension liability - ending (a) - (b)	<u><u>\$ 61,291,910</u></u>	<u><u>\$ 81,542,125</u></u>
Plan fiduciary net position as a percentage of the total pension liability	79.18%	72.89%
Covered-employee payroll	12,948,557	13,065,752
City's net pension liability as a percentage of covered-employee payroll	473.35%	624.09%

(1) **Changes of benefit terms:** During fiscal year 2015 there was a slight liability change for firefighter members hired on or after May 27, 2014. The change affected the normal retirement date and normal retirement benefit.

CITY OF POMPANO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
SCHEDULE OF CITY CONTRIBUTIONS
POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 6,092,213	\$ 6,742,158	\$ 6,541,199	\$ 6,321,557	\$ 6,828,542	\$ 6,085,623	\$ 5,527,605	\$ 8,121,441	\$ 9,722,948	\$ 8,129,211
Contributions in relation to the actuarially determined contribution	<u>6,092,213</u>	<u>6,742,158</u>	<u>6,541,199</u>	<u>6,321,557</u>	<u>6,828,542</u>	<u>6,085,623</u>	<u>5,527,605</u>	<u>8,121,441</u>	<u>9,722,948</u>	<u>8,129,211</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Covered-employee payroll	\$18,681,923	\$19,202,844	\$18,938,141	\$18,187,155	\$16,804,153	\$15,514,029	\$14,432,987	\$13,137,295	\$12,948,557	\$13,065,752
Contributions as a percentage of covered-employee payroll	32.61%	35.11%	34.54%	34.76%	40.64%	39.23%	38.30%	61.82%	75.09%	62.22%

Actuarially determined contribution rates for the year ended September 30, are calculated as of October 1, two years prior to the end of the year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual Entry Age Normal Cost Method
Amortization method	All new bases are to be amortized over 30 years from the date established
Remaining amortization method	30 years
Asset valuation method	20% Phase-In Method: Actuarial value of assets is equal to expected value phase in the difference between expected investment earnings and actual investment earnings at the rate of 20% per year. The result cannot be greater than 120% of market value or less than 80% of market value.
Interest rates	7.5% compounded annually, net of investment expenses
Annual pay increases	2.5% compounded annually for inflation plus a seniority/merit scale ranging from .5% to 8.5%
Expense and/or contingency loading	One year cost method; average of prior two years' expenses
Mortality rates:	
Healthy	RP-2000 Combined Mortality Table for males and females set forward 5 years, with fully generational mortality improvements.
Disabled	RP-2000 Mortality Table for Disabled Lives Tables set forward 5 years, with fully generational mortality improvements.

CITY OF POMPANO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES' RETIREMENT SYSTEM
LAST TWO FISCAL YEARS

	<u>2014</u>
Total pension liability	
Service cost	\$ 4,002,187
Interest	15,228,081
Benefit payments	(10,047,279)
Refunds	<u>(362,250)</u>
Net change in total pension liability	8,820,739
Total pension liability - beginning	<u>191,553,593</u>
Total pension liability - ending (a)	<u><u>200,374,332</u></u>
 Plan fiduciary net position	
Contributions - employer	6,697,862
Contributions - member	2,515,665
Net investment income	12,478,865
Benefit payments	(10,047,279)
Refunds of contributions	(362,250)
Administrative expenses	<u>(491,959)</u>
Net change in plan fiduciary net position	10,790,904
 Plan fiduciary net position - beginning	<u>143,522,730</u>
Plan fiduciary net position - ending (b)	<u><u>154,313,634</u></u>
 City's net pension liability - ending (a) - (b)	 <u><u>\$ 46,060,698</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	 77.01%
 Covered-employee payroll	 26,048,410
 City's net pension liability as a percentage of covered-employee payroll	 176.83%

Note: The Plan's actuary utilized a measurement date of September 30, 2014 in calculating the Net Pension Liability to be recorded by the City at September 30, 2015, as discussed in more detail at Note (III)(C)(2).

CITY OF POMPANO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
SCHEDULE OF CITY CONTRIBUTIONS
GENERAL EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2006</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 3,144,061	\$ 4,064,240	\$ 3,416,488	\$ 3,706,870	\$ 4,338,870	\$ 5,351,521	\$ 5,801,971	\$ 6,332,731	\$ 6,697,862	\$ 6,669,132
Contributions in relation to the actuarially determined contribution	<u>3,144,061</u>	<u>4,064,240</u>	<u>3,416,488</u>	<u>3,706,870</u>	<u>4,338,870</u>	<u>5,351,521</u>	<u>5,801,971</u>	<u>6,332,731</u>	<u>6,697,862</u>	<u>6,669,132</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Covered-employee payroll	\$25,183,705	\$26,825,168	\$27,611,132	\$27,477,396	\$26,596,532	\$26,238,403	\$25,833,472	\$25,922,708	\$26,048,410	\$27,015,680
Contributions as a percentage of covered- employee payroll	12.48%	15.15%	12.37%	13.49%	16.31%	20.40%	22.46%	24.43%	25.71%	24.69%

Actuarially determined contribution rates for the year ended September 30, are calculated as of October 1, two years prior to the end of the year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level of percentage payroll, closed
Remaining amortization period	1 to 30 years
Asset valuation method	5-year smoothed market
Inflation	3.50 percent
Salary increase	4.25 - 7.50 percent, including inflation
Investment rate of return	8.00 percent, net of plan investment expense, including inflation

CITY OF POMPANO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2015

An analysis of funding progress for the Unfunded Actuarial Accrued Liability (UAAL) for the most recent actuarial valuation date available for the City's post employment benefits (other than pension) is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Liability (AAL)-Entry Age (2)	Unfunded AAL (UAAL) (2)-(1)	Funded Ratio (1):(2)	Covered Payroll (3)	UAAL as a Percentage of Covered Payroll [(2)-(1):(3)]
July 1, 2015	\$ -	\$ 6,692	\$ 6,692	0.0%	\$ 42,066	15.9%
July 1, 2013	\$ -	\$ 5,628	\$ 5,628	0.0%	\$ 39,689	14.2%
July 1, 2011	\$ -	\$ 9,281	\$ 9,281	0.0%	\$ 39,640	23.4%

CITY OF POMPANO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (UNAUDITED) - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with Final</u> <u>Budget -</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 61,100,948	\$ 61,100,948	\$ 61,455,076	\$ 354,128
Judgments, fines and forfeitures	925,500	925,500	1,055,782	130,282
Permits, fees and special assessments	24,465,786	25,359,972	30,588,769	5,228,797
Intergovernmental	11,743,155	12,234,164	13,075,759	841,595
Charges for services	12,733,899	12,733,899	12,993,640	259,741
Pari-mutuel	2,300,000	2,300,000	2,520,242	220,242
Donations	15,000	24,275	9,671	(14,604)
Investment earnings	353,000	353,000	671,960	318,960
Other revenue	148,126	676,567	496,294	(180,273)
Total revenues	<u>113,785,414</u>	<u>115,708,325</u>	<u>122,867,193</u>	<u>7,158,868</u>
EXPENDITURES				
Current:				
General government	9,177,977	9,163,427	8,969,299	194,128
Finance	2,390,170	2,654,386	2,618,003	36,383
Development services	9,162,760	9,684,341	9,494,311	190,030
Police	37,037,109	37,815,550	37,230,145	585,405
Fire department	20,410,049	20,870,640	20,579,580	291,060
Public works	15,514,119	16,079,289	15,989,646	89,643
Non departmental	5,356,199	6,292,345	5,876,485	415,860
Culture and recreation	7,375,859	7,501,976	7,364,198	137,778
Capital outlay	1,082,060	7,546,414	7,351,499	194,915
Debt Service:				
Principal	231,188	231,188	231,188	-
Interest & other charges	60,886	60,886	60,886	-
Total expenditures	<u>107,798,376</u>	<u>117,900,442</u>	<u>115,765,240</u>	<u>2,135,202</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,987,038</u>	<u>(2,192,117)</u>	<u>7,101,953</u>	<u>9,294,070</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	20,000	20,000	118,221	98,221
Transfers in	1,920,576	7,407,977	7,407,977	-
Transfers out	<u>(8,668,564)</u>	<u>(15,913,437)</u>	<u>(15,913,437)</u>	<u>-</u>
Total other financing sources (uses)	<u>(6,727,988)</u>	<u>(8,485,460)</u>	<u>(8,387,239)</u>	<u>98,221</u>
Net change in fund balances	<u>\$ (740,950)</u>	<u>\$ (10,677,577)</u>	<u>(1,285,286)</u>	<u>\$ 9,392,291</u>
FUND BALANCE - BEGINNING			<u>62,059,582</u>	
FUND BALANCE - ENDING			<u>\$ 60,774,296</u>	

The above schedule reflects certain adjustments to actual expenditures to present data on a basis comparable to the adopted budget. See notes to required supplementary information.

CITY OF POMPANO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (UNAUDITED) - BUDGETARY BASIS
NORTHWEST COMMUNITY REDEVELOPMENT DISTRICT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with Final</u> <u>Budget -</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 6,048,929	\$ 6,048,929	\$ 5,914,887	\$ (134,042)
Intergovernmental	263,800	263,800	125,305	(138,495)
Charges for services	177,534	177,534	128,319	(49,215)
Investment earnings	40,000	40,000	39,460	(540)
Other revenue	79,227	79,227	50,594	(28,633)
Total revenues	<u>6,609,490</u>	<u>6,609,490</u>	<u>6,258,565</u>	<u>(350,925)</u>
EXPENDITURES				
Current:				
General government	3,368,798	4,375,092	2,932,314	1,442,778
Capital outlay	1,844,555	7,497,625	6,074,833	1,422,792
Debt service:				
Principal	2,162,163	2,187,683	2,187,683	-
Interest & other charges	592,811	409,368	409,368	-
Total expenditures	<u>7,968,327</u>	<u>14,469,768</u>	<u>11,604,198</u>	<u>2,865,570</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,358,837)</u>	<u>(7,860,278)</u>	<u>(5,345,633)</u>	<u>2,514,645</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(4,476,021)	(4,476,021)	-
Proceeds from capital lease	1,428,088	1,428,088	1,428,088	-
Total other financing sources (uses)	<u>1,428,088</u>	<u>(3,047,933)</u>	<u>(3,047,933)</u>	<u>-</u>
Net change in fund balances	<u>\$ 69,251</u>	<u>\$ (10,908,211)</u>	<u>(8,393,566)</u>	<u>\$ 2,514,645</u>
FUND BALANCE - BEGINNING			<u>44,678,191</u>	
FUND BALANCE - ENDING			<u>\$ 36,284,625</u>	

The above schedule reflects certain adjustments to actual expenditures to present data on a basis comparable to the adopted budget. See notes to required supplementary information.

CITY OF POMPANO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (UNAUDITED) - BUDGETARY BASIS
EAST COMMUNITY REDEVELOPMENT DISTRICT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with Final</u> <u>Budget -</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,228,459	\$ 2,228,459	\$ 2,199,285	\$ (29,174)
Investment earnings	12,000	12,000	18,571	6,571
Other revenue	-	320,689	-	(320,689)
Total Revenues	<u>2,240,459</u>	<u>2,561,148</u>	<u>2,217,856</u>	<u>(343,292)</u>
EXPENDITURES				
Current:				
General government	597,834	3,478,338	542,570	2,935,768
Debt service:				
Principal	640,000	640,000	640,000	-
Interest & other charges	457,968	457,968	457,968	-
Capital outlay	155,333	3,470,696	1,512,634	1,958,062
Total expenditures	<u>1,851,135</u>	<u>8,047,002</u>	<u>3,153,172</u>	<u>4,893,830</u>
Excess (deficiency) of revenues over (under) expenditures	<u>389,324</u>	<u>(5,485,854)</u>	<u>(935,316)</u>	<u>4,550,538</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	201,149	201,149	-
Transfers out	-	(1,027,545)	(1,027,545)	-
Total other financing sources (uses)	-	(826,396)	(826,396)	-
Net Change in Fund Balances	<u>\$ 389,324</u>	<u>\$ (6,312,250)</u>	<u>(1,761,712)</u>	<u>\$ 4,550,538</u>
FUND BALANCE - BEGINNING			<u>10,129,115</u>	
FUND BALANCE - ENDING			<u>\$ 8,367,403</u>	

The above schedule reflects certain adjustments to actual expenditures to present data on a basis comparable to the adopted budget. See notes to required supplementary information.

