

Comprehensive Annual Financial Report

City Of
Pompano Beach,
Florida

Fiscal Year Ended September 30, 2013

Prepared by the
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CITY OF POMPANO BEACH, FLORIDA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2013**

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INTRODUCTORY SECTION

CITY OF POMPANO BEACH, FLORIDA

Commission-Manager Form of Government

CITY COMMISSION

Lamar Fisher
George Brummer
Barry Dockswell
Charlotte Burrie
Rex Hardin
Woodrow J. Poitier

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

APPOINTED OFFICIALS

Dennis Beach
Gordon B. Linn
Mary Chambers
Barbara DeLeon

City Manager
City Attorney
City Clerk
Internal Auditor

March 25, 2014

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, 2013. 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, McGladrey 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 to help ensure 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 and airpark 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 103,189 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 30 million square feet of industrial/warehouse/distribution space, which includes regional headquarters for companies such as Aetna, Aquathin, Associated Grocers, FedEx Ground 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). The criterion used for including component units consists of identification of legally separate organizations for which elected officials of the City are financially accountable. The criterion also includes identification of organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete and as such, these entities are presented on a blended basis.

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.

FACTORS IMPACTING ECONOMIC AND FINANCIAL CONDITION

Broward County continues to lead South Florida in employment. CBRE MarketView report states: "Broward County's unemployment rate of 5.8% was among the lowest in the State of Florida...low unemployment rates set the pace for a slow and steady recovery." It easily bests neighboring counties of Palm Beach and Miami-Dade at 7.5% and 8.4%, respectively, as well as both the state and national rates of 7.1% and 7.3%, respectively.

The Associated Press reported, "The Labor Department says the unemployment rate fell from 7 percent in November to 6.7 percent, the lowest level since October 2008. But that occurred mostly because more Americans stopped looking for jobs. The government counts people as unemployed only if they are actively seeking work."

"The most positive trend in Broward County during 2013 was in employment growth." Three markets sectors that helped provide the most growth are information technology-related companies along with aviation and healthcare related businesses. The strong activity in the housing market also shows continued progress for economic recovery.

Industrial & Aviation Market(s)

The Pompano Beach industrial submarket includes approximately 827 buildings and 32 million+ square feet, which constitutes over 23% of the entire Broward County industrial market. The submarket's vacancy rate dropped from 9.1% to 8.3% from the beginning of 2013 through the 3rd Quarter according to CBRE's Broward County Industrial MarketView report.

The 2013 Q3 report states: "The overall Broward County industrial market is trending in a positive direction at the close of Q3 2013: vacancy rates (for the County) declined to a five-year low of 7.8%. In Q3 2013, net absorption for the Broward County industrial market was positive 301,868 sq. ft. With limited new construction underway and continued demand for space, the Broward County market is expected to continue absorbing existing inventory at a moderate pace." Continuing, "The majority of transactions in Broward County are the result of existing tenants relocating or executing minor expansions and/or contractions." This is evidenced by the relocation and expansion of New Wave Surgical, a surgical cleaning device that it sells to area hospitals, relocating from Coral Springs to manufacturing space in Park Central Business Park (Duke Properties) in Pompano Beach. The company originally moved to South Florida from Queens, NY a few years ago. The Sun Sentinel recently reported the company "will be hiring quality assurance specialists, engineers, warehouse workers, assembly staff, and sales and marketing professionals...The company has plans to grow from 135 employees to about 200 in the next year." The new facility in Pompano Beach allows for that to happen.

The CBRE MarketView report also stated: "To meet demand for storage of merchandise in e-commerce, retail and wholesale markets, developers have been acquiring land to position themselves for future development throughout the county. The manufacturing sector as well as the Flex/R&D space has shown steady progress with vacancy rates decreasing year-over-year while rental rates improve each quarter."

Grant Thornton LLP conducted a survey "Realities of Reshoring" and found that more than one-third of all U.S. businesses will move goods and services back to the U.S. in the next 12 months. "Even IT services, one of the first business functions to move offshore, are likely to start returning within a year. The reshoring trend is real and about to dramatically reshape the U.S. economy."

North Andrews Extension continuation: The missing segment of North Andrews Ave Extension (Military Trail in Palm Beach County) between Copans Road and Atlantic Boulevard was completed and opened for traffic in December 2008. This new road has improved transportation options for hundreds of acres of industrial property, west of I-95. The final two phases of the project are underway.

The widening from NW 18th Street to Copans Road to four (4) lanes has begun and numerous businesses, like Dometic Marine Air, have been into the City for the redevelopment/ reconfiguration of their properties.

The widening of North Andrews Avenue from West Atlantic Boulevard to SW 3rd Street to four lanes is scheduled for 2025. (Right of way acquisition for this section has begun.)

Aviation. The Pompano Beach Air Park has had more development activity in the past year with more to come in the next. Pompano Aviation, LLC won the bid to construct a Fixed Base Operation (FBO) on Parcel X at Pompano Beach Air Park. Pompano Aviation has recently submitted plans for development review to construct approximately 70,000 square feet on the 8.41 acre parcel. The development will also include aviation fuel sales.

Other industrial development projects include:

- Weeks Robinson redeveloped the old Unaflex facility at 3901 NE 12th Ave. and has constructed a new 202,103 sf *Pompano Distribution Center* on the site. Restoration Hardware is the primary tenant. This was Phase 1 of the development.
- Pompano Distribution Center 2 on an adjacent 7.53 acre property to the north of the site has approval for another 128,342 sf distribution facility.
- ProLogis has approvals to construct 357,888 sf on 26.2 acres as *Phase 2* of the *Pompano Center of Commerce* at NW 15th Avenue and NW 18th Street.
- Riva Motorsports has approvals to add 12,150 sf to an existing 20,509 sf warehouse facility on 3.97 acres at 1351 NE 51st Street.
- H. Greg Automotive has approvals to redevelop to the old Sultan & Sons Building on the west side of I-95, south of Atlantic Blvd. as a 3 story car dealership totaling 103,995 sf on 1.71 acres.
- Dometic Marine Air has approvals to add a 32,000 sf addition to their existing 66,893 facility on 5.34 acres at 2000 N. Andrews Avenue.
- Reliant Medical Services expanded and relocated from a 7,300 sf facility at 2620 NW 15th Court to the old 20,663 sf Service America building at 3081 W McNab Rd.

Residential Market

According to the Co Star Group, "While most cities are seeing continual, albeit slow growth in housing prices, recently several cities across the country have seen housing prices climb back to reach all-time highs, which sparked the latest round of concerns (for a bubble)." However, according to Standard & Poor's, "The financial crisis was a two-step event... First, home prices collapsed... Second, a lot of the mortgage debt collateralized by those homes failed creating a cascade of defaults and foreclosures. The higher the loan to value ratio on a home with a mortgage, the smaller the price drop needed to put the mortgage under water. When home prices plunged, homeowners and their mortgages were vulnerable. Today conditions are improved – the economy-wide loan to value ratio is down to 49%, not as comfortable as 10 years ago, but better and safer for the economy than just before the financial crisis... it doesn't mean stock prices or home values can't slide or that we shouldn't be concerned... The lower debt and leverage simply means there will be less damage if markets fall."

In Broward County, over the course of 2013, single family home prices continued to rise, but the pace slowed towards the end of the year, and that's a good thing, analysts say. "When pricing goes too far, too fast, ultimately it hurts everybody," said David Dabby, a South Florida housing analyst. The CBRE MarketView 2013 3rd Quarter report states: "With the increase of companies moving to the area, the

housing market is showing strong demand and rising prices in Broward County.”

“On an annual basis, the median single family home price in Broward County has increased by more than 20 percent for 12 consecutive months, as median home prices in Broward County rose 20% from \$224,088 to \$270,000 from January to November 2013”, according to the Greater Fort Lauderdale Realtors. However, that rate has slowed considerably as November figure has remained the same for the past three months. “Historically, home values increase at about 4 percent a year.” Higher growth rates are not sustainable and a slower rate will actually help avoid another bubble in the market.

The majority of the homes that went through the development review process in Pompano Beach were multi-family and that seems to be the market that builders have focused on. For 2014, Freddie Mac expects single-family home sales and housing starts to be at their highest levels since 2007.

Residential projects in the City include:

- The Myelin Group LLC obtained approvals to construct *KOI*, a 350 unit mixed use development on 8.8 acres along East Atlantic Blvd. The project is to include 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 been granted approval for 108 townhome units on 6.87 acres.
- John Knox Village has submitted plans to construct 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.
- Range at Palm Aire Holdings LLP obtained approvals to construct *The Club at Palm Aire*, a 39 unit residential facility on 4.38 acres on West Palm Aire Drive.
- Adache Group Architects obtained approvals to construct a 21 unit townhome development at N.E. 14th Street and A1A.
- The City of Pompano Beach Housing Authority obtained approvals to construct 10 multi-family villas on 1.946 acres on N.W. 10th Street.
- The Sobel Company obtained approvals to develop an 18 unit townhome project on 1.1 acres on N.E. 14th Street.

Commercial – Office, Retail & Tourism Markets

Office - According to CBRE MarketView reports, the Pompano Beach office market includes approximately 915,388 square feet of space. Unlike the magnitude of Pompano Beach’s industrial product, this constitutes merely 3% of the Broward County office market and includes no Class A space. The CBRE MarketView report for the 3rd Quarter 2013 states: Overall, the Broward County office market experienced a year-over-year drop in the vacancy rate...closing Q3 2013 at 19.1%. That rate continued to drop in Q4 to 17.5%. On the other hand, the Pompano Beach submarket closed Q3 with a 32.9% vacancy rate and also dropped slightly in Q4 to 32.1%.

Fortunately, demand for office space in Broward County is poised to increase given the region’s strong ties to international trade via Latin America and recent growth in the region’s technology and healthcare industries. CBRE is predicting that the office market recovery is poised to accelerate in 2014 due in large part to growth in office-using occupations, particularly in high-tech industries.

Retail - The CBRE MarketView report for the 3rd Quarter of 2013 states: “The Broward County retail sector is feeling revitalized...a steady decline in vacancy rate, improved rents and increased tenant activity show a stronger market year-over-year. Tenant demand has increased for quality space in well-anchored, high-traffic centers to service the influx of users.”

Some good signs for the market are shopping centers showing a reduction in vacancy and the strongest

unemployment figures in the region. Vacancy rates throughout the county remain around 7.9%.

Wal-Mart opened their 91,000+ square foot store at 5001 N. Federal Highway in time for the holiday season, in Q4 of 2013.

Other commercial development projects include:

- The Isle of Capri Casino opened in April 2007 at the Pompano Park Harness Track. The Isle applied for a future land use plan amendment to change from the existing CR and Regional Activity Center (RAC) to a new RAC with new development levels. Those new development levels are 135 acres of commercial recreation uses, 27 acres of commercial uses, 26 acres of office use, and 1,300 dwelling units on 42 acres (including 250 garden apartments and 1,050 mid-rise apartments) on a total of 223 acres. There was no new development activity on this site in 2013.
- Marriott has redeveloped an old hotel site at 1208 N. Ocean Blvd along with the adjacent property. The new facilities include a 211 room full service hotel on 2.37 acres.
- Wal-Mart constructed a 91,750 sf store on 8.43 acres at 5001 N. Federal Highway.
- WholeFoods and Sports Authority have obtained approvals to redevelop an old KMart site at 2341 N. Federal Hwy into separate stores totaling 79,476 sf on 7.81 acres.
- Racetrac has plans to construct a 2,822 sf gas station on 1.17 acres at 2851 W. Atlantic Blvd.
- Racetrac also has plans to redevelop its gas station on 2.58 acres at 599 W. Atlantic Blvd with a 5,928 sf convenience store.
- McDonalds is developing a new 5,176 sf store on 1.86 acres at 1490 N.W. 31st Avenue. The property is adjacent to an existing store and is immediately across from the access to Florida's Turnpike.
- McDonalds is also reconstructing its existing store in the Palm Aire Marketplace at 1 S.W. 26th Avenue (S. Powerline Rd). The new store will be 4,051 sf.
- Ritz Safety is constructing a 19,287 sf retail facility on 2.5 acres at 2200 N. Copans Road.
- Lester's Diner is reconstructing an existing diner at 1924 E. Atlantic Blvd.

MAJOR CITY INITIATIVES

The City undertook many significant initiatives and programs during the year to meet the needs of the community. The most significant initiatives/programs for the fiscal year ending September 30, 2013 were:

- The City has proposed a new library and cultural center in its Civic Campus location. The project includes 47,816 square feet on 4.58 acres.
- The City has proposed a new 5,400 sf beach library at 3250 N.E. 2nd Street.
- A new beach fire station (#11) is to be located on the northern portion of the Oceanside Parking lot and is under construction at an approximate cost of \$3 million.
- A new fire station (#103) to serve the annexed areas is being planned 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's proposed future land use map amendment for a Downtown Pompano Beach Transit Oriented Corridor (DP-TOC) has been approved by the County and State. The area encompasses over 269 acres. The new land use allows for a mix of uses with designations that permit a maximum of 1,368 residential units and just under 9 million square feet of nonresidential uses.
- The Renaissance Planning Group (RPG) is completing Corridor Studies on three major corridors: Atlantic Blvd, US1 and Dixie Highway. The study is nearing completion.
- 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 \$300,000 annually for the project and to 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 increasing the number of single family residential connections, going from 73 to 550 customers being connected. Broward County is partnering with the City on this effort and providing up to \$220,000 to help fund the program. This new program allows the City to perform the private property residential reuse customer connections through a local plumber, with no upfront costs to the home owner.

- A stormwater master plan/flood plain management plan was undertaken in the spring of 2011. The prior comprehensive drainage study and model was completed in 1999. Stormwater modeling techniques have improved drastically since then allowing for better predictions of flooding and water quality analysis. This study will be a tool to plan new stormwater capital improvements throughout the City. The cost for the study was approximately \$1.2 million and was completed in June 2013.

FINANCIAL POLICIES AND PLANNING

Financial Policies – 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 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.

Strategic Planning – During fiscal year 2013, the City 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.

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 current self-insured retention

levels in fiscal year 2013.

Pension Plans – Two defined benefit plans are maintained for employee retirement; the General Employee's Retirement System and the Police and Firefighters' Retirement System. Funding of these plans continue on an actuarially sound basis. The City has also established a Defined Contribution Retirement System for certain professional and managerial employees, but does not contribute to the Plan on behalf of its employees.

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, 2012. The City has received the GFOA's prestigious Certificate of Achievement for Excellence in Financial Reporting award for thirty-one 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.

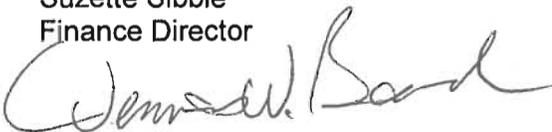
This report, which conforms to all the latest effective standards of local government financial reporting, could not have been prepared without the extraordinary devotion of the Finance Department team. Their dedication merits special attention. Sincere appreciation is extended to them for their efforts in the preparation of this report. 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 2014 budget.

For further information, please refer to the Management's Discussion and Analysis section (Page 3) of this report.

Sincerely,

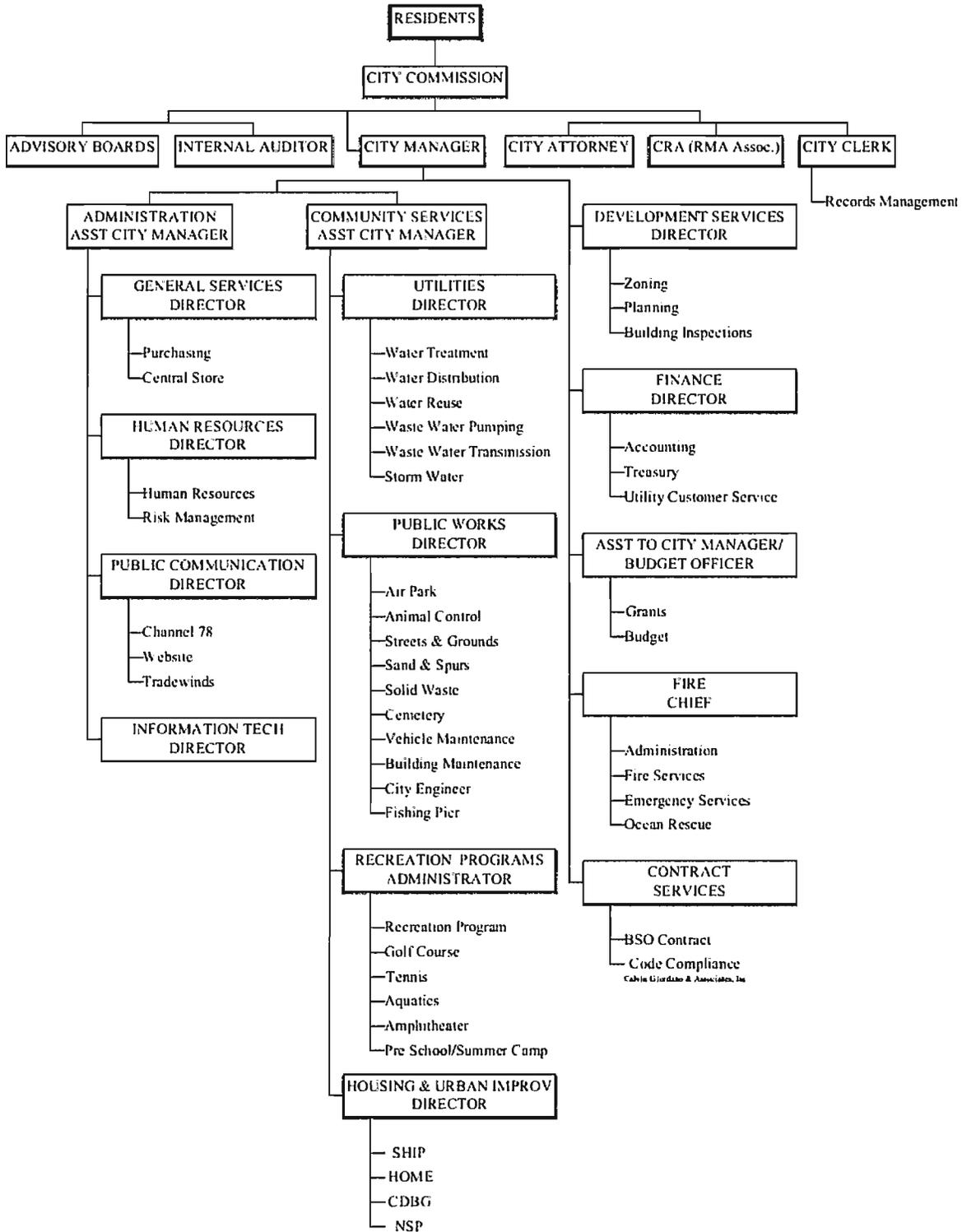


Suzette Sibble
Finance Director



Dennis Beach
City Manager

City of Pompano Beach Organizational Chart





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, 2012

Executive Director/CEO

FINANCIAL SECTION



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pompano Beach, Florida (the City), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pompano Beach Police and Firefighters' Retirement System and the City of Pompano Beach General Employees' Retirement System, which represent 81%, 85%, and 51%, respectively of the assets, net position, and revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pompano Beach Police and Firefighters' Retirement System and the City of Pompano Beach General Employees' Retirement System, is based on the reports of the other auditors.

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, the police and firefighters' retirement system, the general employees' retirement system, the other post employment benefits schedules of funding progress, the budgetary comparison schedules for the general fund, the northwest community redevelopment district fund, the east community redevelopment district fund, and the emergency medical services fund*, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The *accompanying supplementary information such as the combining and individual fund statements and schedules, the introductory section, and the statistical section*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining and individual fund statements and schedules* are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the *combining and individual fund statements and schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

McGladrey LLP

Fort Lauderdale, Florida

March 25, 2014

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2013
(Unaudited)

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, 2013. 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 xii of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS

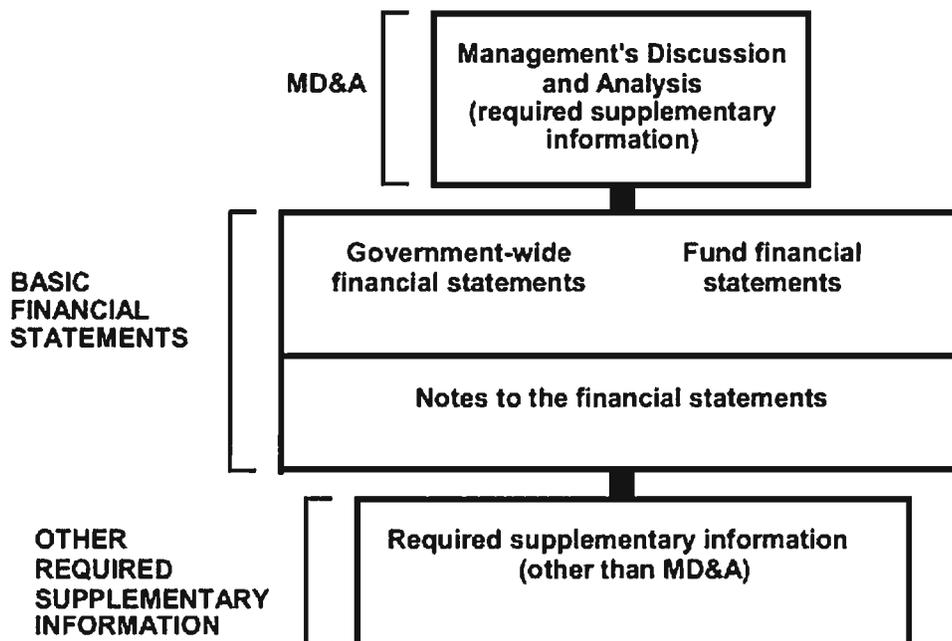
This annual report follows a format consisting of four parts – Management’s Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information, and an additional section that presents combining statements for non-major governmental funds, non-major enterprise funds, 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.

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2013
(Unaudited)

FIGURE 1



FINANCIAL HIGHLIGHTS

1. The assets of the City exceeded its liabilities at the close of the fiscal year by \$550.4 million. Of this amount, \$173.3 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies. The City's total net position decreased by \$0.5 million.

2. At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$168.3 million, representing a decrease of \$3.8 million from the previous fiscal year. The following activity in governmental funds primarily accounted for the net decrease noted:
 - A decrease of \$1.4 million in the General Fund balance is primarily due to the net effect of higher than anticipated receipts for electric utility taxes, the City's application of a pension plan credit against its annual contractual obligation with the Broward Sheriff's Office, as discussed in more detail on page 9, and the transfer of reserve funds to the Capital Projects Fund for various capital projects, the Golf Fund to cover costs associated with a new contracted vendor to maintain the City golf courses and the hiring of a new golf course manager and the transfer of funds to the Pompano Beach Community Redevelopment Agency East District Fund (East CRA District Fund) for the Beach Library Relocation Project.

 - An increase of \$4.2 million in the Pompano Beach Community Redevelopment Agency's East District Fund balance is primarily due to the issuance of tax increment revenue bonds with a par value of \$5.0 million to finance various projects in the East District.

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2013
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- A decrease of \$3.9 million in the Pompano Beach Community Redevelopment Agency's Northwest District Fund (NW CRA District Fund) balance is primarily due to capital outlays on a variety of projects, notably Downtown Pompano Redevelopment, 731 Hammondville Road (MLK), the Bailey Hotel and the Public Library/Civic Campus projects.
- A decrease of \$1.7 million in the Emergency Medical Service District fund balance is primarily due to the transfer of funds to the Capital Projects Fund for the construction of Fire Station 103 located in Cresthaven.
- A decrease of \$1.4 million in the Capital Project's fund balance primarily due to the net effect of the spend down of various project funds (such as Chilled Water Conversion Energy Project at City Hall, Rebuild of Fire Station 11, Atlantic/Pompano Beach Blvd. Underground Utilities, Tennis Center Renovations and Emergency Power Generators) and the transfer of funds from the General and EMS Funds to finance various capital projects (such as Development Services Department Renovations and Fire Station 103).

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 and liabilities, 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, 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 19 through 21 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

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2013
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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 24 and 27) to explain the differences between the governmental fund 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 exceeded liabilities by \$550.4 million at September 30, 2013. The City's net position decreased by \$0.5 million during the current fiscal year. The largest portion of the City's net position 58.9% 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, mortgages, 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 uses these capital assets to provide service 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 9.6% or \$52.7 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, 2013 and 2012

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 207,326,646	\$ 213,719,482	\$ 61,288,002	\$ 60,439,049	\$ 268,614,648	\$ 274,158,531
Capital assets	235,257,138	230,608,243	146,536,794	149,772,687	381,793,932	380,380,930
Total assets	<u>442,583,784</u>	<u>444,327,725</u>	<u>207,824,796</u>	<u>210,211,736</u>	<u>650,408,580</u>	<u>654,539,461</u>
Long-term liabilities	54,427,308	51,898,582	31,250,977	35,041,967	85,678,285	86,940,549
Other liabilities	8,511,294	10,273,357	5,857,679	6,499,838	14,368,973	16,773,195
Total liabilities	<u>62,938,602</u>	<u>62,171,939</u>	<u>37,108,656</u>	<u>41,541,805</u>	<u>100,047,258</u>	<u>103,713,744</u>
Net position:						
Net investment in capital assets	207,256,104	221,483,539	117,178,114	119,425,239	324,434,218	340,908,778
Restricted	48,000,383	52,668,454	4,660,462	6,465,995	52,660,845	59,134,449
Unrestricted	124,388,694	108,003,793	48,877,564	42,778,697	173,266,258	150,782,490
Total net position	<u>\$ 379,645,181</u>	<u>\$ 382,155,786</u>	<u>\$ 170,716,140</u>	<u>\$ 168,669,931</u>	<u>\$ 550,361,321</u>	<u>\$ 550,825,717</u>

At September 30, 2013, 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.

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2013
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Governmental Activities – There was a decrease of \$6.4 million in current and other assets for governmental activities, primarily as a result of current year operations, as discussed in detail on pages 8 and 9. There was an increase of \$4.6 million in capital assets. The increase noted was primarily due to the net effect of the purchase and disposal of equipment, vehicles, computers etc. 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 15) and the recognition of current fiscal year depreciation expense.

The increase of \$2.5 million in long-term liabilities is primarily the result of the net effect of the following activity:

- The refunding and issuance of additional bonds for the East CRA District and the satisfaction of annual debt service related to the CRA's Northwest and East District Bonds (\$2.6 million);
- The satisfaction of annual rent payments related to the City's energy performance equipment lease (\$.2 million);
- A net increase in the recorded liability for other post employment benefits (OPEB) in the current fiscal year (approximately \$0.2 million), the result of the City's policy to fund its OPEB obligation on a pay-as-you go basis, combined with changes in various actuarial assumptions (health cost trend rates and morbidity rate); and
- An decrease in the claims and judgments liability (approximately \$0.2 million) as actuarially determined, primarily due to a decrease in ultimate losses for certain accident years, as well as a revision of previous claims data submitted by the City.

The decrease of \$1.8 million in other liabilities is primarily the result of the timing of vendor payments accrued at fiscal year end compared to prior fiscal year end primarily in the East CRA District and Capital Project Funds, related to project activity.

Business-type Activities – The increase of \$0.8 million in current and other assets is primarily a result of current year's operations, as discussed on page 9.

The decrease of \$3.2 million in capital assets is primarily due to current fiscal year construction activity, (as discussed in more detail on page 16) and the recognition of current fiscal year depreciation expense. The decrease of \$3.8 million in long-term liabilities is primarily the result of the satisfaction of debt service requirements for the 2006 Water and Sewer Bonds and the satisfaction of the annual rent requirement related to the energy performance equipment lease in the current fiscal year. The decrease of \$0.6 million in other liabilities is primarily the result of the net effect of a decrease in deferred revenue amounts related to a lump sum payment received from a contractor in a prior fiscal year (amounts recognized over contract life), a decrease in accruals for vendor payments at fiscal year end compared to the prior fiscal year end, an increase in customer deposits payable and a decrease in debt service payable from restricted assets due to the City's amortization repayment schedule.

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, 2013.

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2013
(Unaudited)

TABLE 2
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 and 2012

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues:						
Charges for services	\$ 35,914,022	\$ 34,661,621	\$ 52,080,253	\$ 52,916,149	\$ 87,994,275	\$ 87,577,770
Operating grants & contribs.	3,374,362	3,487,028	-	-	3,374,362	3,487,028
Capital grants and contribs.	4,107,045	3,886,738	2,019,095	575,691	6,126,140	4,462,429
General Revenues						
Taxes	72,992,881	70,400,055	-	-	72,992,881	70,400,055
Pari mutuel	2,171,040	2,067,263	-	-	2,171,040	2,067,263
Franchise fees	7,402,812	7,597,790	-	-	7,402,812	7,597,790
State revenue sharing	8,549,198	7,985,879	-	-	8,549,198	7,985,879
Gain from sale of capital assets	36,906	115,058	73,659	84,125	110,565	199,183
Investment earnings	426,002	1,495,590	92,380	425,541	518,382	1,921,131
Miscellaneous	1,096,266	1,288,255	431,101	611,077	1,527,367	1,899,332
Total revenues	136,070,534	132,985,277	54,696,488	54,612,583	190,767,022	187,597,860
Expenses						
General government	33,052,054	33,337,008	-	-	33,052,054	33,337,008
Public safety	76,932,640	72,981,195	-	-	76,932,640	72,981,195
Physical environment	17,508,638	16,514,775	-	-	17,508,638	16,514,775
Transportation	3,328,609	3,205,628	-	-	3,328,609	3,205,628
Culture and recreation	8,202,728	7,830,956	-	-	8,202,728	7,830,956
Interest costs	1,090,325	924,518	-	-	1,090,325	924,518
Utility	-	-	38,967,528	39,006,357	38,967,528	39,006,357
Sanitation	-	-	4,225,019	4,161,979	4,225,019	4,161,979
Stormwater	-	-	1,904,435	1,887,886	1,904,435	1,887,886
Pier	-	-	349,096	246,386	349,096	246,386
Airpark	-	-	1,430,544	1,383,706	1,430,544	1,383,706
Golf course	-	-	4,239,802	3,616,352	4,239,802	3,616,352
Total expenses	140,114,994	134,794,080	51,116,424	50,302,666	191,231,418	185,096,746
Increase (decrease) in net position before special item and transfers	(4,044,460)	(1,808,803)	3,580,064	4,309,917	(464,396)	2,501,114
Transfers	1,533,855	499,296	(1,533,855)	(499,296)	-	-
Increase (decrease) in net position	(2,510,605)	(1,309,507)	2,046,209	3,810,621	(464,396)	2,501,114
Net position - beginning	382,155,786	383,465,293	168,669,931	164,859,310	550,825,717	548,324,603
Net position - ending	\$ 379,645,181	\$ 382,155,786	\$ 170,716,140	\$ 168,669,931	\$ 550,361,321	\$ 550,825,717

Governmental Activities – Governmental activities decreased the City's net position by \$2.5 million.

Charges for services increased by \$1.3 million primarily due to the net effect of a decrease in building permit revenues of approximately \$.7 million due to a decrease in construction activity from prior fiscal year, an increase in the fire special assessment fee of approximately \$1.4 million due to an increase in the fire assessment enacted by the City in the current fiscal year and an increase of approximately \$.6 million in EMS transport fees due to increased activity and collections effort.

Taxes revenue increased by \$2.6 million primarily due to an increase in ad valorem revenues due to the net effect of a change in existing property valuations, new construction valuations, personal income and the City's millage rate, as well as an increase in water, electric utility and communication service taxes

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received by the City compared to prior fiscal year.

Investment earnings decreased by \$1.1 million primarily as a result of the timing of amortization of premiums and discounts relating to the purchase of investments and declining interest rates.

Public safety expenses increased by \$4.0 million primarily due to the net effect of an increase in Broward Sheriff's Office (BSO) policing services contract costs, the recognition of current fiscal year depreciation expense, an increase in internal service fund charges and the net effect of Police and Fire Retirement System pension credits applied in the previous and current fiscal years to reduce the City's annual required pension contributions and payments due to BSO for policing services. Pension credits were the result of a combination of the City utilizing the percentage of payroll amount for its employer contribution amount, as opposed to the actual dollar amount as determined by the Plan's actuary for fiscal years 2011 and 2012, as well as Chapter 175 credits elected by the City.

Physical environment expenses increased by \$1.0 million primarily as a result of increased activity in the Community Development Block (CDBG), Home Investment Partnership (Home) and Neighborhood Stabilization Program (NSP) Grants during the current fiscal year.

Net transfers increased by \$1.0 million primarily as a result of transfers from the Sanitation Fund related to the recognition of deferred amounts related to a lump sum payment received from a contracted vendor which is being recognized over the contract term, whereby amounts are transferred to the General Fund for general purposes.

Business-type Activities - The business-type activities increased the City's net position by \$2.0 million primarily related to activity in the Utility Fund which accounted for \$1.7 million of the increase in net position.

Charges for services reported in business-type activities decreased by \$0.8 million in comparison to the prior year primarily as a result of the net effect of a decrease in the Utility Fund (\$1.4 million) due to a decrease in customer consumption and an increase in charges in the Golf Fund (\$.6 million) as a result of an increase in various fees, which became effective in November 2012. Capital grants and contributions increased by \$1.4 million, primarily as a result of the award and expense of grant funds in the current fiscal year from the Federal Aviation Administration (\$2.2 million) and the Florida Department of Transportation (\$.5 million) for the Taxiway Project at the City's Airpark.

Golf operating expenses increased by \$.6 million primarily as a result of an increase in water and sewer charges related to regrassing the greens and new landscaping and facility maintenance costs associated with a contract with a new vendor to maintain the golf course facilities.

Net Transfers out increased by \$1.0 million primarily as a result of an increase in transfers from the Sanitation Fund to the General Fund related to the recognition of deferred amounts related to a lump sum payment received from a contracted vendor which is being recognized over the contract term, whereby amounts are transferred to the General Fund for general purposes.

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

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money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental Funds

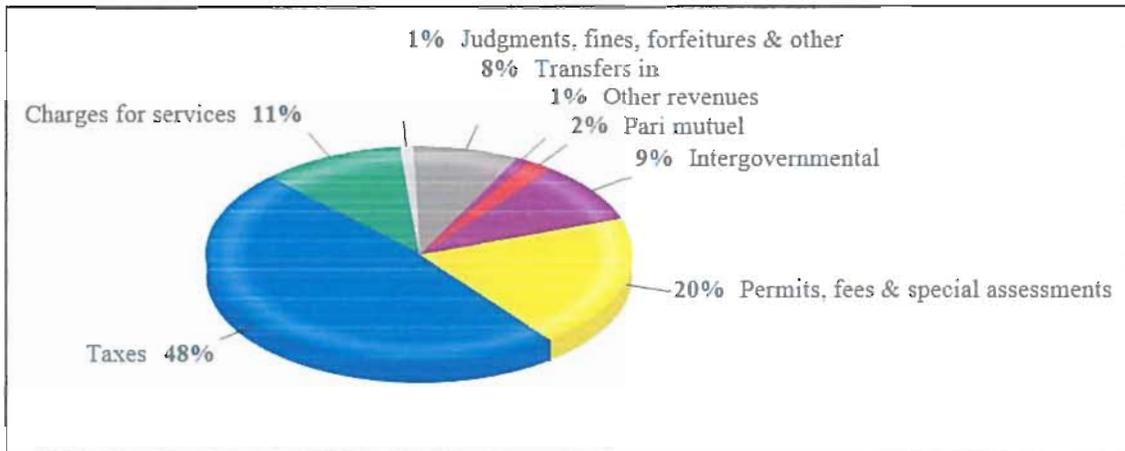
Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash 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.

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2013
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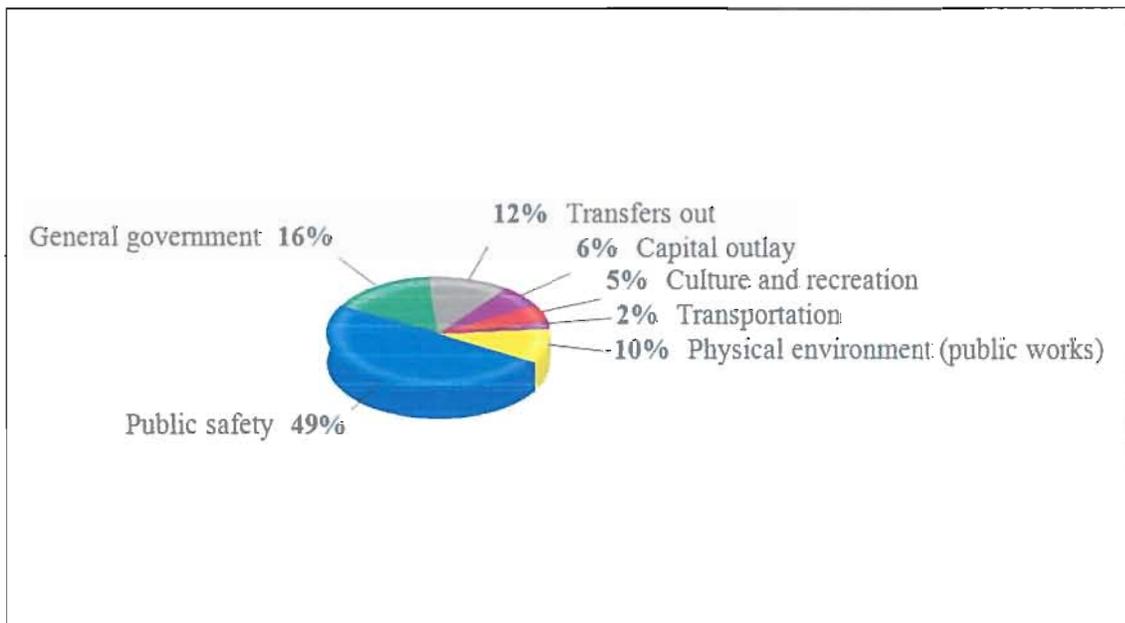
The General Fund

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, 2013:

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 \$56.6 million, while total fund balance was \$65.1 million. The fund balance for the City's General Fund decreased by \$1.4 million during the current fiscal year.

Compared to the prior fiscal year, there was an increase of \$2.7 million in taxes revenue, primarily as a result of an increase in ad valorem revenues due to the net effect of a change in existing property valuations, new construction valuations, personal income and the City's millage rate, as well as an increase in water, electric utility and communication service taxes received by the City compared to prior fiscal year.

The increase of \$0.5 million in intergovernmental revenue is primarily due to an increase in half cent sales tax revenue from the State of Florida. The half cent sales tax is a function of the City's population compared to Broward County's population and multiplying this factor by total half cent sales tax collected by the State of Florida within Broward County.

The decrease of \$.6 million in interest and investment revenue is primarily a result of the timing of amortization of premiums and discounts relating to the purchase of investments and declining interest rates.

The decrease of \$5.7 million in transfers-in is primarily due to the net effect of the transfer of less expenditures from the Pompano Beach Community Redevelopment Agency related to improvements made to City owned infrastructure in the current fiscal year, as well as an increase in transfers from the Sanitation Fund to the General Fund, as discussed earlier.

The \$6.3 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 increase of \$2.7 million in transfers out is primarily due to transfers from the General Fund to the Pompano Beach Community Redevelopment Agency District for the Beach Library Relocation Project.

The Northwest Community Redevelopment Agency Northwest District Fund

The fund balance of the Northwest CRA District Fund decreased by \$3.9 million during the current fiscal year. This is primarily the result of project activity during the fiscal year, primarily related to Downtown Pompano, 731 Hammondville Road (MLK), the Bailey Hotel and the Public Library/Civic Campus Projects.

The East Community Redevelopment Agency East District Fund

The fund balance of the East CRA District Fund increased by \$4.2 million primarily due to the net effect of the issuance of debt to fund various projects in the East District, as well as project activity primarily related to Atlantic Boulevard Streetscape (A1A), Pompano Beach Boulevard Streetscape (North) and the Beach Library Relocation Projects.

Emergency Management Service Fund

The fund balance for the EMS Fund decreased by \$1.7 million. This was primarily the result of the transfer of reserve funds to the Capital Projects Fund to cover costs related to Fire Station 103 located

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in Cresthaven. These surplus funds were available due to pension credits (\$1.6 million) taken as a reduction in employer contributions for the Police and Fire Retirement System in the prior fiscal year. The credits were the result of a combination of the City utilizing the percentage of payroll amount for its employer contribution amount, as opposed to the actual dollar amount as determined by the Plan's actuary for fiscal years 2011 and 2012, as well as Chapter 175 credits elected by the City.

Capital Projects Fund

The fund balance of the Capital Projects Fund decreased by \$1.4 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 and EMS Funds, committed for future projects.

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 approximately \$0.9 million decrease in operating revenue for proprietary funds, is primarily the result of the net effect of a decrease in the Utility Fund (\$1.4 million) as a result of a decrease in customer consumption and an increase in charges in the Golf Fund (\$.6 million) due to an increase in various fees, which became effective in November 2012.

The approximately \$0.7 million increase in operating expenses in proprietary funds was primarily as a result of an increase in water and sewer charges in the Golf Fund related to regrassing the greens and new landscaping and facility maintenance costs associated with a contract with a new vendor to maintain the City's golf course facilities.

The increase of \$1.4 million in capital grants and contributions for proprietary funds is primarily as a result of the City's award of grants from the Federal Aviation Administration (\$2.2 million) and the Florida Department of Transportation (\$.5 million) for the Taxiway Project at the City's Airpark.

Net transfers out increased by \$1 million primarily as a result of less transfers from the General Fund to the Golf Fund and an increase in transfers from the Sanitation Fund to the General Fund related to the recognition of deferred amounts related to a lump sum payment received from a contracted vendor which is being recognized over the contract term, whereby amounts are transferred to the General Fund for general purposes.

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 \$8.3 million.

The increase of \$0.6 million in the Development Services expenditure budget is primarily related to funds being appropriated for the redesign of the Building Department floor plan at City Hall and the digitization of the Department's records.

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The increase of \$0.4 million in the Police expenditure budget was the result of the appropriation of funds to cover the costs for additional officers under the City's police services contract with the Broward Sheriff's Office (BSO), funded with a COPs Grant.

The increase of \$0.6 million in the Non-departmental expenditure budget is primarily due to the roll of encumbrances from the prior fiscal year, as well as an adjustment in the amount budgeted for amortization expense related to an advance between the General and Sanitation Fund, as discussed earlier.

The increase of \$.8 million in the capital outlay budget is primarily due to the roll or encumbrances from the prior fiscal year and appropriations for capital purchases during the fiscal year for the Parks, Recreation and Cultural Arts and Public Works Departments.

The transfers-out budget increased by \$5.8 million primarily related to transfers from the General Fund unassigned fund balance to the Capital Projects Fund to commit funds for various projects, transfers to the Golf Fund to cover increased operating costs primarily associated with a new Golf Manager position and a newly contracted vendor for golf course maintenance services and a transfer to the East CRA District Fund to cover costs related to the Beach Library Relocation Project.

Final budget compared to actual – Taxes revenue was \$1.0 million higher than the final budget primarily due to the receipt of higher than anticipated taxes.

Investment earnings were \$0.7 million lower than the final budget primarily as a result of the timing of amortization of premiums and discounts relating to the purchase of investments and declining interest rates.

General Government expenditures were \$.5 million lower than the final budget primarily due to less than anticipated expenditures for electric and water and sewer charges.

Police expenditures were \$2.1 million lower than the final budget primarily due to the City's application of a credit in the amount of \$2.3 against its fiscal year 2013 payments to the Broward Sheriff's Office (BSO) for policing services. The credit related to pension credits that were the result of a combination of the City utilizing the percentage of payroll amount for its employer contribution amount, as opposed to the actual dollar amount as determined by the Police and Firefighters Retirement Plan's actuary for fiscal years 2011 and 2012, as well as Chapter 175 credits elected by the City. The Pension Plan initially processed the credit directly to BSO, but as BSO charges the City for its contributions to the Plan under the existing policing services agreement, the City was entitled to a credit back from BSO.

Non-departmental expenditures were \$1.3 million lower than the final budget primarily due to the budgeting for amortization expense in the General Fund as an offset to record a transfer from the Sanitation Fund related to the pay down of an advance between the funds.

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Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2013, amounts to \$381.8 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, 2013

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 61,116,654	\$ 59,683,178	\$ 277,365	\$ 277,365	\$ 61,394,019	\$ 59,960,543
Construction in Progress	14,013,066	18,195,182	7,197,281	19,167,717	21,210,347	37,362,899
Buildings	12,137,106	13,197,355	29,594,685	30,549,668	41,731,791	43,747,023
Infrastructure	75,777,322	76,575,468	58,261,815	55,794,048	134,039,137	132,369,516
Improvements	65,203,485	55,420,999	44,608,695	35,622,605	109,812,180	91,043,604
Machinery & Equipment	7,009,505	7,536,061	6,596,953	8,361,284	13,606,458	15,897,345
TOTALS	\$ 235,257,138	\$ 230,608,243	\$ 146,536,794	\$ 149,772,687	\$ 381,793,932	\$ 380,380,930

Major capital assets events during the fiscal year included:

- Land increased by approximately \$1.4 million in governmental activities primarily as a result of the acquisition of property for a planned community center to be located in Cresthaven.
- Capital projects under construction in governmental activities had a net decrease of approximately \$4.2 million, primarily as a result of the net effect of activity related to several projects in the current fiscal year, primarily Bridge Replacement and Maintenance, Seawall Repairs, Rebuilding of Fire Station #11, Emergency Power Enhancements, City Hall Security Enhancements and the improvement of various City infrastructure assets by the CRA (i.e. 6th Avenue Corridor, the Library/Civic Campus, Downtown Pompano Streetscape, 731 Hammondville Road (MLK), the Bailey Hotel, Pompano Boulevard Streetscape North and Harbor Village Improvements).
- Buildings for governmental activities decreased by approximately \$1.1 million as a result of the recognition of current fiscal year depreciation expense.
- Infrastructure for governmental activities decreased by approximately \$0.8 million, primarily due to the net effect of the recognition of current fiscal year depreciation expense and the capitalization of costs related to Bridge Replacement and Maintenance and Seawall Repairs.
- Improvements for governmental activities increased by approximately \$9.8 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 Road Resurfacing, Tennis Center Renovations, City Hall Security, Atlantic/Pompano Beach Boulevard Underground Utilities, City Hall Fire Alarm, 6th Avenue Corridor, Atlantic Boulevard Streetscape (A1A), Pompano

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Beach Boulevard Streetscape North and Harbor Village Improvements.