CITY OF POMPANO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (UNAUDITED) - BUDGETARY BASIS
EMERGENCY MEDICAL SERVICES DISTRICT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with Final</u> <u>Budget -</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 4,683,429	\$ 4,683,429	\$ 4,561,697	\$ (121,732)
Intergovernmental	94,676	94,676	91,105	(3,571)
Charges for services	3,100,000	3,100,000	3,585,145	485,145
Donations	-	-	80	80
Investment earnings	22,458	22,458	38,176	15,718
Total revenues	<u>7,900,563</u>	<u>7,900,563</u>	<u>8,276,203</u>	<u>375,640</u>
EXPENDITURES				
Current:				
Public safety	13,504,136	13,599,597	13,281,795	317,802
Capital outlay	399,226	645,114	634,724	10,390
Total expenditures	<u>13,903,362</u>	<u>14,244,711</u>	<u>13,916,519</u>	<u>328,192</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,002,799)</u>	<u>(6,344,148)</u>	<u>(5,640,316)</u>	<u>703,832</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>6,002,799</u>	<u>6,002,799</u>	<u>6,002,799</u>	<u>-</u>
Total other financing sources (uses)	<u>6,002,799</u>	<u>6,002,799</u>	<u>6,002,799</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (341,349)</u>	<u>362,483</u>	<u>\$ 703,832</u>
FUND BALANCE - BEGINNING			<u>1,538,452</u>	
FUND BALANCE - ENDING			<u>\$ 1,900,935</u>	

The above schedule reflects certain adjustments to actual expenditures to present data on a basis comparable to the adopted budget. See notes to required supplementary information.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)**

SEPTEMBER 30, 2015

Budgetary Information

The City Commission adopted these procedures to establish the budgetary data reflected in the financial statements.

Prior to July 10, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.

The City Commission holds public workshops on the proposed budget. In September, formal public hearings are conducted to obtain taxpayers' comments. Prior to October 1, the budget is legally adopted.

Expenditures may not exceed the budget and are controlled at the departmental level. The City Manager can approve budget transfers within operating departments and divisions of the same fund. Individual transfers exceeding \$10,000 are reported to the City Commission on a quarterly basis. Unencumbered balances of appropriations lapse at year end. Purchase orders outstanding at year end are carried forward.

Supplemental appropriations of \$1,796,995, including \$197,115 in operating expenses in the General Fund for the Development Services Department, \$401,435 in capital outlay expenses in the Utility Fund and \$720,268 for the Art in Public Places Program, were approved during the year and included in the revised budget.

Budgets have been legally adopted for all governmental and proprietary fund types except for the Special Purpose, Law Enforcement Trust, Affordable Housing Trust, and Cultural Arts Foundation special revenue funds and the Capital Projects fund. Budgets are adopted for capital outlay expenditures on a project basis. Presentation of this information on an annual basis is not considered meaningful.

Budgets have been adopted on a basis consistent with accounting principles generally accepted in the United States of America, except for the inclusion of encumbrances as the equivalent of expenditures. Budgets for the general fund and major special revenue funds are disclosed as part of required supplementary information. The reported budgetary data represents the final approved budget after amendments adopted by the City Commission.

The City does not budget for revenue and expenditures related to State contributions to the Police and Firefighters Retirement Plan (the Plan), recorded in the General Fund, as these payments are on behalf of the City and are received by the Plan directly.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)**

SEPTEMBER 30, 2015

Adjustments necessary to convert the general fund and the major special revenue fund results of operations and change in fund balances at September 30, 2015 from the accounting principles generally accepted in the United States of America basis of accounting to the budget basis are as follows:

	<u>Revenues/ Other Financing Sources</u>	<u>Expenditures/ Other Financing Uses</u>	<u>Change in Fund Balances</u>
<u>General Fund</u>			
GAAP Basis	\$ 130,393,391	\$ 130,598,953	\$ (205,562)
Encumbrances	-	867,590	(867,590)
Budgetary Basis	<u>\$ 130,393,391</u>	<u>\$ 132,334,133</u>	<u>\$ (1,073,152)</u>
<u>Northwest Community Redevelopment District</u>			
GAAP Basis	\$ 7,686,653	\$ 13,624,601	\$ (5,937,948)
Encumbrances	-	2,455,620	(2,455,620)
Budgetary Basis	<u>\$ 7,686,653</u>	<u>\$ 16,080,221</u>	<u>\$ (8,393,568)</u>
<u>East Community Redevelopment District</u>			
GAAP Basis	\$ 2,419,005	\$ 2,726,232	\$ (307,227)
Encumbrances	-	1,454,485	(1,454,485)
Budgetary Basis	<u>\$ 2,419,005</u>	<u>\$ 4,180,717</u>	<u>\$ (1,761,712)</u>
<u>EMS</u>			
GAAP Basis	\$ 14,279,002	\$ 13,629,982	\$ 649,020
Encumbrances	-	286,537	(286,537)
Budgetary Basis	<u>\$ 14,279,002</u>	<u>\$ 13,916,519</u>	<u>\$ 362,483</u>

Excess of Expenditures Over Appropriations

For the year ended September 30, 2015, expenditures did not exceed appropriations in any governmental fund departments (the legal level of budgetary control).

NONMAJOR GOVERNMENTAL FUNDS

Special Purpose Fund - accounts for specific revenues that are restricted to particular purposes per City Ordinance, such as tree canopy landscaping, beach area master parking, nautical flea market, disaster recovery, emergency medical service, tri-centennial celebration and building certification/education maintenance.

Law Enforcement Trust Fund (LETF) Fund - accounts for confiscated monies and property awarded to the City for law enforcement related expenditures in accordance with Florida Statutes and Federal guidelines.

SHIP Fund - accounts for the activities of the State Housing Initiative Partnership Grant Program.

Other Grants Fund - accounts for federal, state and local government program grants and other restricted sources.

Affordable Housing Fund - accounts for various fees and contributions for the preservation of the existing affordable housing neighborhoods.

Cultural Arts Foundation Fund - accounts for gifts and contributions to provide for the promotion of diverse cultural arts in the City.

Cemetery Perpetual Care Fund - accounts for the proceeds from the sale of certain cemetery plots and certain service charges. Capital improvements expenditures are not allowed.

CITY OF POMPANO BEACH, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

Special Revenue Funds

	<u>Special Purpose</u>	<u>LETF</u>	<u>SHIP</u>
ASSETS			
Cash and cash equivalents	\$ 128,060	\$ 57,773	\$ 199,291
Restricted investments	2,914,779	-	-
Unrestricted investments	557,474	1,584,309	-
Interest receivable	-	4,422	-
Assets held for resale and redevelopment	-	-	-
Due from other governments	99,229	17,928	-
Other assets	-	-	-
Total assets	<u>\$ 3,699,542</u>	<u>\$ 1,664,432</u>	<u>\$ 199,291</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	37,697	89,628	1,689
Accrued expenditures	-	-	148
Due to other funds	-	-	-
Unearned revenue	-	1,574,804	197,454
Total liabilities	<u>37,697</u>	<u>1,664,432</u>	<u>199,291</u>
Fund balances:			
Restricted	2,914,779	-	-
Committed	747,066	-	-
Total fund balances	<u>3,661,845</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,699,542</u>	<u>\$ 1,664,432</u>	<u>\$ 199,291</u>

Special Revenue Funds

<u>Other Grants</u>	<u>Affordable Housing</u>	<u>Cultural Arts Foundation</u>	<u>Cemetary</u>	<u>Total Non-major Governmental Funds</u>
\$ 852,781	\$ 325,827	\$ 10,544	\$ 37,171	\$ 1,611,447
-	-	-	-	2,914,779
-	-	-	893,793	3,035,576
-	-	-	-	4,422
967,453	90,360	-	-	1,057,813
260,614	-	-	-	377,771
79	-	-	-	79
<u>\$ 2,080,927</u>	<u>\$ 416,187</u>	<u>\$ 10,544</u>	<u>\$ 930,964</u>	<u>\$ 9,001,887</u>
69,414	1,266	-	-	199,694
11,338	-	-	-	11,486
546,434	-	-	-	546,434
-	-	-	-	1,772,258
<u>627,186</u>	<u>1,266</u>	<u>-</u>	<u>-</u>	<u>2,529,872</u>
1,453,741	-	10,544	-	4,379,064
-	414,921	-	930,964	2,092,951
<u>1,453,741</u>	<u>414,921</u>	<u>10,544</u>	<u>930,964</u>	<u>6,472,015</u>
<u>\$ 2,080,927</u>	<u>\$ 416,187</u>	<u>\$ 10,544</u>	<u>\$ 930,964</u>	<u>\$ 9,001,887</u>

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Special Revenue Funds

	<u>Special Purpose</u>	<u>LETF</u>	<u>SHIP</u>
REVENUES			
Taxes	\$ 311,198	\$ -	\$ -
Permits, fees and special assessments	189,819	-	-
Intergovernmental	-	542,770	234,453
Charges for services	232,050	-	-
Donations	325	-	-
Program income	-	-	121,647
Recaptured funds	-	-	-
Investment earnings	2,745	15,207	169
Cemetary lot sales	-	-	-
Other revenue	-	-	-
Total revenues	<u>736,137</u>	<u>557,977</u>	<u>356,269</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	26,843	557,977	-
Physical environment	-	-	356,269
Transportation	321,233	-	-
Culture and recreation	105,508	-	-
Total expenditures	<u>453,584</u>	<u>557,977</u>	<u>356,269</u>
Excess (deficiency) of revenues over (under) expenditures	<u>282,553</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(1,352,484)	-	-
Total other financing sources (uses)	<u>(1,352,484)</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficit)	(1,069,931)	-	-
Fund balances - beginning	4,731,776	-	-
Fund balances - ending	<u>\$ 3,661,845</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds

<u>Other Grants</u>	<u>Affordable Housing</u>	<u>Cultural Arts Foundation</u>	<u>Cemetery</u>	<u>Total Non-major Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 311,198
-	247,589	-	-	437,408
1,233,684	-	-	-	2,010,907
10,770	-	-	3,322	246,142
-	88,870	-	-	89,195
1,084,667	-	-	-	1,206,314
27,677	-	-	-	27,677
11,910	(151)	4	-	29,884
-	-	-	760	760
816	-	-	-	816
<u>2,369,524</u>	<u>336,308</u>	<u>4</u>	<u>4,082</u>	<u>4,360,301</u>
-	-	5,075	-	5,075
-	-	-	-	584,820
2,711,173	31,016	-	-	3,098,458
-	-	-	-	321,233
-	-	-	-	105,508
<u>2,711,173</u>	<u>31,016</u>	<u>5,075</u>	<u>-</u>	<u>4,115,094</u>
<u>(341,649)</u>	<u>305,292</u>	<u>(5,071)</u>	<u>4,082</u>	<u>245,207</u>
-	-	-	-	(1,352,484)
-	-	-	-	(1,352,484)
(341,649)	305,292	(5,071)	4,082	(1,107,277)
1,795,390	109,629	15,615	926,882	7,579,292
<u>\$ 1,453,741</u>	<u>\$ 414,921</u>	<u>\$ 10,544</u>	<u>\$ 930,964</u>	<u>\$ 6,472,015</u>

CITY OF POMPANO BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SHIP FUND - NONMAJOR
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ 938,627	\$ 234,453	\$ (704,174)
Program income	-	121,810	121,816	6
Total revenues	-	1,060,437	356,269	(704,168)
EXPENDITURES				
Current:				
Physical environment	-	1,060,437	356,269	704,168
Total expenditures	-	1,060,437	356,269	704,168
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	-	\$ -
FUND BALANCE - BEGINNING			-	
FUND BALANCE - ENDING			\$ -	

CITY OF POMPANO BEACH, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 OTHER GRANTS FUND - NONMAJOR
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 1,274,708	\$ 6,272,823	\$ 1,233,684	\$ (5,039,139)
Charges for services	-	-	10,770	10,770
Program Income	-	1,113,469	1,084,667	(28,802)
Recaptured Funds	-	128,982	27,677	(101,305)
Investment earnings	-	12,391	11,910	(481)
Other revenue	-	816	816	-
Total Revenues	<u>1,274,708</u>	<u>7,528,481</u>	<u>2,369,524</u>	<u>(5,158,957)</u>
EXPENDITURES				
Current:				
Physical environment	1,274,708	4,053,089	2,711,946	1,341,143
Capital outlay	-	3,058,400	-	3,058,400
Total expenditures	<u>1,274,708</u>	<u>7,111,489</u>	<u>2,711,946</u>	<u>4,399,543</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 416,992</u>	<u>(342,422)</u>	<u>\$ (759,414)</u>
FUND BALANCE - BEGINNING			<u>1,795,390</u>	
FUND BALANCE - ENDING			<u>\$ 1,452,968</u>	

CITY OF POMPANO BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CEMETERY FUND - NONMAJOR
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ -	\$ -	\$ 3,322	\$ 3,322
Cemetery lots	25,000	25,000	760	(24,240)
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>4,082</u>	<u>(20,918)</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>4,082</u>	<u>\$ (20,918)</u>
FUND BALANCE - BEGINNING			<u>926,882</u>	
FUND BALANCE - ENDING			<u>\$ 930,964</u>	

NONMAJOR ENTERPRISE FUNDS

Pier Fund - accounts for the operation and maintenance of the City's pier.

Airpark Fund - accounts for administration, operation, and maintenance of the City's airpark.

Golf Fund - accounts for the operation of the City's golf course.

Sanitation Fund - accounts for the provision of solid waste disposal services to City residents.

Stormwater Fund - accounts for the provision of stormwater maintenance and capital improvements to City residents.