- Machinery and Equipment decreased by approximately \$0.5 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 vehicles, rescue equipment and computers and lighting equipment by several City departments.
- Capital projects in business-type activities decreased by approximately \$12.0 million due to the net effect of activity for several projects, to include Golf Course Rehab., Airpark Storage Shed, Airpark Runway Rehab., Airpark Taxiway Replacement, Stormwater Sub-basins, Stormwater Master Plan, Lift Station 21 Rehab., Water Treatment Plant Electric Rehab., Water Meter Replacement and Water Treatment Plant Motor Replacement.
- Buildings for business-type activities decreased by approximately \$1.0 million. This is the result of the recognition of current fiscal year depreciation expense.
- Improvements increased by approximately \$9.0 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 \$1.8 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 reuse connection equipment, as it relates to the City's reuse connection program, which assists customers with connecting to the City's reuse system, and ground maintenance equipment for the City's golf courses.

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

Outstanding Debt

At the end of the current fiscal year the City had total debt (bonds and notes) of \$57,359,714 outstanding compared to \$59,121,455 last year, a 3% decrease.

TABLE 4 - OUTSTANDING DEBT
September 30, 2013

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenue Bonds	\$ -	\$ -	\$ 20,127,130	\$ 23,429,839	\$ 20,127,130	\$ 23,429,839
Tax increment bonds	25,451,352	22,898,514	-	-	25,451,352	22,898,514
Notes	2,549,682	2,768,670	9,231,550	10,024,432	11,781,232	12,793,102
Total	\$ 28,001,034	\$ 25,667,184	\$ 29,358,680	\$ 33,454,271	\$ 57,359,714	\$ 59,121,455

The City does not carry a credit rating directly from any of the nationally recognized rating agencies (i.e. Standard and Poor's, Moody's). All outstanding debt carries an insured rating.

The City's water and sewer bonds are insured by National Public Finance Guarantee Corporation

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(National). At September 30, 2013, National was assigned an A rating by Standard and Poor's and a rating of Baa1 by Moody's.

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 both outstanding bond issues based on these pledged revenue sources.

On December 9, 2008, the City Commission authorized the issuance of special facility airport revenue bonds in an aggregate principal amount not to exceed \$8,000,000, for the purpose of making a loan of funds to Sheltair Pompano Beach, LLC (Sheltair) in order to finance the costs of the acquisition, renovation, construction and equipping of certain general aviation facilities located at the Pompano Beach Airpark, to be leased by Sheltair. The bonds were subsequently issued on December 22, 2008. The bonds are limited obligations of the City payable from lease payments required to be made by Sheltair. The City is not obligated to pay the principal or interest of the bonds except from payments made by Sheltair, 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, 2013, total principal and interest outstanding related to this debt issue was \$6,880,000 and \$2,289,506, respectively.

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 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, 2013, total principal and interest outstanding related to this debt issue was \$26,250,000 and \$4,320,299 respectively.

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 December. Throughout the six months a culmination of 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 each July as required by the City Charter. If necessary, resources and/or policies are modified by the Commission, and subsequently adopted.

One of the most important economic factors affecting local government's finances is property values. The City experienced a 3.09% increase in its assessed taxable value to impact the FY 2014 budget cycle, its first increase since the 2007 assessment. Of the 31 Broward municipalities only one experienced a value decline. Residential sales from the first few months of 2013 reflected moderate increases in most parts of Broward County, an indication that we should expect to see the tax roll

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increase for a second consecutive year. As of October 2013, median price sales in the City are up 10% when compared to January 1, 2013.

By most measures the economy has not returned to pre-recession levels; however, improvement is steady. Thus far the housing market has led the way with investors buying properties, rehabbing, and renting them out. A sustained housing recovery will not be fully achieved until banks begin loosening up credit lending as a significant number of purchases have been cash transactions. Foreseeably, as credit conditions improve it will spur new construction activity, which is needed for Florida's economy to significantly improve. In turn, it is expected that recovery in the housing market will drive consumer spending as consumers continue to show caution due to loss of home equity wealth.

The adopted budget for FY 2014 is \$221 million, which is .68% more than the FY 2013 adopted budget of \$219 million. The General Fund budget accounts for \$112.7 million for the FY 2014 budget, which represents a 1% decrease compared to the FY 2013 adopted budget of \$113.8 million. The millage rate for FY 2014 decreased by 1.81%, at 5.3712, when compared to last year's adopted rate of 5.4700. The operating millage rate of 4.8712 decreased by 1.99% compared to last year's rate of 4.9700, and represents a .77% increase in property taxes, when compared to the rolled back millage rate of 5.3299.

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.

BASIC FINANCIAL STATEMENTS

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 14,088,527	\$ 5,715,330	\$ 19,803,857
Unrestricted investments	132,174,208	40,282,957	172,457,165
Restricted cash and cash equivalents	4,768,798	2,970,594	7,739,392
Restricted investments	9,953,811	4,519,885	14,473,696
Interest receivable	309,781	90,870	400,651
Accounts receivables (net)	5,942,063	4,651,817	10,593,880
Notes Receivable	-	519,526	519,526
Internal balances	(160,792)	160,792	-
Due from other governments	2,674,967	1,921,144	4,596,111
Inventories	1,246,256	355,707	1,601,963
Prepays	222,008	741	222,749
Other assets	34,884	-	34,884
Unamortized bond costs	17,945	98,639	116,584
Assets held for resale for development	34,850,896	-	34,850,896
Net pension asset	1,203,294	-	1,203,294
Capital assets:			
Land and construction in progress	75,129,720	7,474,646	82,604,366
Other capital assets net of accumulated depreciation	160,127,418	139,062,148	299,189,566
Total capital assets net of accumulated depreciation	<u>235,257,138</u>	<u>146,536,794</u>	<u>381,793,932</u>
Total assets	<u>442,583,784</u>	<u>207,824,796</u>	<u>650,408,580</u>
LIABILITIES			
Accounts payable	2,190,533	2,184,432	4,374,965
Accrued expenses	1,122,185	298,413	1,420,598
Due to other governments	-	122,542	122,542
Customer deposits payable	12,318	-	12,318
Unearned revenue	3,845,889	419,877	4,265,766
Liabilities payable from restricted assets:			
Customer deposits payable	-	1,413,626	1,413,626
Accounts payable	885,585	552,078	1,437,663
Accrued expenses	284,299	-	284,299
Accrued interest payable	170,485	252,489	422,974
Long term obligations	-	614,222	614,222
Noncurrent liabilities:			
Due within one year:			
Long term obligations	2,782,162	1,908,521	4,690,683
Notes Payable	225,005	814,669	1,039,674
Claims and judgments	2,510,155	-	2,510,155
Compensated absences	322,939	22,624	345,563
Due in more than one year:			
Long term obligations	22,669,190	17,604,387	40,273,577
Notes Payable	2,324,677	8,416,881	10,741,558
Claims and judgments	12,066,845	-	12,066,845
Compensated absences	5,072,321	1,013,321	6,085,642
Net OPEB obligation	6,454,014	1,470,574	7,924,588
Total liabilities	<u>62,938,602</u>	<u>37,108,656</u>	<u>100,047,258</u>
NET POSITION			
Net investment in capital assets	207,256,104	117,178,114	324,434,218
Restricted for:			
Renewal and replacement/rate stabilization	-	3,480,335	3,480,335
Capital projects	60,466	1,180,127	1,240,593
Building permit function	9,138,471	-	9,138,471
Community Redevelopment	37,967,857	-	37,967,857
Cultural Arts	18,249	-	18,249
Transportation	815,340	-	815,340
Unrestricted	124,388,694	48,877,564	173,266,258
Total net position	<u>\$ 379,645,181</u>	<u>\$ 170,716,140</u>	<u>\$ 550,361,321</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, 2013

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General government	\$ 33,052,054	\$ 9,939,823	\$ 25,646	\$ 74,246
Public safety	76,932,640	23,469,809	3,199,315	12,948
Physical environment	17,508,638	106,076	125,445	3,764,372
Transportation	3,328,609	813,641	-	-
Culture and recreation	8,202,728	1,584,673	23,956	255,479
Interest on long-term debt	1,090,325	-	-	-
Total governmental activities	<u>140,114,994</u>	<u>35,914,022</u>	<u>3,374,362</u>	<u>4,107,045</u>
Business-Type Activities:				
Utility	38,967,528	40,113,717	-	331,067
Sanitation	4,225,019	5,708,478	-	-
Stormwater	1,904,435	2,399,107	-	135,727
Pier	349,096	134,660	-	-
Airpark	1,430,544	977,911	-	1,552,301
Golf course	4,239,802	2,746,380	-	-
Total business-type activities	<u>51,116,424</u>	<u>52,080,253</u>	<u>-</u>	<u>2,019,095</u>
Total government	<u>\$ 191,231,418</u>	<u>\$ 87,994,275</u>	<u>\$ 3,374,362</u>	<u>\$ 6,126,140</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 on sale of capital assets
- Investment earnings
- Miscellaneous revenue
- Transfers
 - Total General Revenues and Transfers
- Changes in Net Position
- Net position-beginning
- 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
\$ (23,012,339)	\$ -	\$ (23,012,339)
(50,250,568)	-	(50,250,568)
(13,512,745)	-	(13,512,745)
(2,514,968)	-	(2,514,968)
(6,338,620)	-	(6,338,620)
(1,090,325)	-	(1,090,325)
<u>(96,719,565)</u>	<u>-</u>	<u>(96,719,565)</u>
-	1,477,256	1,477,256
-	1,483,459	1,483,459
-	630,399	630,399
-	(214,436)	(214,436)
-	1,099,668	1,099,668
-	<u>(1,493,422)</u>	<u>(1,493,422)</u>
-	<u>2,982,924</u>	<u>2,982,924</u>
<u>(96,719,565)</u>	<u>2,982,924</u>	<u>(93,736,641)</u>
46,061,223	-	46,061,223
1,870,051	-	1,870,051
2,092,722	-	2,092,722
10,371,991	-	10,371,991
5,378,539	-	5,378,539
7,218,355	-	7,218,355
2,171,040	-	2,171,040
7,402,812	-	7,402,812
8,549,198	-	8,549,198
36,906	73,659	110,565
426,002	92,380	518,382
1,096,266	431,101	1,527,367
1,533,855	<u>(1,533,855)</u>	<u>-</u>
<u>94,208,960</u>	<u>(936,715)</u>	<u>93,272,245</u>
(2,510,605)	2,046,209	(464,396)
382,155,786	168,669,931	550,825,717
<u>\$ 379,645,181</u>	<u>\$ 170,716,140</u>	<u>\$ 550,361,321</u>

CITY OF POMPANO BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	<u>General</u>	<u>Northwest Community Redevelopment District</u>	<u>East Community Redevelopment District</u>
ASSETS			
Cash and cash equivalents	\$ 4,703,287	\$ 1,906,142	\$ 2,396,180
Restricted cash and cash equivalents	-	-	4,697,598
Restricted investments	6,682,395	-	-
Unrestricted investments	51,624,555	18,320,840	3,921,629
Interest receivable	145,946	28,385	6,604
Accounts receivables, net	2,507,085	-	-
Assets held for resale for development	-	32,993,067	-
Due from other funds	1,416,223	-	-
Due from other governments	1,951,024	152,750	-
Inventories	190,212	-	-
Prepays	138,278	7,825	-
Other assets	25,958	-	-
Total assets	<u>\$ 69,384,963</u>	<u>\$ 53,409,009</u>	<u>\$ 11,022,011</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 875,332	\$ 766,364	\$ 68,101
Accrued expenditures	1,038,807	-	-
Due to other funds	-	-	-
Advances from other funds	833,334	-	-
Deposits	-	12,271	-
Unearned/deferred revenue	1,551,152	157,250	-
Total liabilities:	<u>4,298,625</u>	<u>935,885</u>	<u>68,101</u>
Fund Balances:			
Nonspendable	328,490	7,825	-
Restricted	6,682,395	52,465,299	10,953,910
Committed	-	-	-
Assigned	1,427,818	-	-
Unassigned	56,647,635	-	-
Total fund balances	<u>65,086,338</u>	<u>52,473,124</u>	<u>10,953,910</u>
Total liabilities and fund balances	<u>\$ 69,384,963</u>	<u>\$ 53,409,009</u>	<u>\$ 11,022,011</u>

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

Emergency Medical Svc. District	LETF	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 91,864	\$ 178,416	\$ 2,160,698	\$ 785,248	\$ 12,221,835
-	-	71,200	-	4,768,798
-	-	-	3,271,416	9,953,811
1,199,328	2,402,012	29,013,404	1,771,746	108,253,514
8,257	5,064	63,649	-	257,905
3,268,517	-	166,461	-	5,942,063
-	-	-	1,857,829	34,850,896
-	-	-	-	1,416,223
174	4,977	139,394	410,957	2,659,276
227,790	-	-	-	418,002
75,905	-	-	-	222,008
-	-	-	8,926	34,884
<u>\$ 4,871,835</u>	<u>\$ 2,590,469</u>	<u>\$ 31,614,806</u>	<u>\$ 8,106,122</u>	<u>\$ 180,999,215</u>

\$ 40,385	\$ -	\$ 699,853	\$ 281,829	\$ 2,731,864
284,299	-	-	12,296	1,335,402
-	-	-	423,567	423,567
-	-	-	-	833,334
-	-	-	47	12,318
<u>2,732,291</u>	<u>2,590,469</u>	<u>87,890</u>	<u>289,632</u>	<u>7,408,684</u>
<u>3,056,975</u>	<u>2,590,469</u>	<u>787,743</u>	<u>1,007,371</u>	<u>12,745,169</u>
303,695	-	-	-	640,010
-	-	60,466	5,147,493	75,309,563
1,511,165	-	-	2,127,752	3,638,917
-	-	30,766,597	-	32,194,415
-	-	-	(176,494)	56,471,141
<u>1,814,860</u>	<u>-</u>	<u>30,827,063</u>	<u>7,098,751</u>	<u>168,254,046</u>
<u>\$ 4,871,835</u>	<u>\$ 2,590,469</u>	<u>\$ 31,614,806</u>	<u>\$ 8,106,122</u>	<u>\$ 180,999,215</u>



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CITY OF POMPANO BEACH, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

Fund Balances - total governmental funds		\$ 168,254,046
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	\$ 354,691,889	
Less accumulated depreciation	<u>(119,810,442)</u>	234,881,447
Net pension asset is not a financial resources and therefore is not reported in the governmental funds.		1,203,294
Net other post employment benefits obligation (OPEB) is not expected to be liquidated with expendable available resources and therefore is not reported in the governmental funds.		(6,134,818)
Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenues in the governmental funds financial statements:		
EMS transport fees		2,732,291
Broward County Contract Reimb. - Public Library		152,750
FEMA-Hurricane Wilma		119,566
Community Oriented Policing Grant (COPs)		328,174
Neighborhood Stabilization Program Grant		86,583
Waterway Assistance Program/Broward Boating Improvement Grants		87,890
Communication service taxes		55,541
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	(25,451,352)	
Notes payable	(2,549,682)	
Accrued interest payable	(170,485)	
Compensated absences	<u>(5,076,470)</u>	(33,247,989)
Debt issuance costs are capitalized and amortized over the life of the debt in the statement of net position, but are recorded as expenditures, when paid, in the governmental funds.		17,945
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:		
	27,058,899	
	<u>(16,080,324)</u>	10,978,575
Adjustment for Internal Service Funds look-back		<u>129,886</u>
Net position of governmental activities		<u>\$ 379,645,181</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 BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>General</u>	<u>Northwest Community Redevelopment District</u>	<u>East Community Redevelopment District</u>
Revenues			
Taxes	\$ 59,051,292	\$ 5,363,493	\$ 1,854,862
Judgments, fines and forfeitures	1,200,681	-	-
Permits, fees and special assessments	24,654,735	-	-
Intergovernmental	11,280,833	14,839	-
Charges for services	13,070,474	123,522	-
Pari-Mutuel	2,171,040	-	-
Donations	8,610	10,130	-
Program income	-	-	-
Recaptured funds	-	-	-
Interest and investment revenue	203,746	43,741	4,466
Cemetery lot sales	-	-	-
Other revenue	904,806	77,834	50
Total revenues	<u>112,546,217</u>	<u>5,633,559</u>	<u>1,859,378</u>
EXPENDITURES			
Current:			
General government	19,507,414	2,609,600	1,455,348
Public safety	60,716,912	-	-
Physical environment	12,275,252	-	-
Transportation	2,355,830	-	-
Culture and recreation	6,407,977	-	-
Debt Service:			
Principal	218,988	2,162,162	9,385,000
Interest	73,087	557,649	475,965
Capital outlay	7,840,266	4,592	1,148
Total expenditures	<u>109,395,726</u>	<u>5,334,003</u>	<u>11,317,461</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,150,491</u>	<u>299,556</u>	<u>(9,458,083)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	100,210	-	-
Issuance of refunding bonds	-	-	14,100,000
Transfers in	9,648,288	-	1,931,351
Transfers out	(14,323,487)	(4,243,031)	(2,362,267)
Total other financing sources (uses)	<u>(4,574,989)</u>	<u>(4,243,031)</u>	<u>13,669,084</u>
Net change in fund balances	(1,424,498)	(3,943,475)	4,211,001
Fund balances - beginning	66,510,836	56,416,599	6,742,909
Fund Balances - ending	<u>\$ 65,086,338</u>	<u>\$ 52,473,124</u>	<u>\$ 10,953,910</u>

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

<u>Emergency Medical Svc. District</u>	<u>LETF</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,213,526	\$ -	\$ 2,417,724	\$ 281,241	\$ 73,182,138
-	-	-	-	1,200,681
-	-	52,679	148,237	24,855,651
87,980	46,202	-	3,858,882	15,288,736
3,497,688	-	-	294,516	16,986,200
-	-	-	-	2,171,040
278	-	6,380	24,482	49,880
-	-	-	488,589	488,589
-	-	-	14,523	14,523
24,470	6,016	72,381	10,424	365,244
-	-	-	47,288	47,288
-	-	79,073	249	1,062,012
<u>7,823,942</u>	<u>52,218</u>	<u>2,628,237</u>	<u>5,168,431</u>	<u>135,711,982</u>
-	1	423,452	27,206	24,023,021
13,562,948	52,217	-	29,583	74,361,660
-	-	-	4,233,142	16,508,394
-	-	-	288,608	2,644,438
-	-	14,160	84,913	6,507,050
-	-	-	-	11,766,150
-	-	-	-	1,106,701
526,387	-	9,837,965	153,492	18,363,850
<u>14,089,335</u>	<u>52,218</u>	<u>10,275,577</u>	<u>4,816,944</u>	<u>155,281,264</u>
<u>(6,265,393)</u>	<u>-</u>	<u>(7,647,340)</u>	<u>351,487</u>	<u>(19,569,282)</u>
-	-	-	-	100,210
-	-	-	-	14,100,000
6,103,475	-	6,407,828	42,332	24,133,274
<u>(1,555,634)</u>	<u>-</u>	<u>(115,000)</u>	<u>-</u>	<u>(22,599,419)</u>
<u>4,547,841</u>	<u>-</u>	<u>6,292,828</u>	<u>42,332</u>	<u>15,734,065</u>
(1,717,552)	-	(1,354,512)	393,819	(3,835,217)
<u>3,532,412</u>	<u>-</u>	<u>32,181,575</u>	<u>6,704,932</u>	<u>172,089,263</u>
<u>\$ 1,814,860</u>	<u>\$ -</u>	<u>\$ 30,827,063</u>	<u>\$ 7,098,751</u>	<u>\$ 168,254,046</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, 2013**

Net change in fund balances - total governmental funds \$ (3,835,217)

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	\$ 18,363,850	
Less depreciation	<u>(13,773,861)</u>	4,589,989

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 deferred revenue-EMS transport fees	22,225	
Change in deferred revenue-FEMA UASI Grant	(69,187)	
Change in deferred revenue-communication service tax	(189,257)	
Change in deferred revenue-Neighborhood Stabilization Program Grant	86,583	
Change in deferred revenue-FEMA-Hurricane Wilma Grant	(221,893)	
Change in deferred revenue-CDBG/HOME Grants	(47,899)	
Change in deferred revenue-Waterway Assistance Program Grant	43,945	
Change in deferred revenue- Broward Boating Improvement Grant	43,945	
Change in deferred revenue-Community Oriented Police Grant	328,174	
Change in net pension asset	41,594	
Change in net OPEB Obligation	(168,193)	
Loss on sale of capital assets	(69,689)	
Donation of capital assets	61,280	
Change in compensated absences liability	(211,651)	
Change in accrued interest	16,376	
Broward County Contract Reimbursement - Public Library	152,750	(180,897)

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. Also, governmental funds report issuance costs and similar items as expenditures when debt is first issued, whereas those amounts are deferred and amortized in the government-wide financial statements.

Principal payments	11,766,150	
Issuance of Refunding bonds	(14,100,000)	
Amortization of bond issuance costs	<u>(3,264)</u>	(2,337,114)

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. (957,556)

Adjustment for Internal Service Funds look-back		210,190
Change in Net Position - Governmental Activities		<u>\$ (2,510,605)</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, 2013

	Business-type Activities -Enterprise Funds			Governmental
	Utility	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 5,047,640	\$ 667,690	\$ 5,715,330	\$ 1,866,692
Restricted cash and cash equivalents	2,885,856	84,738	2,970,594	-
Interest receivable	69,947	20,923	90,870	51,877
Accounts receivables, net	3,812,974	838,843	4,651,817	-
Due from other governments	211,749	1,709,395	1,921,144	15,691
Notes receivable	-	519,526	519,526	-
Inventories	337,276	18,431	355,707	828,254
Prepays	741	-	741	-
Unamortized bond costs	20,193	-	20,193	-
Total current assets:	12,386,376	3,859,546	16,245,922	2,762,514
Noncurrent assets:				
Unrestricted investments	31,306,477	8,976,480	40,282,957	23,920,694
Restricted investments	3,480,335	1,039,550	4,519,885	-
Advances to other funds	-	833,334	833,334	-
Unamortized bond costs	78,446	-	78,446	-
Capital assets:				
Land	216,373	60,992	277,365	-
Construction in progress	3,683,123	3,514,158	7,197,281	-
Buildings	47,635,353	4,380,273	52,015,626	254,536
Infrastructure	105,908,548	19,411,788	125,320,336	-
Improvements	49,646,916	25,176,161	74,823,077	423,838
Machinery and equipment	18,449,946	2,712,898	21,162,844	5,667,123
Less accumulated depreciation	(114,913,634)	(19,346,101)	(134,259,735)	(5,969,806)
Total capital assets (net of accumulated depreciation)	110,626,625	35,910,169	146,536,794	375,691
Total noncurrent assets:	145,491,883	46,759,533	192,251,416	24,296,385
Total assets	\$ 157,878,259	\$ 50,619,079	\$ 208,497,338	\$ 27,058,899
LIABILITIES				
Current liabilities, unrestricted:				
Accounts payable	1,054,576	1,129,856	2,184,432	344,256
Accrued expenses	217,853	80,560	298,413	71,082
Due to other funds	-	542,656	542,656	450,000
Unearned revenue	-	419,877	419,877	-
Due to other governments	-	122,542	122,542	-
Compensated absences	22,624	-	22,624	6,086
Claims and judgments	-	-	-	2,510,155
Current portion of long-term debt	1,908,521	-	1,908,521	-
Notes payable	814,669	-	814,669	-
Total current liabilities, unrestricted	4,018,243	2,295,491	6,313,734	3,381,579
Current liabilities payable from restricted assets:				
Accounts payable	130,268	421,810	552,078	-
Customer deposits payable	1,413,626	-	1,413,626	-
Accrued interest payable	252,489	-	252,489	-
Current portion of long-term debt	614,222	-	614,222	-
Total current liabilities payable from restricted assets	2,410,605	421,810	2,832,415	-
Total current liabilities	6,428,848	2,717,301	9,146,149	3,381,579
Noncurrent liabilities:				
Compensated absences	842,940	170,381	1,013,321	312,704
Net OPEB obligation	1,187,228	283,346	1,470,574	319,196
Claims and judgments	-	-	-	12,066,845
Notes payable	8,416,881	-	8,416,881	-
Revenue bonds payable	17,604,387	-	17,604,387	-
Total noncurrent liabilities	28,051,436	453,727	28,505,163	12,698,745
Total liabilities	34,480,284	3,171,028	37,651,312	16,080,324
NET POSITION				
Net investment in capital assets	81,267,945	35,910,169	117,178,114	375,691
Restricted:				
Renewal & replacement/rate stabilization	3,480,335	-	3,480,335	-
Capital Projects	475,252	704,876	1,180,128	-
Unrestricted	38,174,443	10,833,006	49,007,449	10,602,884
Total net position	\$ 123,397,975	\$ 47,448,051	\$ 170,846,026	\$ 10,978,575

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, 2013

Net Position - Enterprise Funds	\$ 170,846,026
Adjustment to Enterprise Funds for Internal Service Funds look-back	<u>(129,886)</u>
Net Position - Business-type Activities	<u>\$ 170,716,140</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, 2013

	Business-type Activities - Enterprise Funds			Governmental
	Utility	Nonmajor Enterprise Funds	Total	Activities Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 40,113,717	\$ 11,966,536	\$ 52,080,253	\$ 18,501,984
Contract fee extension	-	416,667	416,667	-
Miscellaneous	1,400	-	1,400	27,125
Total operating revenues	<u>40,115,117</u>	<u>12,383,203</u>	<u>52,498,320</u>	<u>18,529,109</u>
OPERATING EXPENSES				
Personal services	8,207,908	1,852,563	10,060,471	2,592,618
Other current expenses	20,367,291	8,356,534	28,723,825	16,858,998
Depreciation and amortization	8,964,877	1,908,352	10,873,229	121,363
Total operating expenses	<u>37,540,076</u>	<u>12,117,449</u>	<u>49,657,525</u>	<u>19,572,979</u>
Operating income (loss)	<u>2,575,041</u>	<u>265,754</u>	<u>2,840,795</u>	<u>(1,043,870)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and investment revenue	81,812	10,568	92,380	60,764
Miscellaneous revenue	12,034	1,000	13,034	6,199
Interest expense and fiscal agent fees	(1,248,709)	-	(1,248,709)	-
Gain or (loss) from disposition of capital assets	8,754	64,905	73,659	6,385
Total nonoperating revenue (expenses)	<u>(1,146,109)</u>	<u>76,473</u>	<u>(1,069,636)</u>	<u>73,348</u>
Income (loss) before contributions and transfers	1,428,932	342,227	1,771,159	(970,522)
Capital grants and contributions	331,067	1,688,028	2,019,095	12,966
Transfers in	-	1,609,105	1,609,105	-
Transfers out	(79,970)	(3,062,990)	(3,142,960)	-
Change in net position	1,680,029	576,370	2,256,399	(957,556)
Total net position - beginning	121,717,946	46,871,681	168,589,627	11,936,131
Total net position - ending	<u>\$ 123,397,975</u>	<u>\$ 47,448,051</u>	<u>\$ 170,846,026</u>	<u>\$ 10,978,575</u>

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, 2013

Net change in Net Position - Enterprise Funds	\$ 2,256,399
Adjustment to Enterprise Funds for Internal Service Funds look-back	<u>(210,190)</u>
Change in Net Position - Business-type Activities	<u>\$ 2,046,209</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, 2013

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from other funds for charges for services	\$ -	\$ -	\$ -	\$ 15,943,807
Receipts from customers	40,718,056	11,983,391	52,701,447	2,575,794
Receipts from subrogation	-	-	-	3,073
Payments to suppliers/Insurer	(20,741,211)	(9,136,577)	(29,877,788)	(13,885,428)
Payments to employees	(8,131,072)	(1,829,208)	(9,960,280)	(2,567,019)
Claims paid	-	-	-	(3,036,489)
Net cash provided (used) by operating activities	<u>11,845,773</u>	<u>1,017,606</u>	<u>12,863,379</u>	<u>(966,262)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances from other funds	-	1,375,989	1,375,989	50,000
Transfers to other funds	(79,970)	(3,062,990)	(3,142,960)	-
Transfers from other funds	-	1,609,105	1,609,105	-
Interest paid on utility deposits	(971)	-	(971)	-
Net cash provided (used) by noncapital financing activities	<u>(80,941)</u>	<u>(77,896)</u>	<u>(158,837)</u>	<u>50,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(3,661,072)	(3,211,347)	(6,872,419)	(176,642)
Capital grants and contributions	239,244	135,727	374,971	-
Proceeds from the sale of capital assets	32,829	5,320	38,149	13,514
Principal paid on bonds/notes	(4,095,591)	-	(4,095,591)	-
Payments to fiscal agents	(750)	-	(750)	-
Interest paid on bonds/notes	(1,345,121)	-	(1,345,121)	-
Net cash provided (used) by capital and related financing activities	<u>(8,830,461)</u>	<u>(3,070,300)</u>	<u>(11,900,761)</u>	<u>(163,128)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Calls/maturities of investments	21,068,022	9,124,029	30,192,051	18,145,754
Purchase of investments	(25,982,805)	(7,481,128)	(33,463,933)	(17,866,733)
Interest earnings	96,782	27,663	124,445	78,006
Net cash provided (used) by investing activities	<u>(4,818,001)</u>	<u>1,670,564</u>	<u>(3,147,437)</u>	<u>357,027</u>
Net increase (decrease) in cash and cash equivalents	(1,883,630)	(460,026)	(2,343,656)	(722,363)
Cash and cash equivalents, beginning of the year	<u>9,817,126</u>	<u>1,212,454</u>	<u>11,029,580</u>	<u>2,589,055</u>
Cash and cash equivalents, end of the year	<u>\$ 7,933,496</u>	<u>\$ 752,428</u>	<u>\$ 8,685,924</u>	<u>\$ 1,866,692</u>
Cash and cash equivalents, unrestricted	\$ 5,047,640	\$ 667,690	\$ 5,715,330	\$ 1,866,692
Cash and cash equivalents, restricted	2,885,856	84,738	2,970,594	-
Cash and cash equivalents, end of the year	<u>\$ 7,933,496</u>	<u>\$ 752,428</u>	<u>\$ 8,685,924</u>	<u>\$ 1,866,692</u>
Non-cash transactions (Capital & Related Financing Activities):				
Contribution of capital assets from developers	\$ 243,746	\$ -	\$ 243,746	\$ -
Donation of equipment	-	-	-	12,966
Non-cash transactions (Investing Activities):				
Changes in fair value of investments	(138,591)	(41,782)	(180,373)	(94,365)
	<u>\$ 105,155</u>	<u>\$ (41,782)</u>	<u>\$ 63,373</u>	<u>\$ (81,399)</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, 2013

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 2,575,041	\$ 265,754	\$ 2,840,795	\$ (1,043,870)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization expense	8,964,877	1,908,352	10,873,229	121,363
Changes in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivables	204,343	14,190	218,533	-
Due from other governments	-	-	-	(6,435)
Inventories	139,338	1,540	140,878	(19,573)
Other assets and prepaids	1,329	-	1,329	2,450
Increase (decrease) in liabilities:				
Accounts and other payables	(566,047)	(786,900)	(1,352,947)	160,535
Accrued expenses	13,084	31,150	44,234	4,236
Customer deposits payable	398,596	-	398,596	-
Unearned revenue	-	(414,002)	(414,002)	-
Other Post Employment Benefits (OPEB)	51,460	5,317	56,777	8,669
Compensated absences	63,752	(7,795)	55,957	21,363
Estimated claims payable	-	-	-	(215,000)
Net cash provided (used) by operating activities	<u>\$ 11,845,773</u>	<u>\$ 1,017,606</u>	<u>\$ 12,863,379</u>	<u>\$ (966,262)</u>

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, 2013

	<u>Employee Retirement Plans</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 2,883,116	\$ 616,180
Receivables:		
Accrued interest and dividends	681,214	-
Due from brokers	1,466,612	-
Other	98,013	2,399
Total receivables	<u>2,245,839</u>	<u>2,399</u>
Other assets	<u>2,978</u>	<u>-</u>
Investments:		
U.S. Government obligations	27,682,789	-
Mortgage backed securities	14,312,601	-
Municipal obligations	708,342	-
Corporate obligations	33,024,003	-
Equity securities	178,122,750	-
Mutual funds and collective trusts	1,465,284	-
Domestic equity funds	18,176,142	-
International equity funds	21,591,762	-
Private equity funds	45,708,772	-
Real estate funds	15,159,205	-
Money market funds	10,479,837	-
Total investments	<u>366,431,487</u>	<u>-</u>
Property & equipment, net of accumulated depreciation	<u>49,653</u>	<u>-</u>
Total assets	<u>371,613,073</u>	<u>618,579</u>
LIABILITIES		
Accounts payable and accrued expenses	516,019	-
Deferred retirement option plan payable	4,787,700	-
Due to brokers	6,919,808	-
Deposits, sales tax & payroll taxes payable	-	618,579
Advance contribution from employer	423,661	-
Total liabilities	<u>12,647,188</u>	<u>\$ 618,579</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ 358,965,885</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, 2013

	Employee Retirement Plans
ADDITIONS	
Contributions:	
Employer	\$ 10,316,480
Broward County Sheriff's Office	4,115,847
Broward County - Library	21,845
Members	3,967,962
State	2,152,520
Total contributions:	<u>20,574,654</u>
Investment income (loss)	
Net appreciation in fair value of investments	41,070,913
Interest and dividends	7,301,908
Commission recapture	474
Other	122,994
Total investment income (loss)	<u>48,496,289</u>
Less: investment expenses	2,022,384
deferred retirement option plan earnings	340,522
Net Investment Income	<u>46,133,383</u>
Total	<u>66,708,037</u>
DEDUCTIONS	
Participant benefit payments	26,852,765
Refunds of participant contributions	307,565
Administrative expenses	1,048,608
Total	<u>28,208,938</u>
Net Increase (decrease)	38,499,099
Net position held in trust for pension benefits	
Beginning of the year	320,466,786
End of the year	<u>\$ 358,965,885</u>

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

Notes to the Financial Statements

CITY OF POMPANO BEACH, FLORIDA

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CITY OF POMPANO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2013

(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

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

by Ordinance 73-11; and

- Defined Contribution Retirement System, established in 1996 by Ordinance 96-84.

(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.

(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

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City has no discretely presented component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function is 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 fund (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 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 SEPTEMBER 30, 2013

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 accounts for a City agency which uses tax-increment financing to encourage development.

The East Community Redevelopment District Fund accounts for a City agency which uses tax-increment financing to encourage development.

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.

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 Law Enforcement Trust Fund (LETFF) Fund accounts for confiscated monies and property awarded to the City for law enforcement related expenditures in accordance with Florida Statutes and Federal guidelines.

The City reports the following major proprietary fund:

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

The City also has certain funds (Special Purpose Fund, State Housing Initiative Partnership Grant Fund (SHIP), Other Grants Fund, Cultural Arts Foundation, Cemetery, 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 the accumulation of resources to be used for retirement benefit payments to City police officers and firefighters. Resources are contributed by employees at rates

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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 costs. All other

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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, discounting cash flow analysis, matrix pricing, option-adjusted spread models and fundamental analysis.

(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:

CITY OF POMPANO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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

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 \$1,308,002 of which \$61,014 was capitalized.

(J) 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 \$350,000 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.

(K) 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.

(L) Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund

CITY OF POMPANO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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, gain/loss on bond refunding and issuance costs, are deferred and amortized over the life of the bonds using the straight line method, which is not materially different than the 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 reported as deferred charges and amortized over the term of the related debt.

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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(M) Employee Benefit Plans and Net Pension Asset

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, 2013 the City recorded a net pension asset related to the General Employees Retirement Plan and a net pension asset related to the Police and Firefighters' Retirement Plan in its government-wide statement of net position. The net pension asset 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. Please refer to Note (III) for further information.

(N) 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

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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 (K) for further information.

(O) 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 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, 2013.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

(P) Unearned/Deferred Revenue

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 deferred revenue in the governmental fund financial statements.

(Q) 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.

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 are categorized as follows:

- **Net Investment in Capital Assets** – consists of capital assets, net of accumulated

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

depreciation, reduced by the outstanding balances of bonds, mortgages, 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.

(R) 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, 2013, the Government-wide statement of net position reports \$52,660,845 in restricted net position. Of this amount, \$47,921,668 is restricted as a result of enabling legislation.

(S) 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.

(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, 2013:

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

	Unrestricted		Restricted		Total cash, cash equivalents and investments
	Cash and cash equivalents	Investments	Cash and cash equivalents	Investments	
Governmental activities:					
General	\$ 4,703,287	\$ 51,624,555	\$ -	\$ 6,682,395	\$ 63,010,237
Northwest CRA	1,906,142	18,320,840	-	-	20,226,982
East CRA	2,396,180	3,921,629	4,697,598	-	11,015,407
EMS	91,864	1,199,328	-	-	1,291,192
Capital Projects	2,160,698	29,013,404	71,200	-	31,245,302
LETF	178,416	2,402,012	-	-	2,580,428
Nonmajor Governmental	785,248	1,771,746	-	3,271,416	5,828,410
Internal Service Funds	1,866,692	-	-	23,920,694	25,787,386
Total governmental	<u>14,088,527</u>	<u>108,253,514</u>	<u>4,768,798</u>	<u>33,874,505</u>	<u>160,985,344</u>
Business-type activities:					
Utility	5,047,640	31,306,477	2,885,856	3,480,335	42,720,308
Nonmajor Enterprise	667,690	8,976,480	84,738	1,039,550	10,768,458
Total business-type	<u>5,715,330</u>	<u>40,282,957</u>	<u>2,970,594</u>	<u>4,519,885</u>	<u>53,488,766</u>
Fiduciary Funds	3,499,296	366,431,487	-	-	369,930,783
Total	<u>\$ 23,303,153</u>	<u>\$ 514,967,958</u>	<u>\$ 7,739,392</u>	<u>\$ 38,394,390</u>	<u>\$ 584,404,893</u>

Public Deposits:

At September 30, 2013, the book balance of the City's deposits was \$23,049,468 and the bank balance was \$24,185,617. 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 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

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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.

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
Local Government Investment Pool	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/Savings Accounts	10%	10	NA
Repurchase Agreements	20% (2)	5	NA
Commercial Paper	25%	2	10
Corporate Notes	25%	2	10
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, 2013 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

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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.

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%
Equities (small/mid cap)	10%
Fixed Income	20%
International Equities	15%
Direct real estate	10%
Absolute return funds	10%

Florida Statutes and the investment policy authorizes the Board of Trustees for the Police and Firefighters' 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, and American Depository Receipts, and real estate investment trusts listed on the New York American 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	Maximum % Portfolio Composition
Fixed Income Securities	30.0%
Equity Securities	60.0%
Real Estate	10.0%
Private Equity	7.5%
Hedge Funds	10.0%

Security:

The City and the Pension Plans have a third party custodial arrangement with certain

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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 the City 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 0.46 years and 1.69 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, 2013.

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, 2013:

Investment Type	Remaining Maturity (In years)					
	Fair Value	Less than 1	1 to 2	2 to 3	3 to 4	4 to 5
U.S Agency Notes	\$ 4,438,403	\$ 1,378,936	\$ 2,578,545	\$ 480,922	\$ -	\$ -
U.S. Treasury Notes	71,996,509	15,689,675	27,875,877	28,430,957	-	-
U.S. Sponsored Agencies	60,267,522	5,300,898	4,754,078	12,048,248	26,687,861	10,174,898
Commercial Paper	3,949,276	3,949,276	-	-	-	-
Corporate Notes	26,965,400	9,082,594	5,362,254	12,520,552	-	-
State/Local Govt. Debt	8,259,295	5,779,188	1,207,751	494,652	-	777,704
Money Market Mutual Funds	10,252,592	10,252,592	-	-	-	-
Intergovernmental Investment Pool	5,856,389	-	-	5,856,389	-	-
	<u>\$ 191,985,386</u>	<u>\$ 51,433,159</u>	<u>\$ 41,778,505</u>	<u>\$ 59,831,720</u>	<u>\$ 26,687,861</u>	<u>\$ 10,952,602</u>
Breakdown Government-wide						
Investments –						
(subject to interest rate risk)	\$ 191,985,386					
Deposits –						
(not subject to interest rate risk)						
Certificate of Deposit	5,230,903					
Money Market Savings	13,249,410					
Cash & Cash Equivs. (other deposits)	4,624,591					
Total Government-wide & Agency						
Fund	<u>\$ 215,090,290</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, 2013:

Investment Type	Remaining Maturity (In years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. Agency Securities	\$ 7,514,898	\$ 120	\$ 398,649	\$ 404,323	\$ 6,711,806
U.S. Treasury Securities	2,050,835	-	228,119	470,250	1,352,466
Corporate Obligations	14,347,812	2,921,361	5,409,315	1,977,899	4,039,237
	23,913,545	<u>\$ 2,921,481</u>	<u>\$ 6,036,083</u>	<u>\$ 2,852,472</u>	<u>\$ 12,103,509</u>
Investment types not subject to interest rate risk:					
Common Stock	50,207,959				
Domestic Equity Funds	18,176,142				
International Equity Funds	21,591,762				
Private Equity Funds	13,731,712				
Real Estate	12,908,354				
Total Government-wide & Agency Fund	<u>\$ 140,529,474</u>				

The investment plan for the Police and Firefighters' Retirement Plan limits the Plan's exposure to 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. 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, 2013:

Investment Type	Remaining Maturity (In years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasuries, notes and bonds	\$ 16,932,956	\$ 4,994,006	\$ 6,828,616	\$ 2,905,228	\$ 2,205,106
U.S. Federal agencies	1,184,102	-	920,000	264,102	-
Mortgage backed securities	10,927,535	-	10,855	1,406,646	9,510,034
Municipal Obligations	708,342	-	-	-	708,342
Corporate Obligations	18,586,783	93,698	9,499,678	5,541,786	3,451,621
Collateralized mortgage obligations	3,385,068	-	-	-	3,385,068
Foreign Obligations	89,404	-	-	89,404	-
	51,814,190	<u>\$ 5,087,704</u>	<u>\$ 17,259,149</u>	<u>\$ 10,207,166</u>	<u>\$ 19,260,171</u>
Investment types not subject to interest rate risk:					
Equity Securities	127,914,791				
Hedge Funds & Private Equity	31,977,060				
Real Estate	2,250,851				
Money Market Funds	10,479,837				
Total Investments	<u>\$ 224,436,729</u>				

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates

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will adversely affect the fair value of an investment or a deposit. Neither the City's nor the Police and Firefighters' Retirement and General Employees Retirement System Plan portfolios had exposure to foreign currency risk at September 30, 2013.

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.

Corporate notes limits (25%) and commercial paper limits (25%) are established with additional asset allocation limits for the sector (5%) 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, 2013:

Investment Type	Fair Value	Rating at September 30, 2013			
		AAAm	P-1	Aaa/Aa1/Aa2/ Aa3/A1	AAA/V2
U.S. Agency Notes	\$ 4,438,403	\$ -	\$ -	\$ 4,438,403	\$ -
U.S. Treasury Notes	71,996,509	-	-	71,996,509	-
U.S. Sponsored Agencies	60,267,522	-	-	60,267,522	-
Commercial Paper	3,949,276	-	3,949,276	-	-
Corporate Notes	26,965,400	-	-	26,965,400	-
State/Local Govt. Debt	8,259,295	-	-	8,259,295	-
Money Market Mutual Funds	10,252,592	10,252,592	-	-	-
Local Gov't Investment Pool	5,856,389	-	-	-	5,856,389
Total Investments					
with Credit Risk	191,985,386	\$ 10,252,592	\$ 3,949,276	\$ 171,927,129	\$ 5,856,389
Certificate of Deposit	5,230,903				
Demand Deposits	17,874,001				
Total City Portfolio	<u>\$ 215,090,290</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 corporate issuer. 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.

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The following table discloses credit ratings by investment type for the General Employees Retirement Plan at September 30, 2013, as applicable:

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
U.S. government guaranteed*	\$ 9,565,733	40.00%
Quality rating of credit risk debt securities		
AAA	1,467,971	6.14%
AA+	673,713	2.82%
AA	500,516	2.09%
AA-	153,337	0.64%
A	4,356,858	18.23%
A-	3,939,538	16.47%
A+	1,461,707	6.11%
BBB	781,203	3.27%
BBB-	53,295	0.22%
BBB+	959,674	4.01%
Not rated	-	0.00%
Total credit risk debt securities	<u>14,347,812</u>	<u>60.00%</u>
Total fixed income securities	<u>\$ 23,913,545</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.

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 (A-1 or P-1), and the maximum weighting of fixed income securities in BBB ratings is limited to 15% of the fixed income portfolio. The fixed income investments credit ratings for the Plan for the fiscal year ending September 30, 2013 ranged between a rating of AAA and CCC and below ratings. All of the fixed income investments for the fiscal year ended September 30, 2013 met the ratings requirements of the investment policy guidelines or an approved exception thereto.

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	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
U.S. government guaranteed*	\$ 27,860,491	53.77%
Quality rating of credit risk debt securities		
AAA	1,688,146	3.26%
AA	4,766,766	9.20%
A	6,539,667	12.62%
BBB	7,716,680	14.89%
BB	40,527	0.08%
B	165,290	0.32%
CCC and below	89,818	0.17%
Not rated	2,946,805	5.69%
Total credit risk debt securities	<u>23,953,699</u>	<u>46.23%</u>
Total fixed income securities	<u>\$ 51,814,190</u>	<u>100.00%</u>

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

Concentration of Credit Risk – 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, 2013. 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, 2013. The investment policy of the Police and Firefighters Retirement Plan limits equity 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 or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) at September 30, 2013.