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2015

	<u>Pier</u>	<u>Airpark</u>	<u>Golf</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 44,765	\$ 7,977	\$ 42,114
Restricted cash and cash equivalents	-	8,376	-
Interest receivable	4,130	1,080	2,116
Accounts receivables, net	-	-	-
Due from other governments	-	171,459	-
Notes receivable	-	-	322,312
Inventories	-	-	7,440
Total current assets	<u>48,895</u>	<u>188,892</u>	<u>373,982</u>
Noncurrent Assets			
Unrestricted investments	1,271,211	177,898	1,032,449
Restricted investments	-	201,391	-
Capital assets:			
Land	60,058	934	-
Construction in progress	765,717	426,449	123,785
Buildings	-	1,656,670	2,723,603
Infrastructure	2,433,574	4,222,359	5,025,450
Improvements	-	16,511,397	4,653,772
Machinery and equipment	16,605	539,241	371,150
Less accumulated depreciation	<u>(1,512,731)</u>	<u>(8,206,224)</u>	<u>(6,343,328)</u>
Total capital assets (net of accumulated depreciation)	<u>1,763,223</u>	<u>15,150,826</u>	<u>6,554,432</u>
Total noncurrent assets	<u>3,034,434</u>	<u>15,530,115</u>	<u>7,586,881</u>
Total assets	<u>3,083,329</u>	<u>15,719,007</u>	<u>7,960,863</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>7,794</u>	<u>58,157</u>	<u>78,600</u>

<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
\$ 867	\$ 277,712	\$ 373,435
-	-	8,376
-	16,885	24,211
1,521,273	245,623	1,766,896
120,248	53,985	345,692
-	-	322,312
-	9,047	16,487
<u>1,642,388</u>	<u>603,252</u>	<u>2,857,409</u>
20,404	7,233,090	9,735,052
-	-	201,391
-	-	60,992
-	677,776	1,993,727
-	-	4,380,273
-	8,545,238	20,226,621
-	9,322,148	30,487,317
316,843	1,891,193	3,135,032
<u>(264,903)</u>	<u>(7,700,388)</u>	<u>(24,027,574)</u>
<u>51,940</u>	<u>12,735,967</u>	<u>36,256,388</u>
<u>72,344</u>	<u>19,969,057</u>	<u>46,192,831</u>
<u>1,714,732</u>	<u>20,572,309</u>	<u>49,050,240</u>
<u>39,152</u>	<u>76,867</u>	<u>260,570</u>

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2015

	<u>Pier</u>	<u>Airpark</u>	<u>Golf</u>
LIABILITIES			
Current liabilities, unrestricted:			
Accounts payable	44,080	9,718	40,192
Accrued expenses	-	12,271	24,416
Unearned revenue	-	-	12,526
Due to other governments	-	-	122,542
Compensated absences	-	-	-
Due to other funds	-	-	-
Capital lease payable	-	-	74,083
Total current liabilities, unrestricted	<u>44,080</u>	<u>21,989</u>	<u>273,759</u>
Current liabilities payable from restricted assets:			
Accounts payable	-	29,168	-
Total current liabilities payable from restricted assets	<u>-</u>	<u>29,168</u>	<u>-</u>
Noncurrent liabilities:			
Compensated absences	-	40,337	89,697
Net OPEB obligation	-	91,833	112,544
Capital lease payable	-	-	75,178
Net pension liability	-	437,022	545,767
Total noncurrent liabilities	<u>-</u>	<u>569,192</u>	<u>823,186</u>
Total liabilities	<u>44,080</u>	<u>620,349</u>	<u>1,096,945</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	-	8,080	10,091
NET POSITION			
Net investment in capital assets	1,763,223	15,150,826	6,405,171
Capital Projects	-	297,973	-
Unrestricted	1,283,820	(300,064)	527,256
Total net position	<u>\$ 3,047,043</u>	<u>\$ 15,148,735</u>	<u>\$ 6,932,427</u>

<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
362,659	56,454	513,103
9,374	15,387	61,448
-	-	12,526
-	-	122,542
-	20,746	20,746
500,000	-	500,000
-	-	74,083
<u>872,033</u>	<u>92,587</u>	<u>1,304,448</u>
-	-	29,168
-	-	29,168
34,692	11,733	176,459
12,320	84,907	301,604
-	-	75,178
<u>286,390</u>	<u>517,819</u>	<u>1,786,998</u>
<u>333,402</u>	<u>614,459</u>	<u>2,340,239</u>
<u>1,205,435</u>	<u>707,046</u>	<u>3,673,855</u>
5,295	9,574	33,040
51,940	12,735,967	36,107,127
-	-	297,973
<u>491,214</u>	<u>7,196,589</u>	<u>9,198,815</u>
<u>\$ 543,154</u>	<u>\$ 19,932,556</u>	<u>\$ 45,603,915</u>

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Pier</u>	<u>Airpark</u>	<u>Golf</u>
OPERATING REVENUES			
Charges for services	\$ 17,869	\$ 1,052,145	\$ 2,865,570
Total operating revenues	<u>17,869</u>	<u>1,052,145</u>	<u>2,865,570</u>
OPERATING EXPENSES			
Personnel services	(38,352)	375,673	730,694
Other current expenses	235,825	560,929	3,561,834
Depreciation	73,722	1,278,760	453,269
Total operating expenses	<u>271,195</u>	<u>2,215,362</u>	<u>4,745,797</u>
Operating income (loss)	<u>(253,326)</u>	<u>(1,163,217)</u>	<u>(1,880,227)</u>
NONOPERATING REVENUES			
(EXPENSES)			
Investment earnings	16,128	5,385	23,741
Miscellaneous revenue	-	30,653	-
Interest expense	-	-	(2,777)
Gain or (loss) from disposition of capital assets	-	-	-
Total nonoperating revenues (expenses)	<u>16,128</u>	<u>36,038</u>	<u>20,964</u>
Income (loss) before contributions and transfers	(237,198)	(1,127,179)	(1,859,263)
Capital grants and contributions	-	1,138,326	-
Transfers in	-	-	2,042,930
Transfers out	-	-	-
Change in net position	(237,198)	11,147	183,667
Total net position - beginning	3,332,972	15,532,562	7,242,501
Restatement of beginning net position for GASB 68 and 71 implementation	<u>(48,731)</u>	<u>(394,974)</u>	<u>(493,741)</u>
Total net position - beginning, as restated (Note (III)(H))	3,284,241	15,137,588	6,748,760
Total net position - ending	<u>\$ 3,047,043</u>	<u>\$ 15,148,735</u>	<u>\$ 6,932,427</u>

<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
\$ 5,899,635	\$ 2,843,950	\$ 12,679,169
<u>5,899,635</u>	<u>2,843,950</u>	<u>12,679,169</u>
230,900	377,890	1,676,805
3,976,146	722,682	9,057,416
15,596	1,015,516	2,836,863
<u>4,222,642</u>	<u>2,116,088</u>	<u>13,571,084</u>
<u>1,676,993</u>	<u>727,862</u>	<u>(891,915)</u>
(6,375)	68,451	107,330
-	-	30,653
-	-	(2,777)
<u>58</u>	<u>34,560</u>	<u>34,618</u>
<u>(6,317)</u>	<u>103,011</u>	<u>169,824</u>
1,670,676	830,873	(722,091)
-	-	1,138,326
-	-	2,042,930
<u>(1,728,649)</u>	<u>(205,785)</u>	<u>(1,934,434)</u>
(57,973)	625,088	524,731
868,378	19,791,849	46,768,262
<u>(267,251)</u>	<u>(484,381)</u>	<u>(1,689,078)</u>
<u>601,127</u>	<u>19,307,468</u>	<u>45,079,184</u>
<u>\$ 543,154</u>	<u>\$ 19,932,556</u>	<u>\$ 45,603,915</u>

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Pier</u>	<u>Airpark</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 17,869	\$ 1,052,145
Payments to suppliers	(153,004)	(537,611)
Payments to employees	(19,244)	(379,353)
Net cash provided (used) by operating activities	<u>(154,379)</u>	<u>135,181</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Advances from (to) other funds	-	(541,268)
Transfers to other funds	-	-
Transfers from other funds	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>(541,268)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(714,153)	(470,960)
Capital grants and contributions	-	891,253
Proceeds from the sale of surplus materials/capital assets	-	30,653
Principal paid on capital lease	-	-
Interest paid on capital lease	-	-
Net cash provided (used) by capital and related financing activities	<u>(714,153)</u>	<u>450,946</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Calls/maturities of investments	1,343,558	113,656
Purchase of investments	(554,318)	(165,391)
Interest income	16,330	4,307
Proceeds from notes receivable	-	-
Net cash provided by investing activities	<u>805,570</u>	<u>(47,428)</u>
Net increase (decrease) in cash and cash equivalents	<u>(62,962)</u>	<u>(2,569)</u>
Cash and cash equivalents at beginning of the year	107,727	18,922
Cash and cash equivalents at end of the year	<u>\$ 44,765</u>	<u>\$ 16,353</u>
Cash and cash equivalents, unrestricted	44,765	7,977
Cash and cash equivalents, restricted	-	8,376
Cash and cash equivalents, end of year	<u>\$ 44,765</u>	<u>\$ 16,353</u>
Non-cash transactions (Capital & Related Financing Activities):		
Contribution of capital assets from developers	-	808,385
Non-cash transactions (Investing Activities):		
Change in fair value of investments	695	182
	<u>\$ 695</u>	<u>\$ 808,567</u>

<u>Golf</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
\$ 2,871,025	\$ 5,003,873	\$ 2,833,510	\$ 11,778,422
(3,560,308)	(4,250,402)	(724,100)	(9,225,425)
<u>(757,462)</u>	<u>(242,701)</u>	<u>(403,645)</u>	<u>(1,802,405)</u>
<u>(1,446,745)</u>	<u>510,770</u>	<u>1,705,765</u>	<u>750,592</u>
-	500,000	-	(41,268)
-	(1,728,649)	(205,785)	(1,934,434)
2,042,930	-	-	2,042,930
<u>2,042,930</u>	<u>(1,228,649)</u>	<u>(205,785)</u>	<u>67,228</u>
(112,699)	(38,500)	(823,841)	(2,160,153)
-	-	-	891,253
-	58	34,560	65,271
(73,002)	-	-	(73,002)
<u>(2,777)</u>	<u>-</u>	<u>-</u>	<u>(2,777)</u>
<u>(188,478)</u>	<u>(38,442)</u>	<u>(789,281)</u>	<u>(1,279,408)</u>
65,908	730,239	2,320,717	4,574,078
(582,021)	(8,897)	(3,154,027)	(4,464,654)
22,205	(6,375)	64,338	100,805
100,293	-	-	100,293
<u>(393,615)</u>	<u>714,967</u>	<u>(768,972)</u>	<u>310,522</u>
14,092	(41,354)	(58,273)	(151,066)
28,022	42,221	335,985	532,877
<u>\$ 42,114</u>	<u>\$ 867</u>	<u>\$ 277,712</u>	<u>\$ 381,811</u>
42,114	867	277,712	373,435
-	-	-	8,376
<u>\$ 42,114</u>	<u>\$ 867</u>	<u>\$ 277,712</u>	<u>\$ 381,811</u>
-	-	-	808,385
356	(256)	2,842	3,819
<u>\$ 356</u>	<u>\$ (256)</u>	<u>\$ 2,842</u>	<u>\$ 812,204</u>

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Pier</u>	<u>Airpark</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (253,326)	\$ (1,163,217)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	73,722	1,278,760
Non-cash pension expense	(56,525)	(8,028)
Change in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivables	-	-
Inventories	46,051	-
Increase (decrease) in liabilities		
Accounts and other payables	36,770	18,084
Accrued expenses	(1,071)	1,126
Unearned revenue	-	-
Other post employment benefits (OPEB)	-	5,234
Compensated absences	-	3,222
Net cash provided (used) by operating activities	<u>\$ (154,379)</u>	<u>\$ 135,181</u>

<u>Golf</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
\$ (1,880,227)	\$ 1,676,993	\$ 727,862	\$ (891,915)
453,269	15,596	1,015,516	2,836,863
(16,483)	(14,718)	(33,855)	(129,609)
-	(895,762)	(10,440)	(906,202)
(1,262)	-	(498)	44,291
1,735	(276,038)	(4,433)	(223,882)
1,491	2,941	(2,024)	2,463
5,455	-	-	5,455
1,053	1,782	3,513	11,582
(11,776)	(24)	10,124	1,546
<u>\$ (1,446,745)</u>	<u>\$ 510,770</u>	<u>\$ 1,705,765</u>	<u>\$ 750,592</u>

INTERNAL SERVICE FUNDS

Central Stores Fund - accounts for the costs of providing a central inventory to other departments. The other departments are charged for inventory plus a fee to cover overhead.

Information Technology Fund - accounts for the costs of providing information processing services to other City departments. The other departments are charged a direct fee for the initial purchase of equipment and a usage fee to cover operating costs of the fund.

Central Services Fund - accounts for the costs of providing goods and services, primarily printing and duplicating, to other City departments. The other departments are billed based on their historical frequency of use.