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

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
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Plans' name. Investments in mutual funds and external investment pools are not subject to custodial credit risk.

(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 \$263,314, are as follows:

<u>Governmental</u>	<u>General</u>	<u>NW CRA</u>	<u>East CRA</u>	<u>EMS</u>	<u>LETF</u>	<u>Capital Projects</u>	<u>Non-Major Gov't'l</u>	<u>Internal Service</u>	<u>Total</u>
Receivables:									
Electric franchise tax	\$ 1,457,143	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,457,143
Electric utility tax	665,843	-	-	-	-	166,461	-	-	832,304
EMS transport fees	-	-	-	3,268,517	-	-	-	-	3,268,517
Utility tax	183,432	-	-	-	-	-	-	-	183,432
Slot machine revenue	166,856	-	-	-	-	-	-	-	166,856
Other	33,811	-	-	-	-	-	-	-	33,811
Total governmental receivables	\$ 2,507,085	\$ -	\$ -	\$ 3,268,517	\$ -	\$ 166,461	\$ -	\$ -	\$ 5,942,063
Due from other governments:									
State half cents sales tax	475,424	-	-	-	-	-	-	-	475,424
State local option gas tax	84,326	-	-	-	-	-	11,153	-	95,479
State revenue sharing	209,641	-	-	-	-	-	-	-	209,641
Motor fuel tax	-	-	-	-	-	51,504	-	15,691	67,195
Communications service tax	541,492	-	-	-	-	-	-	-	541,492
Broward County court fines	21,008	-	-	-	-	-	-	-	21,008
Broward County - ad valorem taxes	282	-	-	174	-	-	-	-	456
Broward County - OES	20,994	-	-	-	-	-	-	-	20,994
BSO - FPL Electric Reimb.	11,362	-	-	-	-	-	-	-	11,362
Broward County - Library Project	-	152,750	-	-	-	-	-	-	152,750
BSO - School Resource Officer	138,756	-	-	-	-	-	-	-	138,756
Summer Food Program	-	-	-	-	-	-	11,533	-	11,533
FEMA - Urban Area Security Initiative Grant	-	-	-	-	-	-	51,461	-	51,461
FEMA - Hurricane Wilma Grant	119,566	-	-	-	-	-	-	-	119,566
Neighborhood Stabilization Program - HUD	-	-	-	-	-	-	183,554	-	183,554
LETF - US Dept of Justice	-	-	-	-	179	-	-	-	179
LETF - BSO	-	-	-	-	4,798	-	-	-	4,798
Florida Inland Navigation Dist	-	-	-	-	-	87,890	-	-	87,890
CDBG - HUD	-	-	-	-	-	-	142,596	-	142,596
Home - HUD	-	-	-	-	-	-	10,660	-	10,660
COPS - US Dept of Justice	328,173	-	-	-	-	-	-	-	328,173
Total due from other governments	\$ 1,951,024	\$ 152,750	\$ -	\$ 174	\$ 4,977	\$ 139,394	\$ 410,957	\$ 15,691	\$ 2,674,967

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<u>Business-type</u>	<u>Utility</u>	<u>Nonmajor Enterprise</u>	<u>Total</u>
Receivables:			
Water /sewer customer charges	\$ 3,888,018	\$ -	\$ 3,888,018
Solid waste service charges	-	629,766	629,766
Stormwater customer charges	-	568,169	568,169
Less: Allowance for uncollectibles	<u>(75,044)</u>	<u>(359,092)</u>	<u>(434,136)</u>
Total business-type receivables (net)	<u>\$ 3,812,974</u>	<u>\$ 838,843</u>	<u>\$ 4,651,817</u>
Due from other governments:			
Broward County Environment Protection	\$ 207,321	\$ -	\$ 207,321
FDOT Aviation Development Grant	-	81,700	81,700
FAA - Air Park Improvement Grant	-	1,470,601	1,470,601
Broward County Office of Environmental Services	<u>4,428</u>	<u>157,094</u>	<u>161,522</u>
Total due from other governments	<u>\$ 211,749</u>	<u>\$ 1,709,395</u>	<u>\$ 1,921,144</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 2013, 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, 2013 the unamortized amount outstanding related to these grants was \$2,910,292. Due to the uncertainty of collections regarding this amount a receivable has not been recorded.

CITY OF POMPANO BEACH, FLORIDA

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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 of 3.48%.

The loan payments are as follows:

Fiscal Year Ending	Principal	Interest	Total
2014	\$ 96,921	\$ 18,079	\$ 115,000
2015	100,293	14,707	115,000
2016	103,784	11,216	115,000
2017	107,395	7,605	115,000
2018	111,133	3,867	115,000
Total payments	<u>\$ 519,526</u>	<u>\$ 55,474</u>	<u>\$ 575,000</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

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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at the lower of cost or net realizable value.

Assets held for resale and development activity for the year ended September 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Assets held for resale & development	\$ 33,947,831	\$ 1,593,627	\$ 690,562	\$ 34,850,896

(C) Capital Assets and Construction Commitments

Capital asset activity for the year ended September 30, 2013 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	\$ 59,683,178	\$ 1,446,486	\$ 13,010	\$ 61,116,654
Construction in progress	18,195,182	16,443,263	20,625,379	14,013,066
Total capital assets, not being depreciated	<u>77,878,360</u>	<u>17,889,749</u>	<u>20,638,389</u>	<u>75,129,720</u>
Capital assets, being depreciated:				
Buildings	36,455,994	21,400	-	36,477,394
Infrastructure	111,910,575	4,489,973	-	116,400,548
Improvements other than buildings	87,164,652	14,546,254	-	101,710,906
Machinery and equipment	33,969,195	2,292,743	4,943,120	31,318,818
Total capital assets being depreciated	<u>269,500,416</u>	<u>21,350,370</u>	<u>4,943,120</u>	<u>285,907,666</u>
Less accumulated depreciation for:				
Buildings	23,258,639	1,081,649	-	24,340,288
Infrastructure	35,335,107	5,288,119	-	40,623,226
Improvements other than buildings	31,743,653	4,763,768	-	36,507,421
Machinery and equipment	26,433,134	2,761,688	4,885,509	24,309,313
Total accumulated depreciation	<u>116,770,533</u>	<u>13,895,224</u>	<u>4,885,509</u>	<u>125,780,248</u>
Total capital assets being depreciated, net	<u>152,729,883</u>	<u>7,455,146</u>	<u>57,611</u>	<u>160,127,418</u>
Governmental activities capital assets, net	<u>\$ 230,608,243</u>	<u>\$ 25,344,895</u>	<u>\$ 20,696,000</u>	<u>\$ 235,257,138</u>

CITY OF POMPANO BEACH, FLORIDA

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	<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	5,818,189	3,295,338	5,430,404	3,683,123
Total capital assets, not being depreciated	<u>6,034,562</u>	<u>3,295,338</u>	<u>5,430,404</u>	<u>3,899,496</u>
Capital assets, being depreciated:				
Buildings	47,635,353	-	-	47,635,353
Infrastructure	105,664,802	243,746	-	105,908,548
Improvement other than buildings	44,245,399	5,401,517	-	49,646,916
Machinery and equipment	18,306,431	455,635	312,120	18,449,946
Total capital assets being depreciated	<u>215,851,985</u>	<u>6,100,898</u>	<u>312,120</u>	<u>221,640,763</u>
Less accumulated depreciation for:				
Buildings	18,632,751	1,370,289	-	20,003,040
Infrastructure	58,764,946	781	-	58,765,727
Improvements other than buildings	18,530,189	5,304,393	-	23,834,582
Machinery and equipment	10,341,144	2,269,221	300,080	12,310,285
Total accumulated depreciation	<u>106,269,030</u>	<u>8,944,684</u>	<u>300,080</u>	<u>114,913,634</u>
Utility Fund capital assets, being depreciated, net	<u>109,582,955</u>	<u>(2,843,786)</u>	<u>12,040</u>	<u>106,727,129</u>
Utility Fund capital assets, net	<u>\$ 115,617,517</u>	<u>\$ 451,552</u>	<u>\$ 5,442,444</u>	<u>\$ 110,626,625</u>
Nonmajor Enterprise Funds:				
Capital assets, not being depreciated:				
Land	\$ 60,992	\$ -	\$ -	\$ 60,992
Construction in progress	13,349,528	3,797,712	13,633,082	3,514,158
Total capital assets, not being depreciated	<u>13,410,520</u>	<u>3,797,712</u>	<u>13,633,082</u>	<u>3,575,150</u>
Capital assets, being depreciated:				
Buildings	3,830,172	550,101	-	4,380,273
Infrastructure	17,141,154	2,270,634	-	19,411,788
Improvements other than buildings	14,358,166	10,817,995	-	25,176,161
Machinery and equipment	3,441,144	318,932	1,047,178	2,712,898
Total capital assets being depreciated	<u>38,770,636</u>	<u>13,957,662</u>	<u>1,047,178</u>	<u>51,681,120</u>
Less accumulated depreciation for:				
Buildings	2,283,106	134,795	-	2,417,901
Infrastructure	8,246,962	45,832	-	8,292,794
Improvements other than buildings	5,062,507	1,317,293	-	6,379,800
Machinery and equipment	2,433,411	410,432	588,237	2,255,606
Total accumulated depreciation	<u>18,025,986</u>	<u>1,908,352</u>	<u>588,237</u>	<u>19,346,101</u>
Nonmajor Enterprise Funds capital assets, being depreciated, net	<u>20,744,650</u>	<u>12,049,310</u>	<u>458,941</u>	<u>32,335,019</u>
Nonmajor Enterprise Funds capital assets, net	<u>34,155,170</u>	<u>15,847,022</u>	<u>14,092,023</u>	<u>35,910,169</u>
Business-type activities capital assets, net	<u>\$ 149,772,687</u>	<u>\$ 16,298,574</u>	<u>\$ 19,534,467</u>	<u>\$ 146,536,794</u>

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

Governmental activities:

General government	\$ 8,637,264
Public safety	2,167,413
Transportation	684,171
Physical environment	785,802
Culture and recreation	1,620,574
Total depreciation expense - governmental activities	<u>\$ 13,895,224</u>

Business-type activities:

Utilities	\$ 8,944,684
Pier	73,665
Airpark	472,569
Golf	493,148
Sanitation	37,213
Stormwater	831,757
Total depreciation expense - business-type activities	<u>\$ 10,853,036</u>

The City has active construction projects as of September 30, 2013. Significant projects that were ongoing as of September 30, 2013 for governmental activities with significant commitments, were as follows:

<u>Project</u>	<u>Expended through September 30, 2013</u>	<u>Committed</u>
A1A Underground Electric	\$ 466,977	\$ 535,967
Public Safety Bldg Improvement Project	1,079,311	3,908,676
Rebuild Fire Station 11	3,242,049	441,956
Emergency Power Enhancement	1,064,966	717,346
Library - Cultural Center	509,276	832,923
Cresthaven Fire Station #103	353,243	3,553,380
NWCRA Old PB Redevelopment	551,714	17,000
CRA Downtown Pompano Streets	1,712,025	7,593,201
731 MLK - Hammondville Road	895,835	169,413
Bailey Hotel	911,746	112,203
CRA Beach Library	159,169	1,533,201
	<u>\$ 10,946,311</u>	<u>\$ 19,415,266</u>

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
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Significant projects that were ongoing as of September 30, 2013 for business-type activities with significant commitments were as follows:

<u>Project</u>	<u>Expended through September 30, 2013</u>	<u>Committed</u>
Lift Station Rehab	\$ 58,093	\$ 531,217
WTP Electrical System Rehabilitation	557,745	6,155
WTP Motors Siemens Energy	862,978	97,077
Stormwater Masterplan	1,157,218	69,989
Relocate Taxiway Kilo	2,171,017	2,115,329
	<u>\$ 4,807,051</u>	<u>\$ 2,819,767</u>

(D) Unearned/Deferred Revenue

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

<u>Governmental Activities</u>	<u>General Fund</u>	<u>N.W. CRA</u>	<u>EMS Fund</u>	<u>LETF</u>	<u>Capital Projects</u>	<u>Non Major Gov't'l Funds</u>	<u>Total</u>
Occupational Licenses*	\$ 1,047,871	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,047,871
Communications Service Tax	55,541	-	-	-	-	-	55,541
EMS Transport Fees	-	-	2,732,291	-	-	-	2,732,291
Prepaid Rent *	-	4,500	-	-	-	-	4,500
SHIP Grant Funds*	-	-	-	-	-	203,049	203,049
FEMA-Hurricane Wilma Grant	119,566	-	-	-	-	-	119,566
Broward County - Library Project	-	152,750	-	-	-	-	152,750
COPS Hiring Grant	328,174	-	-	-	-	-	328,174
Law Enforcement Trust Fund*	-	-	-	2,590,469	-	-	2,590,469
Waterway Assistance Program Grant	-	-	-	-	43,945	-	43,945
Broward Boating Improvement Program Grant	-	-	-	-	43,945	-	43,945
HUD-NSP Grant	-	-	-	-	-	86,583	86,583
Total Governmental Activities	<u>\$ 1,551,152</u>	<u>\$ 157,250</u>	<u>\$ 2,732,291</u>	<u>\$ 2,590,469</u>	<u>\$ 87,890</u>	<u>\$ 289,632</u>	<u>\$ 7,408,684</u>

*Amounts relate to unearned revenue

CITY OF POMPANO BEACH, FLORIDA
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Unearned revenue at fiscal year end for the City's non-major enterprise funds is as follows:

<u>Business-Type Activities</u>	<u>Non-Major Enterprise Funds</u>
Hauling Contract Extension Fee	\$ 416,666
Unredeemed Gift Cards	3,211
Total	<u>\$ 419,877</u>

(E) Interfund Loans and Transfers

The composition of interfund balances as of September 30, 2013, is as follows:

Advances to/from other funds:

<u>Advances to Fund</u>	<u>Advances From Fund</u>	<u>Amount</u>
General Fund	Nonmajor Enterprise Fund	<u>\$ 833,334</u>

The Sanitation Fund advanced the General Fund \$5,000,000 in relation to an amount received from a contracted vendor. The amount received was advanced to the general fund as the City could use the funds at the City's sole discretion. The \$5,000,000 is a non-interest bearing loan and will be repaid to the Sanitation Fund over the term of the hauling contract in annual installments.

The annual requirements to pay principal on the advance from the sanitation fund (non-major enterprise fund) to the general fund is as follows:

2014	<u>Principal</u>
	<u>\$ 833,334</u>

Due to/from other funds:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
General Fund	Internal Service Fund	\$ 450,000 (a)
General Fund	Airpark Fund	542,656 (b)
General Fund	Other Grants Fund	<u>423,567 (b)</u>
		<u>\$ 1,416,223</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 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.

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In the government-wide statement of net position, interfund balances between governmental activities and business-type activities have been consolidated and reported on a single line called "internal balances" (net amount of \$160,792), which includes the advance between the General and Sanitation Fund, 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 out	Transfers In:						Total
	General Fund	EMS	Capital Projects Fund	East District Fund	Nonmajor Govt'l Funds	Nonmajor Enterprise Funds	
General Fund	\$ -	\$ 6,103,475	\$ 4,758,724	\$ 1,816,351	\$ 42,332	\$ 1,602,605	\$ 14,323,487
Capital Projects	-	-	-	115,000	-	-	115,000
EMS	-	-	1,555,634	-	-	-	1,555,634
East District Fund	2,362,267	-	-	-	-	-	2,362,267
NW District fund	4,243,031	-	-	-	-	-	4,243,031
Utility Fund	-	-	73,470	-	-	6,500	79,970
Nonmajor Enterprise Funds	3,042,990	-	20,000	-	-	-	3,062,990
	<u>\$ 9,648,288</u>	<u>\$ 6,103,475</u>	<u>\$ 6,407,828</u>	<u>\$ 1,931,351</u>	<u>\$ 42,332</u>	<u>\$ 1,609,105</u>	<u>\$ 25,742,379</u>

The transfer from the General Fund to the Emergency Management Services (EMS) Fund was required to support operating costs. Transfers from the General Fund to the East CRA District Fund were related to the Beach Library Relocation Project. Transfers from the General Fund to the Capital Projects Fund were assigned for various capital projects, as outlined in the City's Five Year Capital Improvement Plan. Transfers from the General Fund to the Golf Fund were necessary to cover increased costs associated with a new contracted vendor to maintain the golf course facilities, as well as the hiring of a new Golf Manager in the current fiscal year. Transfers from the General Fund to the Other Grants Fund were used to provide the City's match portion of the Department of Homeland Security Grant. Transfers from EMS to the Capital Projects Fund were used to support construction costs related to Fire Station 103, located in Cresthaven. Transfers from the NW and East CRA District Funds to the General Fund pertain to improvements made to City owned assets, primarily infrastructure improvements.

Transfers from the non-major enterprise funds to the General Fund were related to an administrative charge to garbage customers to cover support services provided by the Public Works Department, the transfer of an annual rebate received from Waste Management as part of the agreement with the vendor whereby the funds are to be utilized for general purposes and the recognition of deferred amounts related to a lump sum settlement with the same vendor, whereby amounts are recognized over the life of the agreement with the vendor and amounts received are to be utilized for general purposes.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

(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, 2013.

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, 2013 the Agency had \$5,675,676 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, 2013 the Agency had \$5,675,676 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

CITY OF POMPANO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2013

November 1, 2018. Principal and interest on the Series 2004A Bond is due and payable quarterly.

For the Series 2003A & 2004A bonds, principal and interest paid for the current fiscal year and total tax increment revenues were \$2,719,811 and \$5,363,493, respectively. At September 30, 2013, total principal and interest remaining on the bonds held by the Bank is \$12,721,744 payable through November 2018.

- On February 16, 2010 the City Commission and Pompano Beach Community Redevelopment Agency Board authorized the issuance of tax increment revenue bonds, series 2010A in the original aggregate principal amount of \$10,000,000. The bonds were issued on February 17, 2010. The principal purpose of the bond issuance was to finance a portion of the costs of the Community Redevelopment Plan for the East Pompano District Area. The bonds were issued at a fixed rate of 5.13%, with a twenty-year repayment term. The bonds were refunded by the issuance of tax increment revenue bonds – Series 2013A. The Series 2010A bonds are considered fully refunded and the outstanding balance has been removed from the financial statements.
- 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 in the original aggregate principal amount of \$5,000,000.

The refunding of the Series 2010A bonds decreased total debt service payments by \$1,532,803 over 17 years and resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$1,143,033.

At September 30, 2013, the City had \$14,100,000 outstanding related to this obligation. Principal and interest paid for the current fiscal year and total tax increment revenues were \$9,860,965 and \$1,854,862, respectively. At September 30, 2013, total principal and interest remaining on the bonds is \$18,678,288 payable through February 2030.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
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Business-type Activities Debt:

On June 14, 2005, the City Commission authorized the issuance of Water and Sewer Revenue Bonds – Series 2006A and B (collectively known as the Series 2006 bonds), per City Ordinance No. 2005-57. The Series 2006 bonds were subsequently issued on May 3, 2006. The Series 2006A bonds were issued for the purpose of providing funds sufficient to accomplish the current refunding of all of the City's outstanding Water and Sewer Bonds, Series 1993, which had an outstanding balance in the amount of \$5,845,000. The Series 2006B bonds were issued for the purpose of providing funds sufficient to accomplish the advance refunding of the City's outstanding Water and Sewer Revenue Bonds, Series 2000, which had an outstanding balance in the amount of \$36,030,000. Refunded bonds were initially issued by the City to finance the following projects:

- 10.0 MGD Membrane Softening Water Treatment Plant
- Western/I-95 Wellfield Expansion
- Water Treatment Plant Exterior Door Replacement
- Indian Mound Ground Storage and Booster Pump Station
- North Course Drive Water Main Extension
- Reclaimed Water Treatment Facility
- Reclaimed Water Distribution System Expansion
- Lyons Park Sanitary Sewer Improvements
- Cypress Road Force Main Replacement
- North East Force Main Installation/Lift Station #2 Rehabilitation
- Pump Station Replacements-Eleven Pump Stations
- Lift Stations 1, 5, 49 and 50 Rehabilitation

The City has pledged future water and sewer customer gross revenues, net of specified operating expenses (net revenues), to repay the Series 2006 bonds. The bonds are payable solely from water and sewer customer net revenues and are payable through 2020. Interest on the Series 2006A bonds range from 3.60% to 3.94% through July 1, 2013, the scheduled maturity of the bonds. Interest on the Series 2006B bonds range from 3.74% to 4.58% through July 1, 2020, the scheduled maturity of the bonds.

Principal and interest payments on the Series 2006 bonds are due semi-annually through maturity. Annual principal and interest payments on the Series 2006 bonds are expected to require less than 4 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$24,268,726. Principal and interest paid for the current fiscal year and total water and sewer customer net revenues were \$4,383,206 and \$16,190,384 respectively.

CITY OF POMPANO BEACH, FLORIDA

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SEPTEMBER 30, 2013**

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, 2013, total principal and interest related to the loan was \$2,920,745 related to Governmental Activities and \$10,575,044 related to Business-type Activities related. 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 9, 2008, the City Commission authorized the issuance of special facility airport revenue bonds in an aggregate principal amount not to exceed \$8,000,000, for the purpose of making a loan of funds to Sheltair Pompano Beach, LLC (Sheltair) in order to finance the costs of the acquisition, renovation, construction and equipping of certain general aviation facilities located at the Pompano Beach Airpark, to be leased by Sheltair. The bonds were subsequently issued on December 22, 2008. The bonds are limited obligations of the City payable from lease payments required to be made by Sheltair. The City is not obligated to pay the principal or interest of the bonds except from payments made by Sheltair, 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, 2013, total principal and interest outstanding related to this debt issue was \$6,880,000 and \$2,289,506 respectively.
- 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 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, 2013, total principal and interest outstanding related to this debt issue was \$26,250,000 and \$4,347,046, respectively.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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	\$ 9,385,000	\$ 14,100,000	\$ 9,385,000	\$ 14,100,000	\$ 620,000
Tax increment bonds-NW District	13,513,514	-	2,162,162	11,351,352	2,162,162
Total bonds payable	22,898,514	14,100,000	11,547,162	25,451,352	2,782,162
Claims and judgments	14,792,000	2,606,489	2,821,489	14,577,000	2,510,155
Net OPEB obligation	6,277,152	397,082	220,220	6,454,014	-
Notes payable	2,708,525	-	218,988	2,489,537	225,005
Add: deferred amounts	60,145	-	-	60,145	-
Total notes payable	2,768,670	-	218,988	2,549,682	225,005
Compensated absences Governmental activity	5,162,246	4,691,396	4,458,382	5,395,260	322,939
Long-term liabilities	<u>51,898,582</u>	<u>21,794,967</u>	<u>19,266,241</u>	<u>54,427,308</u>	<u>5,840,261</u>
Business-type activities:					
Bonds payable:					
Water & sewer revenue bonds	23,905,000	-	3,370,000	20,535,000	2,590,000
Less: deferred amounts	(419,161)	-	54,115	(365,046)	(54,081)
Less: bond discount	(56,000)	-	13,176	(42,824)	(13,176)
Total bonds payable	23,429,839	-	3,437,291	20,127,130	2,522,743
Net OPEB obligation	1,413,797	72,003	15,226	1,470,574	-
Notes payable:	9,806,666	-	792,882	9,013,784	814,669
Add: deferred amounts	217,766	-	-	217,766	-
Total notes payable	10,024,432	-	792,882	9,231,550	814,669
Compensated absences Business-type activity	979,988	732,840	676,883	1,035,945	22,624
Long-term liabilities	<u>35,848,056</u>	<u>804,843</u>	<u>4,922,282</u>	<u>31,865,199</u>	<u>3,360,036</u>
Total long-term liabilities	<u>\$ 87,746,638</u>	<u>\$ 22,599,810</u>	<u>\$ 24,188,523</u>	<u>\$ 86,292,507</u>	<u>\$ 9,200,297</u>

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, compensated absences and OPEB liabilities are generally liquidated by the General Fund and EMS Funds.

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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 reserves totaling \$4,347,046 at September 30, 2013.

The City Charter limits the amount of net general obligation bonded debt to 15% of the assessed property valuation. At September 30, 2013, the statutory limit for the City was approximately \$1.3 billion, providing a legal debt margin of approximately \$1.3 billion.

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, 2013 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, 2013 are as follows:

Bonds:

	Governmental Activities						
	Northwest (NW) CRA District			East CRA District			Total
	Principal	Interest	Subtotal NW District	Principal	Interest	Subtotal East District	
2014	\$ 2,162,162	\$ 462,730	\$ 2,624,892	\$ 620,000	\$ 479,892	\$ 1,099,892	\$ 3,724,784
2015	2,162,162	367,811	2,529,973	640,000	457,968	1,097,968	3,627,941
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 - 2023	540,542	5,932	546,474	3,955,000	1,541,205	5,496,205	6,042,679
2024 - 2028	-	-	-	4,700,000	790,134	5,490,134	5,490,134
2029 - 2033	-	-	-	2,125,000	74,559	2,199,559	2,199,559
	<u>\$ 11,351,352</u>	<u>\$ 1,370,392</u>	<u>\$ 12,721,744</u>	<u>\$14,100,000</u>	<u>\$ 4,578,288</u>	<u>\$ 18,678,288</u>	<u>\$ 31,400,032</u>

	Business-type Activities		
	Principal	Interest	Total
2014	\$ 2,590,000	\$ 876,219	\$ 3,466,219
2015	2,695,000	772,619	3,467,619
2016	2,800,000	664,819	3,464,819
2017	2,915,000	549,319	3,464,319
2018	3,040,000	429,075	3,469,075
2019 - 2023	6,495,000	441,675	6,936,675
	<u>\$ 20,535,000</u>	<u>\$ 3,733,726</u>	<u>\$ 24,268,726</u>

CITY OF POMPANO BEACH, FLORIDA
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Notes:

On November 12, 2010 the City entered into a loan agreement which allows the City to be reimbursed for the purchase of equipment up to a maximum of \$13,500,000. At September 30, 2013, the City's obligation under the note, inclusive of accrued interest was \$11,781,232 and allocated between Governmental and Business-type Activities was as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 225,005	\$ 67,069	\$ 292,074	\$ 814,669	\$ 242,835	\$ 1,057,504
2015	231,188	60,886	292,074	837,055	220,449	1,057,504
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 - 2023	1,361,105	99,268	1,460,373	4,928,107	359,416	5,287,523
	<u>\$ 2,549,682</u>	<u>\$ 371,063</u>	<u>\$ 2,920,745</u>	<u>\$ 9,231,549</u>	<u>\$ 1,343,495</u>	<u>\$ 10,575,044</u>

UNAMORTIZED ISSUANCE COSTS – Original issuance costs on long-term debt are amortized over the life of the respective liability in the Utility Fund and the government-wide financial statements. Such amounts are amortized by the straight-line method, which is not materially different than the interest method. At September 30, 2013 the City had \$98,639 in unamortized issuance costs outstanding related to the 2006 Water and Sewer Revenue Bonds and \$17,945 related to the Tax Increment Bonds.

OTHER UNAMORTIZED AMOUNTS ON BOND REFUNDING – Original deferrals (difference between carrying value of old debt and reacquisition price of new debt), as well as unamortized premium/discounts on the bond refunding of the 1993 and 2000 Water and Sewer Revenue Bonds are being amortized over the life of the respective liability in the Utility Fund and the government-wide financial statements using the effective interest method. The unamortized bond deferral was \$365,046 and the unamortized discount was \$42,824 at September 30, 2013. These amounts are reported as a deduction from the bond liability of \$20,535,000 at September 30, 2013.

CITY OF POMPANO BEACH, FLORIDA
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(G) Lease

Operating Lease

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 60 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
2014	\$ 139,160
2015	139,160
2016	139,160
2017	139,160
2018	139,160
2019 - 2023	695,800
2024 - 2028	695,800
2029 - 2033	695,800
2034 - 2038	695,800
2039 - 2043	695,800
2044 - 2048	695,800
2049 - 2053	695,800
2054 - 2058	695,800
2059 - 2063	695,800
2064 - 2068	695,800
2069 - 2073	139,160
Total lease payments	<u>\$ 7,792,960</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)(Q) for a description of these categories.

Below is a table of fund balance categories and classifications at September 30, 2013 for the City's governmental funds:

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	<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 Govt'l Funds</u>
Fund Balances:						
Non-spendable						
Inventory	\$ 190,212	\$ 7,825	\$ -	\$ 227,790	\$ -	\$ -
Prepays	138,278	-	-	75,905	-	-
Restricted:						
Building Permit Function	6,682,395	-	-	-	-	2,456,076
General Government Bldg. Improvs.	-	-	-	-	60,466	-
Transportation	-	-	-	-	-	815,340
Cultural Arts	-	-	-	-	-	18,248
Community Redevelopment	-	52,465,299	10,953,910	-	-	1,857,829
Committed:						
Cemetery Care	-	-	-	-	-	919,756
Disaster Relief	-	-	-	-	-	380,066
Tree Canopy Landscape/ Tricentennial/Nautica Flea Mkt.	-	-	-	-	-	484,001
Beach Area Parking	-	-	-	-	-	318,991
Emergency Medical Services	-	-	-	1,511,165	-	24,938
Assigned:						
Fire Stations	-	-	-	-	4,240,199	-
Parks & Recreation	-	-	-	-	3,815,895	-
Civic Campus - Public Library	-	-	-	-	4,277,875	-
ADA Compliance	-	-	-	-	369,149	-
Seawall Repairs	-	-	-	-	487,818	-
Public Safety Bldg. Improvs.	-	-	-	-	3,999,973	-
General Government Bldg. Improvs.	-	-	-	-	1,710,497	-
City Landscaping/Signage/Lighting	-	-	-	-	1,569,559	-
Traffic Signals	-	-	-	-	51,422	-
Bridge Repairs\Enhancements	-	-	-	-	1,200,424	-
Tree Replacement	-	-	-	-	75,539	-
Emergency Power Enhancements	-	-	-	-	1,038,417	-
City Sidewalks\Pkg. Lot Improvements	-	-	-	-	1,095,210	-
Underground Utilities	-	-	-	-	1,918,743	-
Railroad Crossing Repairs	-	-	-	-	305,354	-
Road Resurfacing/Reconstruction	-	-	-	-	2,898,528	-
Canal Dredging	-	-	-	-	3,288	-
Art in Public Places	-	-	-	-	245,570	-
Beach Renourishment	-	-	-	-	1,000,000	-
Capital Reserves	-	-	-	-	463,137	-
General Government (Encumbrances)	240,840	-	-	-	-	-
Public Safety (Encumbrances)	53,545	-	-	-	-	-
Physical Environment (Encumbrances)	81,625	-	-	-	-	-
Transportation (Encumbrances)	2,225	-	-	-	-	-
Culture & Recreation (Encumbrances)	113,769	-	-	-	-	-
Subsequent Year's Expenditures	935,814	-	-	-	-	-
Unassigned						
General Government	56,647,635	-	-	-	-	-
Reimbursable Grants	-	-	-	-	-	(176,494)
Total Fund Balances	<u>\$ 65,086,338</u>	<u>\$ 52,473,124</u>	<u>\$ 10,953,910</u>	<u>\$ 1,814,860</u>	<u>\$ 30,827,063</u>	<u>\$ 7,098,751</u>

The (\$176,494) represents grants for which the City is pending reimbursement from the applicable grantor agencies.

(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

CITY OF POMPANO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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 \$8.7 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 4.9700 mills for the General Fund and .5000 mills for the EMS District for the fiscal year ended September 30, 2013.

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, 2013 were approximately 96.1% of the total tax levy.

(J) Other Commitments

On July 27, 2010, the City of Pompano Beach entered into a contract with the Broward County Sheriff's Office ("BSO") through September 30, 2014, for policing services in Pompano Beach. On January 25, 2011, the initial agreement was amended to reduce the services provided by BSO to remove code compliance services. The current annual contract obligation is for \$34,571,554. However, if cost increases for BSO (i.e. fringe benefits) occur subsequent to the execution of the City's agreement, the initial contract sum is subject to mutually agreeable adjustments between the City and BSO. This commitment will be liquidated with General Fund resources.

There were no other significant encumbrances at September 30, 2013.

(K) 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 2013, 55 retirees received health care benefits. Annual required contributions amounted to \$826,577 for the current fiscal year, towards which the City made a contribution of \$235,446. Retiree contributions totaled \$890,827 for the fiscal year ended September 30, 2013. At September 30, 2013 the City recorded a net OPEB obligation of \$6,454,014 for governmental activities and \$1,470,574 for business-type activities in its government-wide statement of net position. The Utility Fund reported a net OPEB obligation of \$1,187,228, while the non-major enterprise funds reported \$283,346. Internal Service Funds reported a net OPEB obligation of \$319,196. The OPEB

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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 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	\$	826,577
Interest on Net OPEB Obligation		307,636
Adjustment to Annual Required Contribution		<u>(665,128)</u>
Annual OPEB Cost (Expense)		469,085
Implied Employer Contribution		<u>(235,446)</u>
Increase in Net OPEB Obligation		233,639
Net OPEB Obligation-beginning of year		<u>7,690,949</u>
Net OPEB Obligation-end of year	\$	<u><u>7,924,588</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, 2013 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2013	\$ 469,085	50%	\$ 7,924,588
September 30, 2012	\$ 1,213,739	23%	\$ 7,690,949
September 30, 2011	\$ 1,190,143	24%	\$ 6,758,651

Funded Status and Funding Progress - As of July 1, 2013 the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$5,627,873 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$5,627,873. The covered payroll (annual payroll of active employees covered by the plan) was \$39,688,921, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 14 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

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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.

In the actuarial valuation as of July 1, 2013 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.

For general employees – Age 55 with at least 20 years of service, or age 62 with at least three years of service.

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:

2013/14-4.00%
2014/15-4.00%
2015/16-4.00%
2016/17-7.50%
2017/18-7.00%
2018/19-6.50%
2019/20-6.00%

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2020/21-5.50%2021/22 & later-5.00%
2021/22 & later-5.00%

Implied Subsidy

The implied subsidy for a 65-year old retiree for the period July 1, 2013 through June 30, 2014 is assumed to be \$3,600 per year under the HMO plan and \$4,200 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 retirees' data.

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(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 PFRS's members are recognized as revenue in the period in which the contributions are due. Contributions from the City and the Broward County Sheriff's Office, as calculated by the PFRS's actuary, are recognized as revenue when due and when the entities have made a formal commitment to provide the contributions. Expenses are recognized in the accounting period incurred, if measurable. 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. 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 investments are reported at its fair value based on an appraisal of underlying property. The PFRS has investments in Funds of Hedge Funds which hold in a variety of different investment vehicles that do not have readily available market quotations. The Plan'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 for their 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-employer defined benefit pension plan, which is administered by a nine member Board of Trustees comprised of three members appointed by the City Commission,

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three members elected by/from the Firefighter members, and three members elected by/from the Police members. The Board of Trustees has the sole and exclusive responsibility for the administration and operation of the PFRS.

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, in conjunction with the Broward County Police Benevolent Association and the Pompano Beach Professional Firefighters Local 1549. 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, or age 47 regardless of credited service for those members of the Plan on August 15, 1972. Normal retirement benefits are stipulated in Section Pursuant to Ordinance 2008-54, a police officer with 25 years of accredited 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 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. For firefighters, benefits are calculated at greater of 75% of final earnings or the vested accrued benefit at the time of disability. Disability benefits for non-service related disabilities for members with 10 or more years of credited service are paid to a member for at least 10 years or until recovery. Benefits are calculated as 3% of the member's average monthly earnings times the

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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. 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, 2013, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	308
Terminated employees entitled to benefits but not yet receiving them, and participants who have elected to defer normal retirement benefits, and participants who elected to participate in the DROP	50
Active plan members	165
Total	<u>523</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

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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 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, 2013, the balance in the Drop account was \$19,653,308. These amounts are included in the total investment balance presented on the statement of plan assets.

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, 2013, the balance of DROP loans outstanding was \$90,486.

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, 2013, the balance in the share plan account was \$3,651,760. This amount is included in the total investment balance presented on the statement of plan 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.

In accordance with Florida Statutes, additional premium tax revenues received by the PFRS are reserved to provide future minimum or extra benefits and may not be used to reduce or offset the contribution requirements of the City. As of the October 1, 2013 actuarial valuation, the cumulative balance of additional premium tax revenues reserved to provide future benefit improvements total \$651,182 of which \$215,163 pertains to the police members (Chapter 185 funds) and \$436,019 pertains to the firefighter members (Chapter 175 funds).

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Real Estate Investment – The Plan (in its capacity as Pompano Beach Investors, LLC) purchased a property located at 2335 East Atlantic Boulevard (purchased in 2007 for approximately \$4.4 million) within the City limits. The intent of the purchase was to generate rental income through leasing agreement for office space. As required by accounting standards, the property is reported at fair market value (\$2.3 million) at September 30, 2013.

3. Due to Brokers

Pending trades payable amounting to \$6,701,103 at September 30, 2013 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 were settled by receiving or liquidating cash equivalents.

**(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, 2013. 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

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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 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 September 25, 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 board of seven 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.

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.

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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.

Membership

As of October 1, 2013, 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	<u>389</u>
Current Employees:	
Vested	237
Nonvested	<u>242</u>
	<u>479</u>

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

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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 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

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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.

(C) Other Pension Information

1. Contribution Rates and Actual Contributions

	<u>Police and Firefighters'</u>	<u>General Employees</u>
Contributions:		
Contribution rates:		
City:		
General Employees		24.45%
Police	246.21%	-
Fire	34.54%	-
Plan members:		
General Employees		10.00% ⁽¹⁾
Police	8.60%	-
Fire	11.60%	-
Annual pension costs	\$ -	\$ -
Contributions made:		
Employer	\$ 8,121,441	\$ 6,332,731
Plan members	1,434,802	2,524,533
State	2,152,520 ⁽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, in calculating the net pension asset (net pension obligation), 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

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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, 2013 the Plan received \$2,152,540 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.

The maximum allowable credit for fiscal year 2013 was \$1,501,358. 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, 2013 excess premium taxes amounted to \$651,182 (actual amount received less maximum allowable premium tax credit).

2. Annual Pension Cost and Net Pension Asset (Obligation)

Annual pension cost is a measure of the periodic cost of an employer's participation in a defined benefit pension plan. The annual pension cost for the Police and Firefighters and the General Employees Plans for the three most recent fiscal periods available is shown below:

	Police and Firefighters			General Employees		
	2011	2012	2013	2011	2012	2013
Annual Pension Cost	\$ 6,115,028	\$ 5,552,754	\$ 8,108,819	\$ 5,338,336	\$ 5,770,843	\$ 6,302,760
Percentage of annual pension cost contributed	99.5%	99.5%	100.1%	100.0%	100.5%	100.5%
Net Pension Asset (Obligation) at the end of the year	\$ 644,704	\$ 619,555	\$ 631,177	\$ 511,018	\$ 542,146	\$ 572,117

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The City's annual pension cost and net pension asset (NPA) or net pension obligation (NPO) related to the Police and Firefighters and General Employees Plans for the fiscal year ended September 30, 2013 is as follows:

	<u>Police and Firefighters'</u>	<u>General Employees</u>
Annual required contribution ("ARC")	\$ 8,121,441	\$ 6,310,886
Interest on NPO/(NPA)	(47,706)	(43,372)
Adjustment to ARC	<u>36,084</u>	<u>35,246</u>
Annual pension cost	8,109,819	6,302,760
Actual contributions	<u>(8,121,441)</u>	<u>(6,332,731)</u>
Increase (decrease) in NPA (NPO)	11,622	29,971
NPA (NPO) at beginning of year	<u>619,555</u>	<u>542,146</u>
NPA (NPO) at end of year	<u>\$ 631,177</u>	<u>\$ 572,117</u>

3. Actuarial Methods and Assumptions

Additional information as of the latest actuarial valuation follows:

	<u>Police and Firefighters' Retirement System</u>	<u>General Employees' Retirement System</u>
Valuation date	October 1, 2013	October 1, 2013
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percent - closed	Level percent - closed
Asset valuation method	5 year smoothed	5 year smoothed
remaining amortization period	30 years	30 years
Actuarial assumptions:		
Investment rate of return*	7.5%	8.00%
	Service weighted rates	
Projected salary increases	from .50%-8.50%	4.25%-7.50%
Includes inflation at	2.5%	3.50%
Cost of living adjustments	2.00%	2.00%

4. Funded Status and Funding Progress - Pension Plans

As of September 30, 2013, the actuarial accrued liability for benefits was \$191,554,000. and the actuarial value of assets was \$132,248,000 resulting in an unfunded actuarial accrued liability of \$59,306,000 and a funded ratio of 69.0%, for the General Employees' Retirement Plan. The covered payroll (annual payroll of active employees covered by the plan) was \$25,923,000, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 228.8%. As of September 30, 2013, the actuarial accrued liability for benefits was \$271,582,153 and the actuarial value of assets was \$186,095,219 resulting in an unfunded actuarial accrued liability of \$85,486,934 and a funded ratio of 68.5%, for the Police and Firefighters' Retirement Plan. The covered payroll (annual payroll of active employees covered by the plan) was \$13,137,295 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 650.7%.

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The Schedule of Funding Progress immediately following the notes to the financial statements as required supplementary information presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(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, 2013, there was 1 plan member. 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.

Contributions – The following is a detail of individual DCRS contribution percentages:

<u>Plan Name</u>	<u>Employee Contribution</u>	<u>Employer Contribution</u>
City Attorney	5%	-%

The City does not incur an actuarial liability related to the sponsorship of the DCRS. For the fiscal year ended September 30, 2013, employer contributions totaled \$0 and employee contributions totaled \$8,627.

Financial information for the DCRS at and as of September 30, 2013 is shown below:

ASSETS	
Investments, at fair value:	
Mutual funds	\$ 1,465,284
Total assets	<u>1,465,284</u>
NET POSITION	
Held in trust for pension benefits	<u>\$ 1,465,284</u>
ADDITIONS	
Members contributions	\$ 8,627
Investment income	95,750
Total additions	<u>104,377</u>
DEDUCTIONS	
Participant benefit payments	<u>29,954</u>
Total deductions	<u>29,954</u>
Net increase (decrease)	74,423
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	
Beginning of the year	<u>1,390,861</u>
End of year	<u>\$ 1,465,284</u>

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(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 airpark 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 2013.

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, 2013 reflect management's loss estimate of \$14,577,000, which includes reported claims and claims incurred but not reported (IBNR). Changes in the fund's estimated claims payable amount in fiscal years 2013 and 2012 were:

<u>Fiscal Year</u>	<u>Liability October 1</u>	<u>New Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Liability September 30</u>
2013	\$ 14,792,000	\$ 2,606,489	\$ 2,821,489	\$ 14,577,000
2012	\$ 16,312,000	\$ 801,449	\$ 2,321,449	\$ 14,792,000

(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

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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 Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*, is effective for financial statements for periods beginning after December 15, 2011. The objective of this statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB 60 did not have a material impact on the City's financial statements as the City does not have any SCAs in place at September 30, 2013

GASB 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, is effective for financial statements for periods beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14 , The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34 , Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. This Statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset. There were no changes in the reporting of the City's component units as a result of the adoption of GASB 61.

GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, is effective for financial statements for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public

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Accountants' (AICPA) Committee on Accounting Procedure.

Hereinafter, these pronouncements collectively are referred to as the "FASB and AICPA pronouncements." This Statement also supersedes Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement. The implementation of GASB 62 did not have a material impact on the City's financial statements.

GASB 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, is effective for financial statements for periods beginning after December 15, 2011. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The City has implemented this pronouncement as of September 30, 2013.

GASB 65, Items Previously Reported as Assets and Liabilities, is effective for financial statements for periods beginning after December 15, 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The City will be assessing the impact of this pronouncement to ensure timely implementation.

GASB 66, Technical Corrections – 2012 an amendment of GASB Statements No. 10 and No. 62, is effective for financial statements for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This Statement amends Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund

CITY OF POMPANO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively. The City is aware of this requirement and will assess its impact to ensure timely implementation.

GASB 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25, is effective for financial statements for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. 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 Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans. For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and non-employer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. This City will coordinate with its pension plan administrators to ensure timely implementation.

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, 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

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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. Although the City has not performed a complete assessment of this statement's impact, the unfunded pension obligations, which are material to the City's financial statements, will be recognized as a liability and will reduce the City's total net position.

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 City is aware of this requirement and will assess its impact to ensure timely implementation.

GASB 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, is effective for financial statements for periods beginning after June 15, 2013. The objective of this Statement is to establish accounting and financial reporting standards for financial guarantees that are nonexchange transactions (nonexchange financial guarantees) extended or received by a state or local government. As used in this Statement, a nonexchange financial guarantee is a guarantee of an obligation of a legally separate entity or individual, including a blended or discretely presented component unit, which requires the guarantor to indemnify a third-party obligation holder under specified conditions. The City is aware of this requirement and will assess its impact to ensure timely implementation.