Risk Management Fund (Health) - accounts for the City's share of health insurance premiums. Other funds are billed to cover actual costs of premiums and claims.

Risk Management Fund (General) - accounts for the costs of insuring the City for property damage, general liability, auto liability, and worker's compensation. Other funds are billed to cover actual costs of premiums and claims.

Vehicle Services Fund - accounts for the costs of operating a maintenance facility for City vehicles. Other City departments are billed to cover operating costs, fuel consumption, and vehicle repairs.

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2015

	<u>Central Stores</u>	<u>Information Technology</u>	<u>Central Services</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,466	\$ 52,346	\$ 19,941
Interest receivable	-	3,140	1,512
Due from other governments	-	-	-
Inventories	738,924	-	26,689
Total current assets:	<u>740,390</u>	<u>55,486</u>	<u>48,142</u>
Noncurrent assets			
Investments	4,921	1,361,443	551,459
Capital assets:			
Buildings	247,163	-	7,373
Improvements	-	-	-
Machinery and equipment	47,712	4,604,102	29,791
Less accumulated depreciation	<u>(258,949)</u>	<u>(4,500,573)</u>	<u>(8,434)</u>
Total capital assets (net of accumulated depreciation)	<u>35,926</u>	<u>103,529</u>	<u>28,730</u>
Total noncurrent assets	<u>40,847</u>	<u>1,464,972</u>	<u>580,189</u>
Total assets	<u>781,237</u>	<u>1,520,458</u>	<u>628,331</u>
LIABILITIES			
Current liabilities:			
Accounts payable	27,111	14,737	11,513
Accrued expenses	6,115	29,723	16,275
Due to other funds	500,000	-	-
Claims and judgments	-	-	-
Compensated absences	-	985	-
Total current liabilities:	<u>533,226</u>	<u>45,445</u>	<u>27,788</u>
Noncurrent liabilities			
Compensated absences	26,999	141,160	49,680
Net OPEB obligation	10,356	135,209	68,036
Claims and judgments	-	-	-
Total noncurrent liabilities	<u>37,355</u>	<u>276,369</u>	<u>117,716</u>
Total liabilities	<u>570,581</u>	<u>321,814</u>	<u>145,504</u>
NET POSITION			
Net investment in capital assets	35,926	103,529	28,730
Unrestricted	<u>174,730</u>	<u>1,095,115</u>	<u>454,097</u>
Total net position	<u>\$ 210,656</u>	<u>\$ 1,198,644</u>	<u>\$ 482,827</u>

<u>Risk Management Health</u>	<u>Risk Management General</u>	<u>Vehicle Services</u>	<u>Total</u>
\$ 131,708	\$ 663,649	\$ 19,349	\$ 888,459
7,520	40,805	1,441	54,418
-	-	8,834	8,834
-	-	67,977	833,590
<u>139,228</u>	<u>704,454</u>	<u>97,601</u>	<u>1,785,301</u>
3,356,093	16,442,166	538,217	22,254,299
-	-	-	254,536
-	-	423,838	423,838
-	3,226	787,003	5,471,834
-	(3,226)	(1,023,625)	(5,794,807)
-	-	187,216	355,401
<u>3,356,093</u>	<u>16,442,166</u>	<u>725,433</u>	<u>22,609,700</u>
<u>3,495,321</u>	<u>17,146,620</u>	<u>823,034</u>	<u>24,395,001</u>
-	168,950	27,028	249,339
-	12,742	22,152	87,007
-	-	-	500,000
-	3,033,121	-	3,033,121
-	-	-	985
-	<u>3,214,813</u>	<u>49,180</u>	<u>3,870,452</u>
-	72,008	95,884	385,731
-	34,140	96,413	344,154
-	11,059,879	-	11,059,879
-	<u>11,166,027</u>	<u>192,297</u>	<u>11,789,764</u>
-	<u>14,380,840</u>	<u>241,477</u>	<u>15,660,216</u>
-	-	187,216	355,401
<u>3,495,321</u>	<u>2,765,780</u>	<u>394,341</u>	<u>8,379,384</u>
<u>\$ 3,495,321</u>	<u>\$ 2,765,780</u>	<u>\$ 581,557</u>	<u>\$ 8,734,785</u>

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Central Stores</u>	<u>Information Technology</u>	<u>Central Services</u>
OPERATING REVENUES			
Charges for services - internal	\$ 248,247	\$ 1,962,225	\$ 742,373
Charges for services - other	-	-	1,139
Miscellaneous	-	-	-
Total operating revenues	<u>248,247</u>	<u>1,962,225</u>	<u>743,512</u>
OPERATING EXPENSES			
Personnel services	157,684	1,023,459	472,764
Other current expenses	123,451	868,022	457,030
Depreciation	6,326	60,391	1,994
Total operating expenses	<u>287,461</u>	<u>1,951,872</u>	<u>931,788</u>
Operating income (loss)	<u>(39,214)</u>	<u>10,353</u>	<u>(188,276)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	(4,262)	13,333	5,629
Miscellaneous revenue	72	71	3,142
Capital grants and contributions	-	3,917	20,320
Gain or (loss) from disposition of capital assets	-	(116)	-
Total nonoperating revenues (expenses)	<u>(4,190)</u>	<u>17,205</u>	<u>29,091</u>
Income (loss)	(43,404)	27,558	(159,185)
Net position - beginning	<u>254,060</u>	<u>1,171,086</u>	<u>642,012</u>
Net position (deficit) - ending	<u>\$ 210,656</u>	<u>\$ 1,198,644</u>	<u>\$ 482,827</u>

<u>Risk Management Health</u>	<u>Risk Management General</u>	<u>Vehicle Services</u>	<u>Total</u>
\$ 7,598,954	\$ 3,801,269	\$ 2,492,810	\$ 16,845,878
2,734,587	-	-	2,735,726
102,670	497	16,203	119,370
<u>10,436,211</u>	<u>3,801,766</u>	<u>2,509,013</u>	<u>19,700,974</u>
-	407,688	663,352	2,724,947
9,911,723	3,511,410	1,932,562	16,804,198
-	-	53,861	122,572
<u>9,911,723</u>	<u>3,919,098</u>	<u>2,649,775</u>	<u>19,651,717</u>
<u>524,488</u>	<u>(117,332)</u>	<u>(140,762)</u>	<u>49,257</u>
30,033	159,012	5,052	208,797
-	-	2,056	5,341
-	-	-	24,237
-	-	4,330	4,214
<u>30,033</u>	<u>159,012</u>	<u>11,438</u>	<u>242,589</u>
554,521	41,680	(129,324)	291,846
<u>2,940,800</u>	<u>2,724,100</u>	<u>710,881</u>	<u>8,442,939</u>
<u>\$ 3,495,321</u>	<u>\$ 2,765,780</u>	<u>\$ 581,557</u>	<u>\$ 8,734,785</u>

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Central Stores</u>	<u>Information Technology</u>	<u>Central Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from other funds	\$ 248,247	\$ 1,962,225	\$ 742,373
Receipts from customers	-	-	1,139
Payments to suppliers	(123,625)	(859,349)	(475,049)
Payments to employees	(155,833)	(972,222)	(463,337)
Claims paid	-	-	-
Net cash provided (used) by operating activities	<u>(31,211)</u>	<u>130,654</u>	<u>(194,874)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of surplus materials/capital assets	72	71	3,142
Acquisition of capital assets	-	(34,405)	(1,049)
Net cash provided (used) by capital and related financing activities	<u>72</u>	<u>(34,334)</u>	<u>2,093</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Calls/maturities of investments	35,440	471,833	409,948
Purchase of investments	(2,146)	(593,664)	(240,467)
Interest income (loss)	(4,262)	12,559	5,717
Net cash provided (used) by investing activities	<u>29,032</u>	<u>(109,272)</u>	<u>175,198</u>
Net increase (decrease) in cash and cash equivalents	(2,107)	(12,952)	(17,583)
Cash and cash equivalents at beginning of the year	3,573	65,298	37,524
Cash and cash equivalents at end of the year	<u>\$ 1,466</u>	<u>\$ 52,346</u>	<u>\$ 19,941</u>
Non-cash transactions (Capital & Related Financing Activities):			
Donation of equipment	-	3,917	20,320
Non-cash transactions (Investing Activities):			
Change in fair value of investments	(150)	532	254
	<u>\$ (150)</u>	<u>\$ 4,449</u>	<u>\$ 20,574</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (39,214)	\$ 10,353	\$ (188,276)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Cash flows reported in other categories:			
Depreciation expense	6,326	60,391	1,994
Changes in assets and liabilities			
Due from other governments	-	-	-
Inventories	(5,211)	-	2,911
Estimated claims payable	-	-	-
Accounts and other payables	3,272	4,193	(24,940)
Accrued expenses	(1,106)	1,119	3,550
Other post employment benefits (OPEB)	1,765	4,480	4,010
Compensated absences	2,957	50,118	5,877
Net cash provided (used) by operating activities	<u>\$ (31,211)</u>	<u>\$ 130,654</u>	<u>\$ (194,874)</u>

Risk Management Health	Risk Management General	Vehicle Services	Total
\$ 7,598,954	\$ 3,801,766	\$ 2,492,810	\$ 16,846,375
2,837,257	-	18,376	2,856,772
(9,913,613)	(1,848,359)	(1,888,974)	(15,108,969)
-	(400,636)	(648,482)	(2,640,510)
-	(3,214,659)	-	(3,214,659)
<u>522,598</u>	<u>(1,661,888)</u>	<u>(26,270)</u>	<u>(1,260,991)</u>
-	-	6,386	9,671
-	-	(23,710)	(59,164)
-	-	(17,324)	(49,493)
896,916	8,368,475	263,613	10,446,225
(1,463,442)	(7,169,694)	(234,692)	(9,704,105)
27,009	156,131	5,225	202,379
<u>(539,517)</u>	<u>1,354,912</u>	<u>34,146</u>	<u>944,499</u>
(16,919)	(306,976)	(9,448)	(365,985)
148,627	970,625	28,797	1,254,444
<u>\$ 131,708</u>	<u>\$ 663,649</u>	<u>\$ 19,349</u>	<u>\$ 888,459</u>
-	-	-	24,237
1,266	\$ 6,869	242	\$ 9,013
<u>\$ 1,266</u>	<u>\$ 6,869</u>	<u>\$ 242</u>	<u>\$ 33,250</u>
\$ 524,488	\$ (117,332)	\$ (140,762)	\$ 49,257
-	-	53,861	122,572
-	-	2,173	2,173
-	-	73,571	71,271
-	(694,000)	-	(694,000)
(1,890)	(858,878)	(34,438)	(912,681)
-	1,181	3,192	7,936
-	1,270	4,455	15,980
-	5,871	11,678	76,501
<u>\$ 522,598</u>	<u>\$ (1,661,888)</u>	<u>\$ (26,270)</u>	<u>\$ (1,260,991)</u>

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefits of parties outside the City.

General Employees' Retirement System Fund - accounts for the accumulation of resources to be used for retirement benefit payments to the majority of City employees. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial valuation.

Police and Firefighters' Retirement System Fund - accounts for the accumulation of resources to be used for retirement benefit payments to City police officers and firefighters. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial valuation.

Defined Contribution Retirement System Fund - accounts for the accumulation of resources to be used for retirement benefit payments to City employees under the provisions of Internal Revenue code Section 401(a). The International City Management Association Retirement Corporation acts as agent for the City administering the Plan.

General Agency Fund - accounts for the receipt of monies from various funds for gross payroll, disbursement of net payroll and related employee liabilities, and to account for deferred compensation liabilities, refundable deposits, and unclaimed checks.