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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF POMPANO BEACH, FLORIDA
Required Supplementary Information - Unaudited
September 30, 2013

Defined Benefit Pension Plans - An analysis of funding progress for the Unfunded Actuarial Accrued Liability (UAAL) for the three most recent actuarial valuation dates available is presented as follows:

Police and Firefighters' Retirement System
Schedule of Funding Progress - Unaudited
(Dollars in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued 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)
October 1, 2013	\$ 186,095	\$ 271,582	\$ 85,487	68.5%	\$ 13,137	650.7%
October 1, 2012	\$ 179,510	\$ 271,408	\$ 91,898	66.1%	\$ 14,433	636.7%
October 1, 2011	\$ 181,340	\$ 262,938	\$ 81,598	69.0%	\$ 15,514	526.0%

General Employees' Retirement System
Schedule of Funding Progress - Unaudited
(Dollars in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued 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)
October 1, 2013	\$ 132,248	\$ 191,554	\$ 59,306	69.0%	\$ 25,923	228.8%
October 1, 2012	\$ 123,425	\$ 185,014	\$ 61,589	66.7%	\$ 25,833	238.4%
October 1, 2011	\$ 125,170	\$ 179,688	\$ 54,518	69.7%	\$ 26,238	207.8%

Other Post Employment Benefits
Schedule of Funding Progress - Unaudited
(Dollars in Thousands)

An analysis of funding progress for the Unfunded Actuarial Accrued Liability (UAAL) for the most recent actuarial valuation date available is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued 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, 2013	\$ -	\$ 5,628	\$ 5,628	0.0%	\$ 39,689	14.2%
July 1, 2011	\$ -	\$ 9,281	\$ 9,281	0.0%	\$ 39,640	23.4%
July 1, 2009	\$ -	\$ 16,354	\$ 16,354	0.0%	\$ 39,035	41.9%

CITY OF POMPANO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (UNAUDITED) - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<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	\$ 58,022,965	\$ 58,022,965	\$ 59,051,292	\$ 1,028,327
Judgments, fines and forfeitures	1,118,000	1,118,000	1,200,681	82,681
Permits, fees and special assessments	24,285,904	24,305,904	24,654,735	348,831
Intergovernmental	10,267,828	10,864,169	11,280,833	416,664
Charges for services	13,401,617	13,402,339	13,070,474	(331,865)
Pari-mutuel	1,975,000	1,975,000	2,171,040	196,040
Donations	22,000	22,000	8,610	(13,390)
Investment earnings	934,970	934,970	203,746	(731,224)
Other revenue	423,400	663,002	904,806	241,804
Total revenues	<u>110,451,684</u>	<u>111,308,349</u>	<u>112,546,217</u>	<u>1,237,868</u>
EXPENDITURES				
Current:				
General government	9,336,667	9,286,240	8,780,660	505,580
Finance	2,221,913	2,411,286	2,383,477	27,809
Development services	8,168,796	8,725,207	8,665,706	59,501
Police	38,173,646	38,591,009	36,447,657	2,143,352
Fire department	19,370,833	19,272,825	19,096,796	176,029
Public works	14,879,245	15,004,567	14,939,865	64,702
Non departmental	6,037,925	6,594,907	5,259,303	1,335,604
Culture and recreation	6,728,078	6,731,272	6,208,973	522,299
Capital outlay	7,499,334	8,254,714	7,889,794	364,920
Debt Service:				
Principal	218,988	218,988	218,988	-
Interest & other charges	73,087	73,087	73,087	-
Total expenditures	<u>112,708,512</u>	<u>115,164,102</u>	<u>109,964,306</u>	<u>5,199,796</u>
Excess of revenues over (under) expenditures	<u>(2,256,828)</u>	<u>(3,855,753)</u>	<u>2,581,911</u>	<u>6,437,664</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	20,000	20,000	100,210	80,210
Transfers in	9,231,622	9,648,288	9,648,288	-
Transfers out	(8,525,228)	(14,323,487)	(14,323,487)	-
Total other financing sources (uses)	<u>726,394</u>	<u>(4,655,199)</u>	<u>(4,574,989)</u>	<u>80,210</u>
Net change in fund balances	<u>\$ (1,530,434)</u>	<u>\$ (8,510,952)</u>	<u>(1,993,078)</u>	<u>\$ 6,517,874</u>
FUND BALANCE - BEGINNING			<u>66,510,836</u>	
FUND BALANCE - ENDING			<u>\$ 64,517,758</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 5,397,006	\$ 5,363,493	\$ 5,363,493	\$ -
Intergovernmental	-	-	14,839	14,839
Charges for services	93,840	93,840	123,522	29,682
Investment earnings	77,000	77,000	43,741	(33,259)
Other revenue	94,700	94,700	87,964	(6,736)
Total revenues	<u>5,662,546</u>	<u>5,629,033</u>	<u>5,633,559</u>	<u>4,526</u>
EXPENDITURES				
Current:				
General government	6,096,841	4,958,661	2,941,598	2,017,063
Capital outlay	11,626,466	14,033,115	8,989,629	5,043,486
Debt service:				
Principal	2,162,163	2,162,163	2,162,162	1
Interest & other charges	787,649	787,649	557,649	230,000
Total expenditures	<u>(20,673,119)</u>	<u>(21,941,588)</u>	<u>(14,651,038)</u>	<u>(7,290,550)</u>
Excess of revenues over (under) expenditures	<u>(15,010,573)</u>	<u>(16,312,555)</u>	<u>(9,017,479)</u>	<u>7,295,076</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(4,243,031)</u>	<u>(4,243,031)</u>	<u>(4,243,031)</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,243,031)</u>	<u>(4,243,031)</u>	<u>(4,243,031)</u>	<u>-</u>
Net change in fund balances	<u>\$ (19,253,604)</u>	<u>\$ (20,555,586)</u>	<u>(13,260,510)</u>	<u>\$ 7,295,076</u>
FUND BALANCE - BEGINNING			<u>56,416,599</u>	
FUND BALANCE - ENDING			<u>\$ 43,156,089</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,861,063	\$ 1,854,862	\$ 1,854,862	\$ -
Investment earnings	20,000	20,000	4,466	(15,534)
Other revenue	-	-	50	50
Total Revenues	<u>1,881,063</u>	<u>1,874,862</u>	<u>1,859,378</u>	<u>(15,484)</u>
EXPENDITURES				
Current:				
General government	2,225,058	3,987,365	1,493,607	2,493,758
Debt service:				
Principal	330,000	9,385,000	9,385,000	-
Interest & other charges	472,986	475,966	475,965	1
Capital outlay	1,008,000	5,266,700	3,933,612	1,333,088
Total expenditures	<u>4,036,044</u>	<u>19,115,031</u>	<u>15,288,184</u>	<u>3,826,847</u>
Excess of revenues over (under) expenditures	<u>(2,154,981)</u>	<u>(17,240,169)</u>	<u>(13,428,806)</u>	<u>3,811,363</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	802,986	1,931,351	3,072,411	1,141,060
Transfers out	(802,986)	(2,362,267)	(1,141,060)	1,221,207
Proceeds from notes payable	-	14,100,000	14,100,000	-
Total other financing sources (uses)	<u>-</u>	<u>13,669,084</u>	<u>16,031,351</u>	<u>2,362,267</u>
Net Change in Fund Balances	<u>\$ (2,154,981)</u>	<u>\$ (3,571,085)</u>	<u>2,602,545</u>	<u>\$ 6,173,630</u>
FUND BALANCE - BEGINNING			<u>6,742,909</u>	
FUND BALANCE - ENDING			<u>\$ 9,345,454</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 4,258,691	\$ 4,258,691	\$ 4,213,526	\$ (45,165)
Intergovernmental	197,313	197,313	87,980	(109,333)
Charges for services	3,100,000	3,132,000	3,497,688	365,688
Donations	-	-	278	278
Investment earnings	51,400	51,400	24,470	(26,930)
Other revenue	-	-	-	-
Total revenues	<u>7,607,404</u>	<u>7,639,404</u>	<u>7,823,942</u>	<u>184,538</u>
EXPENDITURES				
Current:				
Public safety	13,178,586	13,666,700	13,588,474	78,226
Capital outlay	<u>532,293</u>	<u>777,286</u>	<u>776,377</u>	<u>909</u>
Total expenditures	<u>13,710,879</u>	<u>14,443,986</u>	<u>14,364,851</u>	<u>79,135</u>
Excess of revenues over (under) expenditures	<u>(6,103,475)</u>	<u>(6,804,582)</u>	<u>(6,540,909)</u>	<u>263,673</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,103,475	6,103,475	6,103,475	-
Transfers out	-	(1,555,634)	(1,555,634)	-
Total other financing sources (uses)	<u>6,103,475</u>	<u>4,547,841</u>	<u>4,547,841</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (2,256,741)</u>	<u>(1,993,068)</u>	<u>\$ 263,673</u>
FUND BALANCE - BEGINNING			<u>3,532,412</u>	
FUND BALANCE - ENDING			<u>\$ 1,539,344</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, 2013

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 \$1,087,507 including \$359,241 for capital outlay expenses in the Utility Fund and \$367,164 for expenses related to group health and wellness in the Risk Management Health Fund 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 Cultural Arts Foundation special revenue fund and the Capital Projects funds. 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, special revenue and debt service funds are disclosed in the financial statements except for the Cultural Arts Foundation special revenue fund. 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, 2013

Adjustments necessary to convert the general fund and the major special revenue fund results of operations and change in fund balances at September 30, 2013 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	\$ 122,294,715	\$ 123,719,213	\$ (1,424,498)
State contribution for Fire and Police Pension Funds	(2,152,520)	(2,152,520)	-
Encumbrances	-	568,580	(568,580)
Budgetary Basis	<u>\$ 120,142,195</u>	<u>\$ 122,135,273</u>	<u>\$ (1,993,078)</u>
<u>Northwest Community Redevelopment District</u>			
GAAP Basis	\$ 5,633,559	\$ 9,577,034	\$ (3,943,475)
Encumbrances	-	9,317,035	(9,317,035)
Budgetary Basis	<u>\$ 5,633,559</u>	<u>\$ 18,894,069</u>	<u>\$ (13,260,510)</u>
<u>East Community Redevelopment District</u>			
GAAP Basis	\$ 17,890,729	\$ 13,679,728	\$ 4,211,001
Encumbrances	-	1,608,456	(1,608,456)
Budgetary Basis	<u>\$ 17,890,729</u>	<u>\$ 15,288,184</u>	<u>\$ 2,602,545</u>
<u>EMS</u>			
GAAP Basis	\$ 13,927,417	\$ 15,644,969	\$ (1,717,552)
Encumbrances	-	275,516	(275,516)
Budgetary Basis	<u>\$ 13,927,417</u>	<u>\$ 15,920,485</u>	<u>\$ (1,993,068)</u>

Excess of Expenditures Over Appropriations

For the year ended September 30, 2013, expenditures did not exceed appropriations in any governmental fund departments (the legal level of budgetary control).



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**COMBINING AND INDIVIDUAL FUND
STATEMENTS**

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.

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.

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, 2013**

Special Revenue Funds

	<u>Special Purpose</u>	<u>SHIP</u>	<u>Other Grants</u>
ASSETS			
Cash and cash equivalents	\$ 310,774	\$ 205,189	\$ 183,596
Restricted investments	3,271,416	-	-
Unrestricted investments	919,430	-	-
Assets held for resale for development	-	-	1,857,829
Due from other governments	11,153	-	399,804
Other assets	-	-	8,926
Total assets	<u>\$ 4,512,773</u>	<u>\$ 205,189</u>	<u>\$ 2,450,155</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	33,361	2,140	246,327
Accrued expenditures	-	-	12,296
Due to other funds	-	-	423,567
Unearned/deferred revenue	-	203,049	86,583
Deposits	-	-	47
Total liabilities	<u>33,361</u>	<u>205,189</u>	<u>768,820</u>
Fund balances:			
Restricted	3,271,416	-	1,857,829
Committed	1,207,996	-	-
Unassigned	-	-	(176,494)
Total fund balances	<u>4,479,412</u>	<u>-</u>	<u>1,681,335</u>
Total liabilities and fund balances	<u>\$ 4,512,773</u>	<u>\$ 205,189</u>	<u>\$ 2,450,155</u>

Special Revenue Funds

Cultural Arts Foundation	Cemetary	Total Non-major Governmental Funds
\$ 18,249	\$ 67,440	\$ 785,248
-	-	3,271,416
-	852,316	1,771,746
-	-	1,857,829
-	-	410,957
-	-	8,926
<u>\$ 18,249</u>	<u>\$ 919,756</u>	<u>\$ 8,106,122</u>
1	-	281,829
-	-	12,296
-	-	423,567
-	-	289,632
-	-	47
<u>1</u>	<u>-</u>	<u>1,007,371</u>
18,248	-	5,147,493
-	919,756	2,127,752
-	-	(176,494)
<u>18,248</u>	<u>919,756</u>	<u>7,098,751</u>
<u>\$ 18,249</u>	<u>\$ 919,756</u>	<u>\$ 8,106,122</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, 2013

Special Revenue Funds

	Special Purpose	SHIP	Other Grants
REVENUES			
Taxes	\$ 281,241	\$ -	\$ -
Permits, fees and special assessments	148,237	-	-
Intergovernmental	-	85,022	3,773,860
Charges for services	291,966	-	-
Donations	526	-	-
Program income	-	26,000	462,589
Recaptured funds	-	-	14,523
Interest and investment revenue	-	258	10,164
Cemetery lot sales	-	-	-
Other revenue	-	-	249
Total revenues	721,970	111,280	4,261,385
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	29,583	-	-
Physical environment	-	111,280	4,121,862
Transportation	288,608	-	-
Culture and recreation	84,913	-	-
Capital outlay	5,540	-	147,952
Total expenditures	408,644	111,280	4,269,814
Excess (deficiency) of revenues over (under) expenditures	313,326	-	(8,429)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	42,332
Total other financing sources (uses)	-	-	42,332
Net change in fund balances (deficit)	313,326	-	33,903
Fund balances - beginning	4,166,086	-	1,647,432
Fund balances - ending	\$ 4,479,412	\$ -	\$ 1,681,335

Special Revenue Funds

Cultural Arts Foundation	Cemetary	Total Non-major Governmental Funds
\$ -	\$ -	\$ 281,241
-	-	148,237
-	-	3,858,882
-	2,550	294,516
23,956	-	24,482
-	-	488,589
-	-	14,523
2	-	10,424
-	47,288	47,288
-	-	249
<u>23,958</u>	<u>49,838</u>	<u>5,168,431</u>
27,206	-	27,206
-	-	29,583
-	-	4,233,142
-	-	288,608
-	-	84,913
-	-	153,492
<u>27,206</u>	<u>-</u>	<u>4,816,944</u>
<u>(3,248)</u>	<u>49,838</u>	<u>351,487</u>
-	-	42,332
-	-	42,332
(3,248)	49,838	393,819
21,496	869,918	6,704,932
<u>\$ 18,248</u>	<u>\$ 919,756</u>	<u>\$ 7,098,751</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ 276,942	\$ 85,022	\$ (191,920)
Program income	-	26,258	26,258	-
Total revenues	-	303,200	111,280	(191,920)
EXPENDITURES				
Current:				
Physical environment	-	317,636	111,280	206,356
Total expenditures	-	317,636	111,280	206,356
Excess of revenues over (under) expenditures	\$ -	\$ (14,436)	-	\$ (398,276)
FUND BALANCE - BEGINNING			-	
FUND BALANCE - ENDING			\$ -	

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, 2013**

	<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	\$ -	\$ -	\$ 2,550	\$ 2,550
Cemetery lots	40,000	40,000	47,288	7,288
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>49,838</u>	<u>9,838</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>49,838</u>	<u>\$ 9,838</u>
FUND BALANCE - BEGINNING			<u>869,918</u>	
FUND BALANCE - ENDING			<u>\$ 919,756</u>	



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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, 2013

	<u>Pier</u>	<u>Airpark</u>	<u>Golf</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 157,158	\$ -	\$ 41,528
Restricted cash and cash equivalents	-	84,738	-
Interest receivable	4,693	2,343	1,213
Accounts receivables, net	-	-	-
Due from other governments	-	1,552,301	-
Notes receivable	-	-	519,526
Inventories	3,670	-	6,990
Total current assets	<u>165,521</u>	<u>1,639,382</u>	<u>569,257</u>
Noncurrent Assets			
Unrestricted investments	2,113,528	-	476,090
Restricted investments	-	1,039,550	-
Advances to other funds	-	-	-
Capital assets:			
Land	60,058	934	-
Construction in progress	-	2,171,017	-
Buildings	-	1,656,670	2,723,603
Infrastructure	2,433,574	3,413,974	5,025,450
Improvements	-	12,813,797	4,624,578
Machinery and equipment	4,225	503,241	536,583
Less accumulated depreciation	<u>(1,368,045)</u>	<u>(5,878,940)</u>	<u>(5,710,515)</u>
Total capital assets (net of accumulated depreciation)	<u>1,129,812</u>	<u>14,680,693</u>	<u>7,199,699</u>
Total noncurrent assets	<u>3,243,340</u>	<u>15,720,243</u>	<u>7,675,789</u>
Total assets	<u>3,408,861</u>	<u>17,359,625</u>	<u>8,245,046</u>
LIABILITIES			
Current liabilities, unrestricted:			
Accounts payable	1,172	736,358	15,237
Accrued expenses	1,511	10,371	19,669
Unearned revenue	-	-	3,211
Due to other governments	-	-	122,542
Due to other funds	-	542,656	-
Total current liabilities, unrestricted	<u>2,683</u>	<u>1,289,385</u>	<u>160,659</u>
Current liabilities payable from restricted assets:			
Accounts payable	-	421,810	-
Total current liabilities payable from restricted assets	<u>-</u>	<u>421,810</u>	<u>-</u>
Noncurrent liabilities:			
Compensated absences	-	36,947	100,538
Net OPEB obligation	-	82,024	111,864
Total noncurrent liabilities	<u>-</u>	<u>118,971</u>	<u>212,402</u>
Total liabilities	<u>2,683</u>	<u>1,830,166</u>	<u>373,061</u>
NET POSITION			
Net investment in capital assets	1,129,812	14,680,693	7,199,699
Capital Projects	-	704,876	-
Unrestricted	2,276,366	143,890	672,286
Total net position	<u>\$ 3,406,178</u>	<u>\$ 15,529,459</u>	<u>\$ 7,871,985</u>

<u>Sanitation</u>		<u>Stormwater</u>		<u>Total</u>	
\$	40,938	\$	428,066	\$	667,690
	-		-		84,738
	-		12,674		20,923
	608,901		229,942		838,843
	110,148		46,946		1,709,395
	-		-		519,526
	-		7,771		18,431
	<u>759,987</u>		<u>725,399</u>		<u>3,859,546</u>
	631,802		5,755,060		8,976,480
	-		-		1,039,550
	833,334		-		833,334
	-		-		60,992
	-		1,343,141		3,514,158
	-		-		4,380,273
	-		8,538,790		19,411,788
	-		7,737,786		25,176,161
	249,007		1,419,842		2,712,898
	<u>(210,125)</u>		<u>(6,178,476)</u>		<u>(19,346,101)</u>
	38,882		12,861,083		35,910,169
	<u>1,504,018</u>		<u>18,616,143</u>		<u>46,759,533</u>
	<u>2,264,005</u>		<u>19,341,542</u>		<u>50,619,079</u>
	349,477		27,612		1,129,856
	11,929		37,080		80,560
	416,666		-		419,877
	-		-		122,542
	-		-		542,656
	<u>778,072</u>		<u>64,692</u>		<u>2,295,491</u>
	-		-		421,810
	-		-		421,810
	14,211		18,685		170,381
	<u>12,294</u>		<u>77,164</u>		<u>283,346</u>
	<u>26,505</u>		<u>95,849</u>		<u>453,727</u>
	<u>804,577</u>		<u>160,541</u>		<u>3,171,028</u>
	38,882		12,861,083		35,910,169
	-		-		704,876
	<u>1,420,546</u>		<u>6,319,918</u>		<u>10,833,006</u>
\$	<u>1,459,428</u>	\$	<u>19,181,001</u>	\$	<u>47,448,051</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, 2013

	<u>Pier</u>	<u>Airpark</u>	<u>Golf</u>
OPERATING REVENUES			
Charges for services	\$ 134,660	\$ 977,911	\$ 2,746,380
Contract fee extension	-	-	-
Total operating revenues	<u>134,660</u>	<u>977,911</u>	<u>2,746,380</u>
OPERATING EXPENSES			
Personal services	43,959	380,469	721,058
Other current expenses	231,139	564,929	3,017,888
Depreciation	73,665	472,569	493,148
Total operating expenses	<u>348,763</u>	<u>1,417,967</u>	<u>4,232,094</u>
Operating income (loss)	<u>(214,103)</u>	<u>(440,056)</u>	<u>(1,485,714)</u>
NONOPERATING REVENUES			
(EXPENSES)			
Interest and investment revenue	5,565	2,196	(4,606)
Miscellaneous revenue	-	1,000	-
Gain or (loss) from disposition of capital assets	-	4,320	60,585
Total nonoperating revenues	<u>-</u>	<u>4,320</u>	<u>60,585</u>
(expenses)	<u>5,565</u>	<u>7,516</u>	<u>55,979</u>
Income (loss) before contributions and transfers	(208,538)	(432,540)	(1,429,735)
Capital grants and contributions	-	1,552,301	-
Transfers in	-	-	1,602,605
Transfers out	-	-	-
Change in net position	<u>(208,538)</u>	<u>1,119,761</u>	<u>172,870</u>
Total net position - beginning	<u>3,614,716</u>	<u>14,409,698</u>	<u>7,699,115</u>
Total net position - ending	<u>\$ 3,406,178</u>	<u>\$ 15,529,459</u>	<u>\$ 7,871,985</u>

<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
\$ 5,708,478	\$ 2,399,107	\$ 11,966,536
416,667	-	416,667
<u>6,125,145</u>	<u>2,399,107</u>	<u>12,383,203</u>
229,782	477,295	1,852,563
3,953,185	589,393	8,356,534
37,213	831,757	1,908,352
<u>4,220,180</u>	<u>1,898,445</u>	<u>12,117,449</u>
<u>1,904,965</u>	<u>500,662</u>	<u>265,754</u>
(7,073)	14,486	10,568
-	-	1,000
-	-	64,905
<u>(7,073)</u>	<u>14,486</u>	<u>76,473</u>
1,897,892	515,148	342,227
-	135,727	1,688,028
-	6,500	1,609,105
<u>(2,873,946)</u>	<u>(189,044)</u>	<u>(3,062,990)</u>
(976,054)	468,331	576,370
2,435,482	18,712,670	46,871,681
<u>\$ 1,459,428</u>	<u>\$ 19,181,001</u>	<u>\$ 47,448,051</u>

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Pier</u>	<u>Airpark</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 134,660	\$ 977,911
Payments to suppliers	(232,651)	(555,766)
Payments to employees	(43,355)	(386,327)
Net cash provided (used) by operating activities	<u>(141,346)</u>	<u>35,818</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Advances from other funds	-	542,656
Transfers to other funds	-	-
Transfers from other funds	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>542,656</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	-	(993,838)
Capital grants and contributions	-	-
Proceeds from the sale of capital assets	-	5,320
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(988,518)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Calls/maturities of investments	1,645,051	1,115,500
Purchase of investments	(1,578,627)	(776,456)
Interest income	7,289	5,779
Net cash provided by investing activities	<u>73,713</u>	<u>344,823</u>
Net increase (decrease) in cash and cash equivalents	<u>(67,633)</u>	<u>(65,221)</u>
Cash and cash equivalents at beginning of the year	224,791	149,959
Cash and cash equivalents at end of the year	<u>\$ 157,158</u>	<u>\$ 84,738</u>
Cash and cash equivalents, unrestricted	\$ 157,158	\$ -
Cash and cash equivalents, restricted	-	84,738
Cash and cash equivalents, end of year	<u>\$ 157,158</u>	<u>\$ 84,738</u>
Non-cash transactions (investing activities):		
Change in fair value of investments	<u>(8,482)</u>	<u>(4,310)</u>
	<u>\$ (8,482)</u>	<u>\$ (4,310)</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (214,103)	\$ (440,056)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	73,665	472,569
Change in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivables	-	-
Inventories	(1,026)	-
Increase (decrease) in liabilities		
Accounts and other payables	(486)	4,876
Accrued expenses	604	380
Unearned revenue	-	-
Other post employment benefits (OPEB)	-	4,287
Compensated absences	-	(6,238)
Net cash provided (used) by operating activities	<u>\$ (141,346)</u>	<u>\$ 35,818</u>