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
SEPTEMBER 30, 2015

	General Employees' Retirement System	Police and Firefighters' Retirement System	Defined Contribution Retirement System	Total
ASSETS				
Cash and cash equivalents	\$ 2,797,361	\$ 74,968	\$ -	\$ 2,872,329
Receivables:				
Accrued interest and dividends	243,523	402,820	-	646,343
Due from brokers	2,192,701	867,247	-	3,059,948
Other	-	365,776	-	365,776
Total receivables	<u>2,436,224</u>	<u>1,635,843</u>	<u>-</u>	<u>4,072,067</u>
Other assets	<u>2,978</u>	<u>-</u>	<u>-</u>	<u>2,978</u>
Investments:				
US Government obligations	8,056,766	17,795,050	-	25,851,816
Mortgage backed securities	-	9,949,063	-	9,949,063
Municipal obligations	-	961,128	-	961,128
Corporate obligations	10,205,951	23,027,684	-	33,233,635
Equity securities	52,608,549	113,146,938	-	165,755,487
Mutual funds and collective trusts	43,109,444	-	1,517,401	44,626,845
Hedge funds & private equity funds	14,330,505	42,647,461	-	56,977,966
Real estate funds	17,025,816	3,000,000	-	20,025,816
Money market funds	-	9,575,447	-	9,575,447
Total investments	<u>145,337,031</u>	<u>220,102,771</u>	<u>1,517,401</u>	<u>366,957,203</u>
Property & equipment, net of accumulated depreciation	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Total assets	<u>150,573,594</u>	<u>221,848,582</u>	<u>1,517,401</u>	<u>373,939,577</u>
LIABILITIES				
Accounts payable and accrued expenses	158,912	254,945	-	413,857
Due to brokers	<u>159,129</u>	<u>2,337,336</u>	<u>-</u>	<u>2,496,465</u>
Total liabilities	<u>318,041</u>	<u>2,592,281</u>	<u>-</u>	<u>2,910,322</u>
NET POSITION				
Restricted for pension benefits	<u>\$ 150,255,553</u>	<u>\$ 219,256,301</u>	<u>\$ 1,517,401</u>	<u>\$ 371,029,255</u>

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	General Employees' Retirement System	Police and Firefighters' Retirement System	Defined Contribution Retirement System	Total
ADDITIONS				
Contributions:				
Employer	\$ 6,259,058	\$ 3,979,817	\$ -	\$ 10,238,875
Broward County Sheriff's Office	386,265	4,149,394	-	4,535,659
Broward County - Library	23,809	-	-	23,809
Members	2,562,901	1,453,342	8,185	4,024,428
State	-	2,255,095	-	2,255,095
Total contributions	<u>9,232,033</u>	<u>11,837,648</u>	<u>8,185</u>	<u>21,077,866</u>
Investment income (loss):				
Net appreciation (depreciation) in fair value of investments	(2,296,081)	(7,098,065)	-	(9,394,146)
Interest and dividends	2,864,394	4,665,224	5,735	7,535,353
Other	12,450	43,955	-	56,405
Total investment income (loss)	<u>580,763</u>	<u>(2,388,886)</u>	<u>5,735</u>	<u>(1,802,388)</u>
Less: investment expenses	815,802	1,497,351	-	2,313,153
Net investment income (loss)	<u>(235,039)</u>	<u>(3,886,237)</u>	<u>5,735</u>	<u>(4,115,541)</u>
Total	<u>8,996,994</u>	<u>7,951,411</u>	<u>13,920</u>	<u>16,962,325</u>
DEDUCTIONS				
Participant benefit payments	9,347,825	21,071,626	30,281	30,449,732
Benefits paid from DROP	2,938,247	-	-	2,938,247
Refunds of participant contributions	238,755	73,060	-	311,815
Administrative expenses	530,248	588,036	-	1,118,284
Total	<u>13,055,075</u>	<u>21,732,722</u>	<u>30,281</u>	<u>34,818,078</u>
Net increase (decrease)	(4,058,081)	(13,781,311)	(16,361)	(17,855,753)
Net position held in trust for pension benefits				
Beginning of the year	154,313,634	233,037,612	1,533,762	388,885,008
End of the year	<u>\$ 150,255,553</u>	<u>\$ 219,256,301</u>	<u>\$ 1,517,401</u>	<u>\$ 371,029,255</u>

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
GENERAL AGENCY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>BALANCE OCTOBER 1, 2014</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>Balance September 30, 2015</u>
Assets:				
Cash and cash equivalents	\$ 654,802	\$ 25,017,973	\$ 25,155,804	\$ 516,971
Accounts receivable	<u>2,506</u>	<u>75,624</u>	<u>75,836</u>	<u>2,294</u>
Total assets	<u>657,308</u>	<u>25,093,597</u>	<u>25,231,640</u>	<u>519,265</u>
Liabilities:				
Deposit, sales tax & payroll payable	<u>657,308</u>	<u>35,247,648</u>	<u>35,385,691</u>	<u>519,265</u>
Total liabilities	<u>\$ 657,308</u>	<u>\$ 35,247,648</u>	<u>\$ 35,385,691</u>	<u>\$ 519,265</u>

STATISTICAL SECTION SUMMARY

This part of the City of Pompano Beach, Florida's comprehensive annual financial report presents additional information to assist users in understanding how the information provided in the financial statements, note disclosures, and required supplementary information impacts the City's overall financial health.

<u>Schedules</u>	<u>Page</u>
<u>Financial Trends</u> These schedules provide financial trend information, which shows how the City's financial performance has changed over time.	151
<u>Revenue Capacity</u> These schedules provide additional information about Property Tax, the City's most significant local revenue source	157
<u>Debt Capacity</u> These schedules provide detailed information about the City's current levels of outstanding debt, and can help the financial statement user assess the City's ability to issue additional debt in the future.	164
<u>Demographic and Economic Information</u> These schedules present demographic and economic indicators to assist the financial statement user in understanding the environment in which the City's financial activities occur.	169
<u>Operating Information</u> These schedules contain service and infrastructure data to help the financial statement user understand how the information in the City's financial statements relates to the services the City provides	171

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

CITY OF POMPANO BEACH, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2006	2007	2008	2009	2010
Governmental activities					
Net investment in capital assets	\$ 209,504,464	\$ 211,412,441	\$ 207,930,782	\$ 205,458,533	\$ 212,893,367
Restricted	39,354,857	49,646,102	83,854,283	91,297,882	80,138,395
Unrestricted	64,936,137	91,455,665	69,996,425	73,578,264	99,545,328
Total governmental-type activities net position	<u>\$ 313,795,458</u>	<u>\$ 352,514,208</u>	<u>\$ 361,781,490</u>	<u>\$ 370,334,679</u>	<u>\$ 392,577,090</u>
Business-type activities					
Net investment in capital assets	\$ 89,791,002	\$ 92,410,002	\$ 97,062,152	\$ 99,197,519	\$ 102,762,337
Restricted	4,542,956	5,272,280	13,573,396	4,476,707	9,897,046
Unrestricted	43,870,319	47,578,565	45,222,436	53,626,361	44,225,710
Total business-type activities net position	<u>\$ 138,204,277</u>	<u>\$ 145,260,847</u>	<u>\$ 155,857,984</u>	<u>\$ 157,300,587</u>	<u>\$ 156,885,093</u>
Primary Government					
Net investment in capital assets	\$ 299,295,466	\$ 303,822,443	\$ 304,992,934	\$ 304,656,052	\$ 315,655,704
Restricted	43,897,813	54,918,382	97,427,679	95,774,589	90,035,441
Unrestricted	108,806,456	139,034,230	115,218,861	127,204,625	143,771,038
Total primary government net position	<u>\$ 451,999,735</u>	<u>\$ 497,775,055</u>	<u>\$ 517,639,474</u>	<u>\$ 527,635,266</u>	<u>\$ 549,462,183</u>

	2011	2012	2013	2014	2015
Governmental activities					
Net investment in capital assets	\$ 218,753,518	\$ 221,483,539	\$ 207,256,104	\$ 215,941,575	\$ 225,969,080
Restricted	64,179,337	52,668,454	48,000,383	39,320,526	40,980,733
Unrestricted	100,532,438	108,003,793	124,388,694	128,134,327	25,217,951
Total governmental-type activities net position	<u>\$ 383,465,293</u>	<u>\$ 382,155,786</u>	<u>\$ 379,645,181</u>	<u>\$ 383,396,428</u>	<u>\$ 292,167,764</u>
Business-type activities					
Net investment in capital assets	\$ 117,815,651	\$ 119,425,239	\$ 117,178,114	\$ 114,647,356	\$ 113,532,397
Restricted	8,506,787	6,465,995	4,660,462	3,871,104	3,843,804
Unrestricted	38,536,872	42,778,697	48,877,564	52,140,506	47,700,594
Total business-type activities net position	<u>\$ 164,859,310</u>	<u>\$ 168,669,931</u>	<u>\$ 170,716,140</u>	<u>\$ 170,658,966</u>	<u>\$ 165,076,795</u>
Primary Government					
Net investment in capital assets	\$ 336,569,169	\$ 340,908,778	\$ 324,434,218	\$ 330,588,931	\$ 339,501,477
Restricted	72,686,124	59,134,449	52,660,845	43,191,630	44,824,537
Unrestricted	139,069,310	150,782,490	173,266,258	180,274,833	72,918,545
Total primary government net position	<u>\$ 548,324,603</u>	<u>\$ 550,825,717</u>	<u>\$ 550,361,321</u>	<u>\$ 554,055,394</u>	<u>\$ 457,244,559</u>

CITY OF POMPANO BEACH, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (accrual basis of accounting)

Schedule 2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 21,820,752	\$ 25,148,265	\$ 30,134,110	\$ 30,976,218	\$ 22,614,054	\$ 31,870,782	\$ 33,337,008	\$ 33,052,054	\$ 32,924,493	\$ 33,514,295
Public safety	75,536,195	62,159,383	70,342,631	72,982,320	75,248,897	76,787,154	72,981,195	76,932,640	79,092,062	81,641,409
Physical environment	12,039,673	11,449,782	11,987,508	13,122,352	13,945,306	15,550,874	16,514,775	17,508,638	19,107,230	17,608,014
Transportation	3,603,850	3,638,120	3,811,263	3,837,107	3,742,998	3,996,841	3,205,628	3,328,609	3,682,005	3,876,869
Culture and recreation	8,884,491	9,475,841	9,183,233	8,632,761	7,669,285	7,964,422	7,830,956	8,202,728	8,996,206	9,378,496
Interest on long-term debt	716,712	1,237,318	884,964	932,515	1,236,656	1,307,248	924,518	1,090,325	989,882	908,278
Total governmental activities expenses	122,601,673	113,108,709	126,343,709	130,483,273	124,457,196	137,477,321	134,794,080	140,114,994	144,791,878	146,927,361
Business-type activities:										
Utility	30,272,697	31,992,234	33,570,638	36,050,530	36,710,226	37,906,357	39,006,357	38,967,528	40,065,154	39,253,188
Sanitation	2,992,911	3,225,228	3,302,781	3,605,435	3,338,231	3,815,493	4,161,979	4,225,019	4,315,686	4,225,411
Stormwater	1,105,559	1,726,205	1,646,758	1,891,753	1,955,262	2,008,840	1,887,886	1,904,435	1,879,494	2,108,833
Pier	102,549	168,163	127,568	139,979	230,969	267,233	246,386	349,096	260,103	273,574
Airpark	816,978	982,881	1,412,469	1,399,077	1,461,977	1,417,254	1,383,706	1,430,544	2,167,927	2,211,600
Golf course	3,360,456	3,481,714	3,386,558	3,469,586	3,464,818	3,643,143	3,616,352	4,239,802	4,732,472	4,750,326
Parking	-	-	-	-	-	-	-	-	735,163	1,640,739
Total business-type activities expenses	38,651,150	41,576,425	43,446,772	46,556,360	47,161,483	49,058,320	50,302,666	51,116,424	54,155,999	54,463,671
Total primary government expenses	\$ 161,252,823	\$ 154,685,134	\$ 169,790,481	\$ 177,039,633	\$ 171,618,679	\$ 186,535,641	\$ 185,096,746	\$ 191,231,418	\$ 198,947,877	\$ 201,391,032
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 10,472,216	\$ 11,107,609	\$ 10,751,746	\$ 11,584,971	\$ 12,007,347	\$ 10,249,276	\$ 10,043,560	\$ 9,939,823	\$ 10,269,011	\$ 10,979,233
Public Safety	28,350,939	24,255,117	20,559,395	20,623,910	19,978,399	20,800,209	22,086,284	23,469,809	25,504,703	27,233,712
Physical Environment	44,866	40,784	33,938	38,491	70,676	74,417	92,024	106,076	81,640	102,780
Transportation	351,144	313,483	297,829	352,597	452,867	611,102	519,767	813,641	-	-
Culture and Recreation	1,593,176	1,679,976	1,575,211	1,689,470	1,683,521	1,736,482	1,919,986	1,584,673	1,849,242	1,744,145
Operating grants and contributions	14,700,056	3,371,646	4,718,209	3,384,796	3,021,158	3,551,981	3,487,028	3,374,362	3,981,238	3,699,270
Capital grants and contributions	2,076,119	5,171,273	2,367,151	3,736,634	8,016,883	3,763,722	3,886,738	4,107,045	5,508,176	6,046,134
Total governmental activities program revenues	57,588,516	45,939,888	40,303,479	41,410,869	45,230,851	40,787,189	42,035,387	43,395,429	47,194,010	49,805,274
Business-type activities:										
Charges for services:										
Utility	35,228,573	34,401,872	33,868,521	35,633,508	34,324,271	40,663,118	41,457,871	40,113,717	39,795,045	42,673,872
Sanitation	4,367,157	4,530,033	4,618,938	5,026,680	5,287,117	5,419,414	5,734,397	5,708,478	5,797,028	5,899,635
Stormwater	2,538,085	2,476,036	2,456,094	2,529,879	2,468,001	2,457,922	2,440,888	2,399,107	2,621,597	2,843,950
Pier	173,267	-	-	-	29,552	105,340	124,299	134,660	99,231	17,869
Airpark	1,935,268	1,994,752	1,074,271	800,461	946,942	979,402	1,021,156	977,911	1,032,154	1,052,145
Golf course	2,989,740	2,999,136	3,034,441	2,893,132	2,571,980	2,475,617	2,137,538	2,746,380	2,638,276	2,865,570
Parking	-	-	-	-	-	-	-	-	1,641,003	2,067,899
Capital grants and contributions	410,591	671,911	840,535	796,775	732,036	1,643,613	575,691	2,019,095	1,102,648	1,139,355
Total business-type activities program revenues	47,642,681	47,073,740	45,892,800	47,680,435	46,359,899	53,744,426	53,491,840	54,099,348	54,726,982	58,560,295
Total primary government program revenues	\$ 105,231,197	\$ 93,013,628	\$ 86,196,279	\$ 89,091,304	\$ 91,590,750	\$ 94,531,615	\$ 95,527,227	\$ 97,494,777	\$ 101,920,992	\$ 108,365,569

Note: Certain amounts have been reclassified in prior years due to changes in classification guidelines mandated by the Florida Department of Financial Services, for comparative purposes.

CITY OF POMPANO BEACH, FLORIDA
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS (accrual basis of accounting)

Schedule 2 (continued)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense) Revenue										
Governmental activities	\$ (65,013,157)	\$ (67,168,821)	\$ (86,040,230)	\$ (89,072,404)	\$ (79,226,345)	\$ (96,690,132)	\$ (92,758,693)	\$ (96,719,565)	\$ (97,597,868)	\$ (97,122,087)
Business-type activities	8,991,531	5,497,315	2,446,028	1,124,075	(801,584)	4,686,106	3,189,174	2,982,924	570,983	4,096,624
Total Primary Government Net Expense	<u>\$ (56,021,626)</u>	<u>\$ (61,671,506)</u>	<u>\$ (83,594,202)</u>	<u>\$ (87,948,329)</u>	<u>\$ (80,027,929)</u>	<u>\$ (92,004,026)</u>	<u>\$ (89,569,519)</u>	<u>\$ (93,736,641)</u>	<u>\$ (97,026,885)</u>	<u>\$ (93,025,463)</u>
General revenues and other changes in net position										
Governmental activities										
Taxes										
Property taxes, levied for general purposes	\$ 43,482,560	\$ 48,799,437	\$ 46,615,842	\$ 46,139,749	\$ 49,080,745	\$ 43,120,938	\$ 43,713,354	\$ 46,061,223	\$ 46,147,415	\$ 47,922,298
Sales and use taxes	2,036,007	1,986,157	1,989,190	1,942,087	1,868,720	1,867,765	1,847,983	1,870,051	1,958,903	2,016,087
Business tax receipts	1,781,229	1,861,598	1,878,968	1,852,958	1,883,460	1,900,445	1,962,253	2,092,722	2,151,110	2,134,279
Utility taxes	8,966,542	9,318,447	9,087,211	8,940,920	9,366,079	9,603,801	9,830,191	10,371,991	11,209,858	11,487,684
Communication service taxes	5,258,898	5,188,605	6,345,750	5,349,898	5,711,305	5,775,772	5,694,717	5,378,539	9,732,176	4,999,534
Pari Mutuel taxes	-	884,443	2,053,356	1,795,128	1,881,081	1,897,796	2,067,263	2,171,040	2,267,089	2,520,242
Tax increment fees - Community Redevelopment Agency	5,742,736	8,287,120	9,142,152	9,527,042	10,405,002	8,069,453	7,351,557	7,218,355	7,542,276	8,114,172
Franchise fees	8,847,598	8,916,247	9,161,456	9,097,345	8,316,234	7,410,674	7,597,790	7,402,812	8,005,447	8,164,658
State revenue sharing	9,389,982	8,940,830	8,299,249	7,417,427	7,341,044	7,664,439	7,985,879	8,549,198	9,215,154	9,852,996
Investment earnings	5,872,788	8,752,035	5,571,020	3,518,665	3,584,734	1,607,688	1,495,590	426,002	826,960	1,339,969
Gain (loss) on sale of capital assets	5,222,114	193,257	39,875	3,626	3,001	3,062	115,058	36,906	49,006	107,077
Miscellaneous revenue	754,716	759,627	704,511	835,460	850,783	988,393	1,288,255	1,096,266	1,099,493	800,707
Transfers	1,882,938	1,999,768	(5,581,068)	1,205,288	1,176,568	(2,331,891)	499,296	1,533,855	1,162,173	(42,796)
Total Governmental activities	<u>99,238,108</u>	<u>105,887,571</u>	<u>95,307,512</u>	<u>97,625,593</u>	<u>101,468,756</u>	<u>87,578,335</u>	<u>91,449,186</u>	<u>94,208,960</u>	<u>101,367,060</u>	<u>99,416,907</u>
Business-type activities:										
Gain (loss) on sale of capital assets	-	-	100,184	6,800	15,295	120,761	84,125	73,659	(145,266)	54,796
Investment earnings	1,996,618	2,635,502	1,690,003	1,099,783	1,129,631	407,549	425,541	92,380	296,748	530,059
Miscellaneous revenue	425,871	923,521	439,655	417,233	417,732	427,910	611,077	431,101	446,197	37,307
Special item	-	-	340,199	-	-	-	-	-	-	-
Transfers	(1,882,938)	(1,999,768)	5,581,068	(1,205,288)	(1,176,568)	2,331,891	(499,296)	(1,533,855)	(1,162,173)	42,796
Total Business-type activities:	<u>539,551</u>	<u>1,559,255</u>	<u>8,151,109</u>	<u>318,528</u>	<u>386,090</u>	<u>3,288,111</u>	<u>621,447</u>	<u>(936,715)</u>	<u>(564,494)</u>	<u>664,958</u>
Total Primary Government	<u>99,777,659</u>	<u>107,446,826</u>	<u>103,458,621</u>	<u>97,944,121</u>	<u>101,854,846</u>	<u>90,866,446</u>	<u>92,070,633</u>	<u>93,272,245</u>	<u>100,802,566</u>	<u>100,081,865</u>
Change in Net Position										
Governmental activities	34,224,951	38,718,750	9,267,282	8,553,189	22,242,411	(9,111,797)	(1,309,507)	(2,510,605)	3,769,192	2,294,820
Business-type activities:	9,531,082	7,056,570	10,597,137	1,442,603	(415,494)	7,974,217	3,810,621	2,046,209	6,489	4,761,582
Total Primary Government	<u>\$ 43,756,033</u>	<u>\$ 45,775,320</u>	<u>\$ 19,864,419</u>	<u>\$ 9,995,792</u>	<u>\$ 21,826,917</u>	<u>\$ (1,137,580)</u>	<u>\$ 2,501,114</u>	<u>\$ (464,396)</u>	<u>\$ 3,775,681</u>	<u>\$ 7,056,402</u>

Note: Certain amounts have been reclassified in prior years due to changes in classification guidelines mandated by the Florida Department of Financial Services, for comparative purposes.

CITY OF POMPANO BEACH, FLORIDA
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

Schedule 3

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 23,630,235	\$ 29,189,048	\$ 32,368,977	\$ 30,732,081	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	38,934,060	57,038,234	56,776,076	65,678,740	-	-	-	-	-	-
Nonspendable	-	-	-	-	284,411	245,514	1,380,183	328,490	194,404	2,725,821
Restricted	-	-	-	-	29,886,617	8,190,183	8,175,752	6,682,395	8,129,626	7,906,567
Committed	-	-	-	-	12,382,653	-	-	-	-	-
Assigned	-	-	-	-	5,655,377	3,367,131	3,131,562	1,427,818	2,933,852	1,404,213
Unassigned	-	-	-	-	49,431,868	55,359,991	53,823,339	56,647,635	50,801,700	49,817,419
Total General Fund	\$ 62,564,295	\$ 86,227,282	\$ 89,145,053	\$ 96,410,821	\$ 97,640,926	\$ 67,162,819	\$ 66,510,836	\$ 65,086,338	\$ 62,059,582	\$ 61,854,020
All Other Governmental Funds										
Reserved	26,619,823	29,838,745	33,502,820	33,949,258	-	-	-	-	-	-
Unreserved, reported in:										
Northwest CRA District Funds	14,934,185	18,922,736	23,976,295	25,870,780	-	-	-	-	-	-
Capital Projects Funds	10,040,185	15,916,597	14,992,002	16,287,994	-	-	-	-	-	-
Emergency Medical Services	1,466,400	1,620,835	1,042,259	1,136,142	-	-	-	-	-	-
Cultural Arts	21,275	17,390	20,594	21,601	-	-	-	-	-	-
East CRA	1,702,438	2,527,275	4,082,431	5,238,264	-	-	-	-	-	-
Cemetery	842,196	774,696	741,611	748,036	-	-	-	-	-	-
Nonspendable	-	-	-	-	367,410	1,089,593	1,797,162	311,520	1,375,605	1,169,430
Restricted	-	-	-	-	79,152,172	81,364,830	68,910,375	68,627,168	60,073,486	52,933,586
Committed	-	-	-	-	23,873,993	3,810,928	3,622,905	3,638,917	3,607,864	3,958,008
Assigned	-	-	-	-	-	34,564,650	31,258,659	30,766,597	33,363,539	33,441,396
Unassigned	-	-	-	-	773,761	(209,951)	(10,674)	(176,494)	-	-
Total - All Other Governmental Funds	\$ 55,626,502	\$ 69,618,274	\$ 78,358,012	\$ 83,252,075	\$ 104,167,336	\$ 120,620,050	\$ 105,578,427	\$ 103,167,708	\$ 98,420,494	\$ 91,502,420

Note: The City implemented GASB 54 beginning with the fiscal year ended September 30, 2010

CITY OF POMPANO BEACH, FLORIDA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Schedule 4

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 74,334,341	\$ 82,496,013	\$ 74,034,933	\$ 74,292,736	\$ 78,637,580	\$ 70,255,567	\$ 70,494,487	\$ 73,182,138	\$ 74,245,212	\$ 77,169,918
Judgments, fines and forfeitures	1,626,391	1,634,580	1,249,857	1,466,766	1,353,607	1,204,590	1,085,139	1,200,681	983,420	1,055,782
Permits, fees and special assessments	23,621,571	20,198,717	23,802,123	22,436,894	22,018,532	23,283,619	24,686,920	24,855,651	27,540,501	31,500,484
Intergovernmental	26,690,589	19,946,798	15,920,212	16,435,158	19,581,276	14,182,824	15,100,874	15,288,736	17,355,904	15,786,752
Charges for services	14,737,214	14,698,401	14,505,728	16,243,058	15,764,204	16,172,851	16,043,017	16,986,200	16,128,244	16,953,246
Pari-Mutuel	-	884,443	2,053,356	1,795,128	1,881,081	1,897,796	2,067,263	2,171,040	2,267,089	2,520,242
Lot sales	5,162,000	47,990	-	-	-	-	-	-	-	-
Donations	172,511	114,674	113,756	44,730	23,315	59,539	43,533	49,880	42,705	99,446
Investment earnings	4,973,723	7,652,444	4,899,108	3,032,720	3,011,628	1,364,809	1,249,307	365,238	683,361	1,131,172
Cemetery lot sales	-	-	125	3,050	21,775	42,975	52,332	47,288	2,641	760
Recaptured funds	-	-	96,025	-	-	23,571	1,270	14,523	1,581	27,677
Program income	-	-	15,083	-	-	790,129	847,408	488,589	1,647,617	1,206,314
Other revenue	439,552	652,161	499,470	458,782	683,291	768,841	916,330	1,062,012	559,355	671,666
Total revenues	151,757,892	148,326,221	137,189,776	136,209,022	142,976,289	130,047,111	132,587,880	135,711,976	141,457,630	148,123,459
Expenditures										
Current										
General government	17,161,074	18,190,035	18,482,902	18,962,681	21,786,373	22,249,998	23,068,801	24,023,015	23,613,044	24,445,400
Public safety	72,290,299	61,188,428	68,611,664	72,671,842	74,708,661	74,794,319	71,529,455	74,361,660	75,218,105	76,913,019
Physical environment	11,587,807	11,478,318	11,689,546	12,569,704	14,114,654	14,822,990	15,965,683	16,508,394	17,233,486	16,641,857
Transportation	3,304,311	3,314,930	3,351,193	3,242,550	3,145,210	3,353,568	2,552,176	2,644,438	2,667,389	2,831,914
Culture and recreation	8,017,727	8,979,252	8,421,423	7,493,244	6,819,634	6,927,009	6,711,263	6,507,050	6,987,124	7,505,320
Debt service:										
Principal	1,280,000	930,000	970,000	20,000	3,257,162	2,462,162	2,690,293	11,766,150	3,007,167	3,058,871
Interest	616,923	1,183,814	987,830	889,628	1,179,245	1,252,726	1,220,909	1,106,701	1,009,691	928,222
Capital outlay	12,306,298	11,357,692	8,130,010	9,968,462	7,078,998	18,929,429	25,150,062	18,363,850	20,712,118	24,425,999
Total expenditures	126,564,439	116,622,469	120,644,568	125,818,111	132,089,937	144,792,201	148,888,642	155,281,258	150,448,124	156,750,602
Excess (Deficiency) of Revenue Over (Under) Expenditures	25,193,453	31,703,752	16,545,208	10,390,911	10,886,352	(14,745,090)	(16,300,762)	(19,569,282)	(8,990,494)	(8,627,143)
Other Financing Sources (Uses)										
Debt proceeds	8,940,980	3,751,960	457,968	-	10,000,000	53,150	-	14,100,000	-	-
Proceeds from capital lease	-	-	-	-	-	2,998,438	-	-	-	1,428,088
Proceeds from sale of capital assets	-	199,279	127,347	457,567	82,446	-	107,860	100,210	54,351	118,221
Transfers in	11,110,057	11,990,652	11,096,477	6,623,660	11,834,055	35,052,824	25,960,746	24,133,274	27,448,016	22,726,691
Transfers out	(9,227,119)	(9,990,884)	(16,569,491)	(5,312,307)	(10,657,487)	(37,384,715)	(25,461,450)	(22,599,419)	(26,285,843)	(22,769,487)
Total	10,823,918	5,951,007	(4,887,699)	1,768,920	11,259,014	719,697	607,156	15,734,065	1,216,524	1,503,513
Net Changes in Fund Balances	\$ 36,017,371	\$ 37,654,759	\$ 11,657,509	\$ 12,159,831	\$ 22,145,366	\$ (14,025,393)	\$ (15,693,606)	\$ (3,835,217)	\$ (7,773,970)	\$ (7,123,630)
Debt Service as a Percentage of Non-Capital Expenditures	1.7%	2.0%	1.7%	0.8%	3.5%	3.0%	3.2%	9.4%	3.1%	3.0%

Note: Certain amounts have been reclassified in prior years due to changes in classification guidelines mandated by the Florida Department of Financial Services, for comparative purposes.

CITY OF POMPANO BEACH, FLORIDA
ASSESS VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

FISCAL YEAR	TAX ROLL *	REAL PROPERTY **	PERSONAL PROPERTY **
2006	2005	12,619,600,909	716,513,099
2007	2006	15,809,231,912	708,903,376
2008	2007	17,169,012,896	705,574,797
2009	2008	16,075,321,648	733,624,321
2010	2009	14,088,383,450	699,411,335
2011	2010	10,890,774,507	659,397,108
2012	2011	10,431,372,238	608,684,957
2013	2012	10,369,667,015	584,836,613
2014	2013	10,583,449,362	605,640,437
2015	2014	11,071,856,244	624,292,615

Source: Broward County Property Appraiser
 * Assessed values as certified on September 10, 2015.
 ** Florida Statutes require assessments at just valuation.

TOTAL ASSESSED VALUE	ALLOWABLE EXEMPTIONS	TAXABLE VALUE FOR OPERATIONS AND DEBT	TOTAL DIRECT TAX RATE
13,336,114,008	3,510,683,601	9,825,430,407	4.6531
16,518,135,288	4,706,913,449	11,811,221,839	4.3197
17,874,587,693	5,021,089,922	12,853,497,771	3.8073
16,808,945,969	4,671,593,954	12,137,352,015	3.9602
14,787,794,785	4,900,944,575	9,886,850,210	4.6663
11,550,171,615	2,301,421,085	9,248,750,530	4.9077
11,040,057,195	2,272,132,460	8,767,924,735	5.2027
10,954,503,628	2,233,639,420	8,720,864,208	5.4700
11,189,089,799	2,195,810,716	8,993,279,083	5.3712
11,696,148,859	2,199,203,025	9,496,945,834	5.2470

CITY OF POMPANO BEACH, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(RATE PER \$1,000 OF ASSESSED VALUE)

Fiscal Year Ended Sept. 30	City of Pompano Beach					Overlapping Rates	
	Tax Roll	General Fund	Special Tax District	Debt Service	Direct Total	Broward County	School Board
2006	2005	4.0380	0.5000	0.1151	4.6531	6.7830	8.0623
2007	2006	3.7250	0.5000	0.0947	4.3197	6.0661	7.8687
2008	2007	3.2788	0.4449	0.0836	3.8073	5.2868	7.6484
2009	2008	3.4861	0.4718	0.0023	3.9602	5.3145	7.4170
2010	2009	4.0652	0.5000	0.1011	4.6663	5.3889	7.4310
2011	2010	4.4077	0.5000	-	4.9077	5.5530	7.6310
2012	2011	4.7027	0.5000	-	5.2027	5.5530	7.4180
2013	2012	4.9700	0.5000	-	5.4700	5.5530	7.4560
2014	2013	4.8712	0.5000	-	5.3712	5.7230	7.4800
2015	2014	4.7470	0.5000	-	5.2470	5.7230	7.4380

Source: Broward County Revenue Collection Division
 *Pompano Tax District Code 1521 only
 (all property located east of Federal Highway)

Note: Overlapping rates are those of local and County governments that apply to property owners within the City of Pompano Beach.

Overlapping Rates					
South Florida Water Management District	North Broward Hospital District	Children SVS Council	Hillsboro Inlet Improvement District *	Florida Inland Navigation District	Direct and Overlapping Total
0.6970	2.1746	0.4231	0.1845	0.0385	23.0161
0.6970	1.8317	0.4073	0.1170	0.0385	21.3460
0.6240	1.6255	0.3572	0.0860	0.0345	19.4697
0.6240	1.7059	0.3754	0.0860	0.0345	19.5175
0.6240	1.7059	0.4243	0.0860	0.0345	20.3609
0.6240	1.8750	0.4696	0.0860	0.0345	21.1808
0.4363	1.8750	0.4789	0.0860	0.0345	21.0844
0.4289	1.8564	0.4902	0.0860	0.0345	21.3750
0.4110	1.7554	0.4882	0.1624	0.0345	21.4257
0.3842	1.5939	0.4882	0.0860	0.0345	20.9948

CITY OF POMPANO BEACH, FLORIDA
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO

Schedule 7

TAXPAYER (Local Exposure Recognition)	2015			TAXPAYER (Local Exposure Recognition)	2006		
	TAXABLE ASSESSED VALUE	Rank	PERCENT OF TOTAL CITY TAXABLE ASSESSED VALUATION		TAXABLE ASSESSED VALUE	Rank	PERCENT OF TOTAL CITY TAXABLE ASSESSED VALUATION
Palm Vacation Group	49,348,340	1	0.52%	Preserve at Palm-Aire LLC	25,436,580	1	0.26%
PPI Inc	48,015,370	2	0.51%	416 LLC	23,311,310	2	0.24%
EQR-Bayview LLC	42,106,370	3	0.44%	Palm Vacation Group	19,743,090	3	0.20%
John Knox Village of FL (451 Heritage Dr)	36,965,850	4	0.39%	Associated Grocers LLC (Winn Dixie)	18,608,170	4	0.19%
CRP Preserve Palm Aire LLC	32,627,040	5	0.34%	Cobblestone Apt. Assoc. LLC	16,489,970	5	0.17%
Associated Grocers	32,399,000	6	0.34%	Faison-Pompano Citi Centre LLC	15,320,500	6	0.16%
Pompano MZL LLC	28,422,560	7	0.30%	Palm Court Joint Ventures	15,300,080	7	0.16%
UH-Pompano LLC	28,850,740	8	0.30%	Regency 288 LLC	15,056,510	8	0.15%
John Knox Village of FL (621 6 St)	26,229,570	9	0.28%	St. Andrews Palm Aire Assoc.	13,981,500	9	0.14%
Teacher's Insurance	23,605,140	10	0.25%	CC-Pompano Inc	12,051,000	10	0.12%
Total taxable assessed value of principal taxpayers	348,569,980		3.67%	Total taxable assessed value of principal taxpayers	175,298,710		1.79%
Total taxable assessed value of other taxpayers	9,148,375,854		96.33%	Total taxable assessed value of other taxpayers	9,553,296,572		98.21%
Total taxable assessed valuation of all taxpayers	9,496,945,834		100.00%	Total taxable assessed valuation of all taxpayers	9,728,595,282		100.00%

Source: Broward County Property Appraiser
 2014 Tax roll

CITY OF POMPANO BEACH, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	TAX ROLL	TOTAL AMENDED TAX LEVY	CURRENT GROSS TAX COLLECTIONS *	PERCENT OF LEVY COLLECTED
2006	2005	45,268,126	44,778,856	98.92
2007	2006	50,489,535	50,155,320	99.34
2008	2007	48,744,720	47,860,443	98.19
2009	2008	47,586,219	47,091,073	98.96
2010	2009	50,653,057	47,481,268	93.74
2011	2010	45,005,797	42,489,007	94.41
2012	2011	45,616,882	43,005,085	94.27
2013	2012	47,703,127	45,859,390	96.13
2014	2013	48,304,700	46,666,879	96.61
2015	2014	49,830,475	47,831,733	95.99

Source: City Finance Department

* Gross taxes exclusive of discounts, penalties and interest.

SUBSEQUENT DELINQUENT TAX COLLECTIONS	TOTAL TAX COLLECTIONS	PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY
307,127	45,085,983	99.60
84,120	50,239,440	99.50
92,352	47,952,795	98.38
79,932	47,171,005	99.13
1,749,556	49,230,824	97.19
1,445,843	43,934,850	97.62
1,553,222	44,558,307	97.68
891,130	46,750,520	98.00
909,236	47,576,115	98.49
-	47,831,733	95.99

CITY OF POMPANO BEACH, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Schedule 9

Fiscal Year Ended	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income **	Per Capita **
	General Obligation Bonds	Tax Increment Bonds	Capital Lease	Notes Payable	Water and Sewer Bonds	Certificates of Participation	Notes Payable	Capital Lease			
2006	3,015,000	15,790,071	-	331,500	41,325,000	-	-	-	60,461,571 \$	0.01	598.02
2007	2,085,000	19,542,031	-	-	38,870,000	-	-	-	60,497,031	0.01	598.22
2008	1,115,000	20,000,000	-	-	36,105,000	-	-	-	57,220,000	0.01	571.87
2009	1,095,000	20,000,000	-	-	33,229,506	-	-	-	54,324,506	0.01	548.56
2010	-	27,837,838	-	-	30,239,506	-	-	-	58,077,344	0.01	588.36
2011	-	25,375,676	-	3,060,164	27,129,506	-	10,717,747	-	66,283,093	0.02	660.72
2012	-	22,898,514	-	2,768,670	23,905,000	-	10,024,432	-	59,596,616	0.01	582.91
2013	-	25,451,352	-	2,549,682	20,535,000	-	9,231,550	-	57,767,584 \$	0.01	559.82
2014	-	22,669,190	-	2,324,677	17,355,000	-	8,416,881	-	50,988,011	*	487.17
2015	-	19,867,028	1,402,567	2,093,489	14,440,000	23,875,000	7,579,826	149,261	69,407,171	*	653.18

Notes:

* Indicates information is not available

** See Schedule 14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

CITY OF POMPANO BEACH, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Schedule 10

Fiscal Year	<u>General Bonded Debt Outstanding</u>				
	General Obligations Bonds	Amounts Available in Fund Balance	Total	Percentage of Actual Taxable Value of Property *	Per Capita **
2006	3,015,000	1,055,041	1,959,959	0.02%	19.39
2007	2,085,000	1,135,429	949,571	0.01%	9.39
2008	1,115,000	1,140,450	(25,450)	0.00%	-0.25
2009	1,095,000	1,125,572	(30,572)	0.00%	-0.31
2010	-	1,062,556	(1,062,556)	(0.01)%	-10.76
2011	-	-	-	0.00%	0.00
2012	-	-	-	0.00%	0.00
2013	-	-	-	0.00%	0.00
2014	-	-	-	0.00%	0.00
2015	-	-	-	0.00%	0.00

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

* See schedule 5 for property value data

** See schedule 14 for population data

CITY OF POMPANO BEACH, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2015

Schedule 11

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
City of Pompano Beach, Florida	\$ -	-	\$ -
Broward County	274,489,000	7.00%	19,214,230
Broward County School Board	163,787,000	7.00%	11,465,090
Subtotal, overlapping debt			<u>30,679,320</u>
City direct debt (non ad valorem security)			<u>23,363,084</u>
Total direct and overlapping debt			<u>\$ 54,042,404</u>

Sources: City Finance Department
 Broward County Accounting Division

* Percentage of overlap debt determined by dividing the assessed value of property in the City of Pompano Beach by the assessed value of property for Broward County.

CITY OF POMPANO BEACH, FLORIDA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Schedule 12

Fiscal Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 1,459,289,292	\$ 1,753,230,610	\$ 1,920,444,417	\$ 1,802,417,278	\$ 1,628,261,915	\$ 1,375,566,885	\$ 1,315,188,710	\$ 1,308,129,631	\$ 1,348,991,862	\$ 1,424,541,875
Total net debt applicable to limit	1,959,959	949,571	(25,450)	(30,572)	-	-	-	-	-	-
Legal debt margin	<u>\$ 1,457,329,333</u>	<u>\$ 1,752,281,039</u>	<u>\$ 1,920,469,867</u>	<u>\$ 1,802,447,850</u>	<u>\$ 1,628,261,915</u>	<u>\$ 1,375,566,885</u>	<u>\$ 1,315,188,710</u>	<u>\$ 1,308,129,631</u>	<u>\$ 1,348,991,862</u>	<u>\$ 1,424,541,875</u>
Total net debt applicable to the limit as a percentage of debt limit	0.13%	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Legal Debt Margin Calculation										
for Fiscal Year 2015										
Assessed Value	9,496,945,834									
Debt Limit (15% of assessed value)	1,424,541,875									
Debt applicable to limit										
General obligation bonds	-									
Less Amount set aside for repayment of general obligation debt	-									
Total net debt applicable to limit	-									
Legal debt margin	<u>\$ 1,424,541,875</u>									

Source: Broward County Property Appraiser
City Finance Department

Note: Article XVIII, Section 158 of the City Charter provides authorization to issue bonds not exceeding fifteen percent (15%) of assessed valuation of the taxable property in the City at the time of issue. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

CITY OF POMPANO BEACH, FLORIDA
 UTILITY PLEDGED REVENUE BOND COVERAGE
 LAST TEN FISCAL YEARS

Schedule 13

FISCAL YEAR ENDED	(1) GROSS REVENUES	(2) OPERATING EXPENSES	(3) NET REVENUE AVAILABLE FOR DEBT SERVICE (1)-(2)	DEBT SERVICE CASH REQUIREMENTS		(4) TOTAL	COVERAGE (3):(4)
			PRINCIPAL	INTEREST			
2006	35,969,346	20,021,820	15,947,526	2,255,000	2,251,284	4,506,284	3.54%
2007	35,867,547	21,289,048	14,578,499	2,455,000	1,901,565	4,356,565	3.35%
2008	34,644,947	22,150,443	12,494,504	2,765,000	1,602,118	4,367,118	2.86%
2009	35,891,722	23,092,648	12,799,074	2,875,494	1,493,306	4,368,800	2.93%
2010	34,840,149	24,074,825	10,765,324	2,990,000	1,380,169	4,370,169	2.46%
2011	40,662,838	24,135,671	16,527,167	3,110,000	1,262,506	4,372,506	3.78%
2012	41,308,536	24,236,123	17,072,413	3,225,000	1,140,118	4,365,118	3.91%
2013	40,073,305	23,882,921	16,190,384	3,370,000	1,013,206	4,383,206	3.69%
2014	39,365,370	23,951,731	15,413,639	2,590,000	876,218	3,466,218	4.45%
2015	42,343,075	23,764,781	18,578,294	2,695,000	772,618	3,467,618	5.36%

Source: City Finance Department

(1) Gross revenues include operating revenues and interest income. Excludes impact fees per City Ordinance 92-74

(2) Operating expenses include personal services and current expenses. Excludes depreciation and administrative service charges per City Ordinance 92-74

Year	Broward County						
	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling (High School or Higher)	School Enrollment (K-12)	Unemployment Rate Broward County
2006	101,103	4,181,721	41,361	39.4	81.1	12,777	3.1
2007	101,128	4,380,966	43,321	43.1	76.5	12,121	3.6
2008	100,058	4,366,731	43,642	43.9	74.8	11,520	5.4
2009	99,031	4,021,550	40,609	39.2	87.2	11,629	9.1
2010	98,711	4,061,563	41,146	42.7	79.2	11,576	10.7
2011	100,319	4,232,860	42,194	40.1	83.4	11,754	9.5
2012	102,239	4,432,163	43,161	42.7	81.0	12,029	7.1
2013	103,189	4,518,853	43,792	42.4	82.8	11,974	7.0
2014	104,662	*	*	44.2	83.6	11,150	5.0
2015	106,260	*	*	*	*	11,821	4.7

Sources: City of Pompano Development Services Department via:
 Bureau of Economic & Business Research, University of Florida
 US Dept Labor, Bureau Labor Statistics, Local Area Unemployment Statistics Program
 Broward County School Board, School Enrollment Count
 Florida Legislative Office Economic & Demographic Research Dept of Economic Opportunity
 US Census, County Business Patterns for Years 2008 & 2011, ESRI Business Analyst Online for 2015

Note: * Indicates information not available

CITY OF POMPANO BEACH, FLORIDA
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO

Schedule 15

Employer	2015			Employer	2006		
	Employees	Rank	Percentage of Total City Employment		Employees	Rank	Percentage of Total Employment
Point Blank Enterprises	1,417	1	1.88%	Broward County	875		1.69%
PPI, Inc. (Isle of Capri Casino)	1,005	2	1.33%	Aetna Home Delivery	858		1.14%
WalMart - 3 Locations	820	3	1.09%	City of Pompano Beach	706		0.94%
City of Pompano Beach	720	4	0.95%	John Knox Village	600		0.80%
Broward County Correctional	713	5	0.95%	WalMart Stores	525		0.70%
John Knox Village	650	6	0.86%	Point Blank Body Armor	400		0.53%
Publix - 4 Locations	631	7	0.84%	Stimpson Company, Inc.	340		0.45%
Childrens Comprehensive	450	8	0.60%	Flexsol Packaging Corp.	300		0.40%
Freshpoint Produce & Dairy	397	9	0.53%	Hoerbiger Corp. of America	260		0.34%
Gold Coast Beverage	337	10	0.45%	Costco Wholesale Corp.	250		0.33%

Source: City of Pompano Beach Development Services Department via:
 South Florida Business Journal 2016 Book of Lists
 South Florida Business Journal 2007 Book of Lists

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION / PROGRAM
 LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government										
City Commissioners	6	6	6	6	6	6	6	6	6	6
City Manager	4	4	4	5	5	5	5	4	4	4
Advisory Board	2	3	3	2	2	2	2	2	1	1
Public Information Office	4	4	4	4	3	3	3	4	4	4
City Attorney	6	6	6	6	6	6	6	6	6	6
City Clerk	4	4	4	4	4	4	4	4	4	4
Human Resources	5	5	5	5	5	5	5	5	5	5
Internal Audit	3	3	3	3	3	3	3	3	3	3
Internal Services	34	34	34	33	33	33	33	33	31	31
Economic Development	-	1	1	-	-	-	-	-	-	-
Northwest CRA	-	-	-	-	-	2	1	2	1.5	1.5
East CRA	-	-	-	-	-	2	1	1	0.5	0.5
Finance	20	21	21	20	22	22	22	22	22	22
Fire & EMS\	194	199	199	199	217	217	217	217	217	217
Development Services	58	68	68	62	62	62	66	67	70	73
Office of Housing & Urban Improvement	7	6	6	7	5	5	6	7	6	6
Public Works	138	141	141	136	136	136	136	136	141	143
Parks & Recreation	79	79	83	81	56	56	56	53	52	50
Utilities	118	118	118	118	118	118	115	114	114	14.5
Stormwater	8	8	8	8	8	8	8	8	8	10.5
Airpark	5	5	5	6	5	5	5	5	5	5
Golf	9	9	9	9	9	9	9	9	10	10
Solid Waste	2	2	2	2	3	3	3	3	3	3
Total	706	726	730	716	708	712	712	711	714	720

Source: City Budget Office

CITY OF POMPANO BEACH, FLORIDA
OPERATING INDICATORS BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS

Schedule 17

<u>Function/Program</u>	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
<i>Fire</i>										
Emergency responses	17,571	18,031	17,962	17,505	17,746	18,015	17,753	17,753	18,541	20,430
Fires Extinguished	571	432	415	371	346	355	333	354	332	328
Inspections	1,683	1,458	3,168	5,151	5,284	6,118	5,213	6,551	6,113	4,209
Uniformed Employees	185	185	185	185	185	185	185	185	185	186
Non-Uniformed Employees	11	10	11	8	8	8	8	8	8	7
<i>Building Permits</i>										
Permits Issued	18,636	15,293	13,606	12,473	13,715	11,864	15,827	12,323	13,213	14,283
Estimated Value	343,233,533	265,172,789	164,751,110	107,274,620	87,718,162	123,406,754	164,631,190	148,673,496	241,292,153	255,772,560
<i>City Clerk</i>										
No. of Registered Voters	55,199	52,378	52,921	55,621	55,829	57,043	58,284	61,263	61,496	55,964
No. of Ballots Cast	2,507	1,702	4,364	768	1,225	977	7,672	6,346	-	26,171
Districts Voting	1	2, 3	1, 3	4	5	4	1,2,3,4,5	2, 4, Mayor	0	1,2,3,4,5
<i>Recreation Centers-Attendance</i>										
Emma Lou Olson	61,436	67,307	70,804	68,042	69,564	75,387	91,902	88,696	61,811	61,775
McNair	80,382	107,127	110,278	104,243	116,317	97,194	44,364	40,338	42,464	44,364
Mitchell/Moore	66,909	63,312	62,105	54,149	63,070	69,717	69,622	41,449	26,698	34,252
Skolnick	63,523	62,257	74,409	71,018	63,033	62,496	54,775	38,225	32,728	38,975
Pompano Highlands	19,445	23,398	25,323	26,258	21,636	21,611	21,070	20,057	24,489	21,130
North Pompano	46,531	51,742	109,570	93,286	94,484	115,797	31,316	60,629	28,347	32,000
E. Pat Larkins	34,538	40,815	32,994	31,661	26,905	33,440	33,954	47,011	19,874	39,411
Utility										
<i>Municipal Water System</i>										
Active Water Accounts	18,143	18,334	18,182	18,094	17,983	18,062	18,200	18,312	18,489	18,721
New Active Accounts	47	170	107	123	47	35	130	112	165	154
Active Reclaimed Water Accounts	19	193	84	117	142	310	579	671	782	882
Metered Sales (Billion Gallons)	6.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.7
Average Gallons (1,000) Billed Per Day	14,257	12,984	12,718	13,010	13,228	13,167	12,841	12,841	12,219	12,823
Reclaimed Water (Million Gals.)	426	491	487	558	511	572	558	720	794	877
Water Main Breaks	229	156	152	130	134	95	213	229	107	64
Plant Capacity Million Gals./Day	50	50	50	50	50	50	50	50	50	50
<i>Municipal Sewer System</i>										
Active Accounts	15,543	15,825	15,787	15,805	15,945	16,044	16,158	16,312	16,434	16,637
General Government										
<i>Tax Rates</i>										
<i>Utility Services:</i>										
Electric	10	10	10	10	10	10	10	10	10	10
Water	6	6	6	6	6	6	6	6	6	6
Communication Service	5	5	5	5	5	5	5	5	5	5
Gas	10	10	10	10	10	10	10	10	10	10
<i>Franchises:</i>										
Electric	6	6	6	6	6	6	6	6	6	6
Gas	6	6	6	6	6	6	6	6	6	6

CITY OF POMPANO BEACH, FLORIDA
 CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM
 LAST TEN FISCAL YEARS

Schedule 18

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function / Program										
<i>Area</i>										
Land excluding airport (sq miles)	23.570	23.570	23.570	23.570	23.570	23.570	23.570	23.570	23.570	23.570
Airport land (sq.miles)	1.016	1.016	1.016	1.016	1.016	1.016	1.016	1.016	1.016	1.016
Water (sq.miles)	0.924	0.924	0.924	0.924	0.924	0.924	0.924	0.924	0.924	0.924
<i>Infrastructure</i>										
Paved streets	252	271	271	271	271	271	271	271	271	271
Unpaved streets	2.5	2.5	2.5	2.5	2.5	2.5	-	-	-	-
Sidewalks	139	155	155	155	155	156	171	171	171	173
Canals & waterways	32	32	32	32	32	32	32	32	32	32
Storm drainage	55	69	70	70	79	83	111	100.0	102.0	103
City-owned streetlights	1,300	1,400	1,400	1,199	1,199	1,199	1,100	1,176	1,058	1,248
FP&L owned streetlights	7,000	7,000	7,000	5,364	5,376	5,375	5,375	5,399	5,392	5,376
<i>Fire</i>										
Stations	6	6	6	6	6	6	6	6	6	6
<i>Police</i>										
Stations	1	1	1	1	1	1	1	1	1	1
<i>Recreation</i>										
Public beach (miles)	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51
Municipal parks	45	45	46	46	48	48	49	49	49	49
Municipal swimming pool	2	2	2	2	2	2	2	2	2	2
36-hole municipal golf course	1	1	1	1	1	1	1	1	1	1
977 foot municipal pier	1	1	1	1	1	1	1	1	1	1
Recreational areas (acres)	257.23	257.23	258.17	258.17	258.17	258.17	263.17	263.17	263.17	263.17
Golf course (acres)	307	307	307	307	307	307	307	307	340	340
Recreation centers	7	7	7	7	7	7	7	7	7	7
<i>Municipal water system</i>										
Water mains (miles)	276	283	284	304	304	280	281	281	275	280
Reuse water mains (miles)	8.0	18.0	20.0	22.0	23.0	24.0	27.1	24.0	29.0	29.6
Fire hydrants	1,716	1,817	1,865	1,879	1,943	1,968	2,039	2,025	2,025	2,018
Fire hydrants (reuse water)	3	3	4	4	5	5	5	5	5	5
<i>Municipal sewer systems</i>										
Gravity sewer (miles)	191	195	196	199	194	194	195	181	195	195
Wastewater force main (miles)	71	67	68	76	63	69	69	69	69	69
Wastewater lift stations	72	74	75	75	75	75	78	77	77	77