Golf		Sanitation		Stormwater		Total	
\$	2,749,045	\$	5,719,477	\$	2,402,298	\$	11,983,391
	(3,432,642)		(4,260,035)		(655,483)		(9,136,577)
	(698,513)		(239,430)		(461,583)		(1,829,208)
	(1,382,110)		1,220,012		1,285,232		1,017,606
	-		833,333		-		1,375,989
	-		(2,873,946)		(189,044)		(3,062,990)
	1,602,605		-		6,500		1,609,105
	1,602,605		(2,040,613)		(182,544)		(77,896)
	(462,517)		-		(1,754,992)		(3,211,347)
	-		-		135,727		135,727
	-		-		-		5,320
	(462,517)		-		(1,619,265)		(3,070,300)
	560,570		1,203,916		4,598,992		9,124,029
	(355,599)		(471,903)		(4,298,543)		(7,481,128)
	2,083		(7,073)		19,585		27,663
	207,054		724,940		320,034		1,670,564
	(34,968)		(95,661)		(196,543)		(460,026)
	76,496		136,599		624,609		1,212,454
\$	41,528	\$	40,938	\$	428,066	\$	752,428
\$	41,528	\$	40,938	\$	428,066	\$	667,690
	-		-		-		84,738
\$	41,528	\$	40,938	\$	428,066	\$	752,428
	(1,911)		(4,022)		(23,057)		(41,782)
\$	(1,911)	\$	(4,022)	\$	(23,057)	\$	(41,782)
\$	(1,485,714)	\$	1,904,965	\$	500,662	\$	265,754
	493,148		37,213		831,757		1,908,352
	-		10,999		3,191		14,190
	(248)		-		2,814		1,540
	(413,160)		(305,309)		(72,821)		(786,900)
	4,127		306		25,733		31,150
	2,665		(416,667)		-		(414,002)
	(1,346)		(1,541)		3,917		5,317
	18,418		(9,954)		(10,021)		(7,795)
\$	(1,382,110)	\$	1,220,012	\$	1,285,232	\$	1,017,606



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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, 2013

	<u>Central Stores</u>	<u>Information Technology</u>	<u>Central Services</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 38,718	\$ 85,332	\$ 62,890
Interest receivable	-	2,330	1,786
Due from other governments	-	-	-
Inventories	713,204	-	12,689
Total current assets:	<u>751,922</u>	<u>87,662</u>	<u>77,365</u>
Noncurrent assets			
Investments	-	1,146,241	846,941
Capital assets:			
Buildings	247,163	-	7,373
Improvements	-	-	-
Machinery and equipment	45,466	4,900,599	13,026
Less accumulated depreciation	(246,597)	(4,732,568)	(18,020)
Total capital assets (net of accumulated depreciation)	<u>46,032</u>	<u>168,031</u>	<u>2,379</u>
Total noncurrent assets	<u>46,032</u>	<u>1,314,272</u>	<u>849,320</u>
Total assets	<u>797,954</u>	<u>1,401,934</u>	<u>926,685</u>
LIABILITIES			
Current liabilities:			
Accounts payable	28,661	24,711	17,584
Accrued expenses	4,648	26,874	12,341
Due to other funds	450,000	-	-
Claims and judgments	-	-	-
Compensated absences	4,355	-	1,731
Total current liabilities:	<u>487,664</u>	<u>51,585</u>	<u>31,656</u>
Noncurrent liabilities			
Compensated absences	16,052	122,003	45,577
Net OPEB obligation	7,172	126,854	62,955
Claims and judgments	-	-	-
Total noncurrent liabilities	<u>23,224</u>	<u>248,857</u>	<u>108,532</u>
Total liabilities	<u>510,888</u>	<u>300,442</u>	<u>140,188</u>
NET POSITION			
Net investment in capital assets	46,032	168,031	2,379
Unrestricted	241,034	933,461	784,118
Total net position	<u>\$ 287,066</u>	<u>\$ 1,101,492</u>	<u>\$ 786,497</u>

<u>Risk Management Health</u>	<u>Risk Management General</u>	<u>Vehicle Services</u>	<u>Total</u>
\$ 141,210	\$ 1,472,816	\$ 65,726	\$ 1,866,692
3,971	41,763	2,027	51,877
-	-	15,691	15,691
-	-	102,361	828,254
<u>145,181</u>	<u>1,514,579</u>	<u>185,805</u>	<u>2,762,514</u>
1,928,920	19,108,543	890,049	23,920,694
-	-	-	254,536
-	-	423,838	423,838
-	3,226	704,806	5,667,123
-	<u>(3,226)</u>	<u>(969,395)</u>	<u>(5,969,806)</u>
-	-	159,249	375,691
<u>1,928,920</u>	<u>19,108,543</u>	<u>1,049,298</u>	<u>24,296,385</u>
<u>2,074,101</u>	<u>20,623,122</u>	<u>1,235,103</u>	<u>27,058,899</u>
102	231,302	41,896	344,256
-	10,292	16,927	71,082
-	-	-	450,000
-	2,510,155	-	2,510,155
-	-	-	6,086
<u>102</u>	<u>2,751,749</u>	<u>58,823</u>	<u>3,381,579</u>
-	57,641	71,431	312,704
-	33,125	89,090	319,196
-	<u>12,066,845</u>	-	<u>12,066,845</u>
-	<u>12,157,611</u>	<u>160,521</u>	<u>12,698,745</u>
<u>102</u>	<u>14,909,360</u>	<u>219,344</u>	<u>16,080,324</u>
-	-	159,249	375,691
<u>2,073,999</u>	<u>5,713,762</u>	<u>856,510</u>	<u>10,602,884</u>
<u>\$ 2,073,999</u>	<u>\$ 5,713,762</u>	<u>\$ 1,015,759</u>	<u>\$ 10,978,575</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, 2013

	<u>Central Stores</u>	<u>Information Technology</u>	<u>Central Services</u>
OPERATING REVENUES			
Charges for services - internal	\$ 268,645	\$ 1,887,690	\$ 858,438
Charges for services - other	-	-	3,002
Miscellaneous	-	-	-
Total operating revenues	<u>268,645</u>	<u>1,887,690</u>	<u>861,440</u>
OPERATING EXPENSES			
Personal services	139,502	999,859	446,543
Other current expenses	102,447	774,256	444,662
Depreciation	5,854	69,592	4,304
Total operating expenses	<u>247,803</u>	<u>1,843,707</u>	<u>895,509</u>
Operating income (loss)	<u>20,842</u>	<u>43,983</u>	<u>(34,069)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income (loss)	(762)	2,483	1,782
Miscellaneous revenue	40	4,500	1,659
Capital grants and contributions	-	12,966	-
Gain or (loss) from disposition of capital assets	-	(930)	-
Total nonoperating revenues (expenses)	<u>(722)</u>	<u>19,019</u>	<u>3,441</u>
Income (loss)	20,120	63,002	(30,628)
Net position - beginning	<u>266,946</u>	<u>1,038,490</u>	<u>817,125</u>
Net position (deficit) - ending	<u>\$ 287,066</u>	<u>\$ 1,101,492</u>	<u>\$ 786,497</u>

<u>Risk Management Health</u>	<u>Risk Management General</u>	<u>Vehicle Services</u>	<u>Total</u>
\$ 6,545,818	\$ 3,800,533	\$ 2,582,683	\$ 15,943,807
2,555,175	-	-	2,558,177
1,425	1,648	24,052	27,125
<u>9,102,418</u>	<u>3,802,181</u>	<u>2,606,735</u>	<u>18,529,109</u>
-	392,244	614,470	2,592,618
9,345,281	4,181,395	2,010,957	16,858,998
-	-	41,613	121,363
<u>9,345,281</u>	<u>4,573,639</u>	<u>2,667,040</u>	<u>19,572,979</u>
<u>(242,863)</u>	<u>(771,458)</u>	<u>(60,305)</u>	<u>(1,043,870)</u>
5,285	50,041	1,935	60,764
-	-	-	6,199
-	-	-	12,966
-	-	7,315	6,385
<u>5,285</u>	<u>50,041</u>	<u>9,250</u>	<u>86,314</u>
(237,578)	(721,417)	(51,055)	(957,556)
<u>2,311,577</u>	<u>6,435,179</u>	<u>1,066,814</u>	<u>11,936,131</u>
<u>\$ 2,073,999</u>	<u>\$ 5,713,762</u>	<u>\$ 1,015,759</u>	<u>\$ 10,978,575</u>

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Central Stores</u>	<u>Information Technology</u>	<u>Central Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from other funds	\$ 268,645	\$ 1,887,690	\$ 858,438
Receipts from customers	-	-	3,002
Receipts from subrogation	-	-	-
Payments to suppliers	(182,547)	(763,926)	(410,983)
Payments to employees	(148,882)	(984,823)	(448,566)
Claims paid	-	-	-
Net cash provided (used) by operating activities	<u>(62,784)</u>	<u>138,941</u>	<u>1,891</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances from (to) other funds	<u>50,000</u>	-	-
Net cash provided (used) by noncapital financing activities	<u>50,000</u>	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of surplus materials/capital assets	40	4,500	1,659
Acquisition of capital assets	-	(49,149)	-
Net cash provided (used) by capital and related financing activities	<u>40</u>	<u>(44,649)</u>	<u>1,659</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Calls/maturities of investments	-	738,031	604,958
Purchase of investments	-	(856,145)	(632,593)
Interest income (loss)	(762)	3,113	2,464
Net cash provided (used) by investing activities	<u>(762)</u>	<u>(115,001)</u>	<u>(25,171)</u>
Net increase (decrease) in cash and cash equivalents	(13,506)	(20,709)	(21,621)
Cash and cash equivalents at beginning of the year	52,224	106,041	84,511
Cash and cash equivalents at end of the year	<u>\$ 38,718</u>	<u>\$ 85,332</u>	<u>\$ 62,890</u>
Non-cash transactions (Capital & Related Financing Activities):			
Donation of equipment	-	12,966	-
Non-cash transactions (Investing Activities):			
Change in fair value of investments	<u>1,537</u>	<u>(4,634)</u>	<u>(3,552)</u>
	<u>\$ 1,537</u>	<u>\$ 8,332</u>	<u>\$ (3,552)</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 20,842	\$ 43,983	\$ (34,069)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Cash flows reported in other categories:			
Depreciation expense	5,854	69,592	4,304
Changes in assets and liabilities			
Due from other governments	-	-	-
Inventories	(51,137)	-	11,641
Prepays	-	-	-
Estimated claims payable	-	-	-
Accounts and other payables	(30,351)	6,346	20,919
Accrued expenses	(744)	2,204	(207)
Other post employment benefits (OPEB)	1,388	3,984	1,119
Compensated absences	(8,636)	12,832	(1,816)
Net cash provided (used) by operating activities	<u>\$ (62,784)</u>	<u>\$ 138,941</u>	<u>\$ 1,891</u>

<u>Risk Management Health</u>	<u>Risk Management General</u>	<u>Vehicle Services</u>	<u>Total</u>
\$ 6,545,818	\$ 3,800,533	\$ 2,582,683	\$ 15,943,807
2,555,175	-	17,617	2,575,794
1,425	1,648	-	3,073
(9,345,244)	(1,185,703)	(1,997,025)	(13,885,428)
-	(384,977)	(599,771)	(2,567,019)
-	<u>(3,036,489)</u>	-	<u>(3,036,489)</u>
<u>(242,826)</u>	<u>(804,988)</u>	<u>3,504</u>	<u>(966,262)</u>
-	-	-	50,000
-	-	-	50,000
-	-	7,315	13,514
-	-	(127,493)	(176,642)
-	-	(120,178)	(163,128)
1,605,219	14,453,100	744,446	18,145,754
(1,440,740)	(14,272,464)	(664,791)	(17,866,733)
5,759	64,561	2,871	78,006
<u>170,238</u>	<u>245,197</u>	<u>82,526</u>	<u>357,027</u>
(72,588)	(559,791)	(34,148)	(722,363)
213,798	2,032,607	99,874	2,589,055
<u>\$ 141,210</u>	<u>\$ 1,472,816</u>	<u>\$ 65,726</u>	<u>\$ 1,866,692</u>
-	-	-	12,966
(7,816)	\$ (76,028)	(3,872)	\$ (94,365)
<u>\$ (7,816)</u>	<u>\$ (76,028)</u>	<u>\$ (3,872)</u>	<u>\$ (81,399)</u>
\$ (242,863)	\$ (771,458)	\$ (60,305)	\$ (1,043,870)
-	-	41,613	121,363
-	-	(6,435)	(6,435)
-	-	19,923	(19,573)
-	2,450	-	2,450
-	(215,000)	-	(215,000)
37	172,105	(8,521)	160,535
-	838	2,145	4,236
-	(352)	2,530	8,669
-	6,429	12,554	21,363
<u>\$ (242,826)</u>	<u>\$ (804,988)</u>	<u>\$ 3,504</u>	<u>\$ (966,262)</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, 2013

	General Employees' Retirement System	Police and Firefighters' Retirement System	Defined Contribution Retirement System	Total
ASSETS				
Cash and cash equivalents	\$ 2,882,709	\$ 407	\$ -	\$ 2,883,116
Receivables:				
Accrued interest and dividends	296,269	384,945	-	681,214
Due from brokers	199,679	1,266,933	-	1,466,612
Other	-	98,013	-	98,013
Total receivables	<u>495,948</u>	<u>1,749,891</u>	<u>-</u>	<u>2,245,839</u>
Other assets	<u>2,978</u>	<u>-</u>	<u>-</u>	<u>2,978</u>
Investments:				
U.S. Government obligations	9,565,733	18,117,056	-	27,682,789
Mortgage backed securities	-	14,312,601	-	14,312,601
Municipal obligations	-	708,342	-	708,342
Corporate obligations	14,347,812	18,676,191	-	33,024,003
Equity securities	50,207,959	127,914,791	-	178,122,750
Mutual funds and collective trusts	-	-	1,465,284	1,465,284
Domestic equity funds	18,176,142	-	-	18,176,142
International equity funds	21,591,762	-	-	21,591,762
Hedge funds & private equity funds	13,731,712	31,977,060	-	45,708,772
Real estate funds	12,908,354	2,250,851	-	15,159,205
Money market funds	-	10,479,837	-	10,479,837
Total investments	<u>140,529,474</u>	<u>224,436,729</u>	<u>1,465,284</u>	<u>366,431,487</u>
Property & equipment, net of accumulated depreciation	<u>2,780</u>	<u>46,873</u>	<u>-</u>	<u>49,653</u>
Total assets	<u>143,913,889</u>	<u>226,233,900</u>	<u>1,465,284</u>	<u>371,613,073</u>
LIABILITIES				
Accounts payable and accrued expenses	172,454	343,565	-	516,019
Deferred retirement option plan payable	4,787,700	-	-	4,787,700
Due to brokers	218,705	6,701,103	-	6,919,808
Advance contribution from employer	-	423,661	-	423,661
Total liabilities	<u>5,178,859</u>	<u>7,468,329</u>	<u>-</u>	<u>12,647,188</u>
NET POSITION				
Held in trust for pension benefits	<u>\$ 138,735,030</u>	<u>\$ 218,765,571</u>	<u>\$ 1,465,284</u>	<u>\$ 358,965,885</u>

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>General Employees' Retirement System</u>	<u>Police and Firefighters' Retirement System</u>	<u>Defined Contribution Retirement System</u>	<u>Total</u>
ADDITIONS				
Contributions:				
Employer	\$ 5,944,472	\$ 4,372,008	\$ -	\$ 10,316,480
Broward County Sheriff's Office	366,414	3,749,433	-	4,115,847
Broward County - Library	21,845	-	-	21,845
Members	2,524,533	1,434,802	8,627	3,967,962
State	-	2,152,520	-	2,152,520
Total contributions	<u>8,857,264</u>	<u>11,708,763</u>	<u>8,627</u>	<u>20,574,654</u>
Investment income (loss):				
Net appreciation (depreciation) in fair value of investments	18,457,214	22,613,699	-	41,070,913
Interest and dividends	3,038,831	4,167,327	95,750	7,301,908
Commission recapture	474	-	-	474
Other	112,749	10,245	-	122,994
Total investment income (loss)	<u>21,609,268</u>	<u>26,791,271</u>	<u>95,750</u>	<u>48,496,289</u>
Less: investment expenses				
Deferred retirement option plan participants' earnings	340,522	-	-	340,522
Net investment income (loss)	<u>20,462,865</u>	<u>25,574,768</u>	<u>95,750</u>	<u>46,133,383</u>
Total	<u>29,320,129</u>	<u>37,283,531</u>	<u>104,377</u>	<u>66,708,037</u>
DEDUCTIONS				
Participant benefit payments	9,463,247	17,359,564	29,954	26,852,765
Refunds of participant contributions	159,068	148,497	-	307,565
Administrative expenses	479,816	568,792	-	1,048,608
Total	<u>10,102,131</u>	<u>18,076,853</u>	<u>29,954</u>	<u>28,208,938</u>
Net increase (decrease)	19,217,998	19,206,678	74,423	38,499,099
Net position held in trust for pension benefits				
Beginning of the year	119,517,032	199,558,893	1,390,861	320,466,786
End of the year	<u>\$ 138,735,030</u>	<u>\$ 218,765,571</u>	<u>\$ 1,465,284</u>	<u>\$ 358,965,885</u>

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
GENERAL AGENCY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>BALANCE OCTOBER 1, 2012</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>Balance September 30, 2013</u>
Assets:				
Cash and cash equivalents	\$ 547,457	\$ 24,074,475	\$ 24,005,752	\$ 616,180
Accounts receivable	2,828	68,066	68,495	2,399
Total assets	<u>550,285</u>	<u>24,142,541</u>	<u>24,074,247</u>	<u>618,579</u>
Liabilities:				
Deposit, sales tax & payroll payable	550,285	34,910,012	34,841,718	618,579
Total liabilities	<u>\$ 550,285</u>	<u>\$ 34,910,012</u>	<u>\$ 34,841,718</u>	<u>\$ 618,579</u>



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STATISTICAL SECTION

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.

Schedules

<u>Financial Trends</u>	128
<i>These schedules provide financial trend information, which shows how the City's financial performance has changed over time.</i>	
<u>Revenue Capacity</u>	134
<i>These schedules provide additional information about Property Tax, the City's most significant local revenue source</i>	
<u>Debt Capacity</u>	141
<i>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.</i>	
<u>Demographic and Economic Information</u>	146
<i>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.</i>	
<u>Operating Information</u>	148
<i>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</i>	

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)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 76,140,040	\$ 86,322,113	\$ 209,504,464	\$ 211,412,441	\$ 207,930,782
Restricted	16,353,467	21,208,028	39,354,857	49,646,102	83,854,283
Unrestricted	51,241,673	61,047,680	64,936,137	91,455,665	69,996,425
Total governmental-type activities net position	<u>\$ 143,735,180</u>	<u>\$ 168,577,821</u>	<u>\$ 313,795,458</u>	<u>\$ 352,514,208</u>	<u>\$ 361,781,490</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 84,055,172	\$ 88,417,544	\$ 89,791,002	\$ 92,410,002	\$ 97,062,152
Restricted	2,864,258	4,063,445	4,542,956	5,272,280	13,573,396
Unrestricted	32,589,390	36,192,206	43,870,319	47,578,565	45,222,436
Total business-type activities net position	<u>\$ 119,508,820</u>	<u>\$ 128,673,195</u>	<u>\$ 138,204,277</u>	<u>\$ 145,260,847</u>	<u>\$ 155,857,984</u>
Primary Government					
Invested in capital assets, net of related debt	\$ 160,195,212	\$ 174,739,657	\$ 299,295,466	\$ 303,822,443	\$ 304,992,934
Restricted	19,217,725	25,271,473	43,897,813	54,918,382	97,427,679
Unrestricted	83,831,063	97,239,886	108,806,456	139,034,230	115,218,861
Total primary government net position	<u>\$ 263,244,000</u>	<u>\$ 297,251,016</u>	<u>\$ 451,999,735</u>	<u>\$ 497,775,055</u>	<u>\$ 517,639,474</u>

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 205,458,533	\$ 212,893,367	\$ 218,753,518	\$ 221,483,539	\$ 207,256,104
Restricted	91,297,882	80,138,395	64,179,337	52,668,454	48,000,383
Unrestricted	73,578,264	99,545,328	100,532,438	108,003,793	124,388,694
Total governmental-type activities net position	<u>\$ 370,334,679</u>	<u>\$ 392,577,090</u>	<u>\$ 383,465,293</u>	<u>\$ 382,155,786</u>	<u>\$ 379,645,181</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 99,197,519	\$ 102,762,337	\$ 117,815,651	\$ 119,425,239	\$ 117,178,114
Restricted	4,476,707	9,897,046	8,506,787	6,465,995	4,660,462
Unrestricted	53,626,361	44,225,710	38,536,872	42,778,697	48,877,564
Total business-type activities net position	<u>\$ 157,300,587</u>	<u>\$ 156,885,093</u>	<u>\$ 164,859,310</u>	<u>\$ 168,669,931</u>	<u>\$ 170,716,140</u>
Primary Government					
Invested in capital assets, net of related debt	\$ 304,656,052	\$ 315,655,704	\$ 336,569,169	\$ 340,908,778	\$ 324,434,218
Restricted	95,774,589	90,035,441	72,686,124	59,134,449	52,660,845
Unrestricted	127,204,625	143,771,038	139,069,310	150,782,490	173,266,258
Total primary government net position	<u>\$ 527,635,266</u>	<u>\$ 549,462,183</u>	<u>\$ 548,324,603</u>	<u>\$ 550,825,717</u>	<u>\$ 550,361,321</u>

CITY OF POMPANO BEACH, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (accrual basis of accounting)

Schedule 2

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 19,227,611	\$ 18,188,353	\$ 21,820,752	\$ 25,148,265	\$ 30,134,110	\$ 30,976,218	\$ 22,614,054	\$ 31,870,782	\$ 33,337,008	\$ 33,052,054
Public safety	55,534,006	62,213,355	75,536,195	62,159,383	70,342,631	72,982,320	75,248,897	76,787,154	72,981,195	76,932,640
Physical environment	11,346,851	12,598,056	12,039,673	11,449,782	11,987,508	13,122,352	13,945,306	15,550,874	16,514,775	17,508,638
Transportation	3,049,025	3,497,449	3,603,850	3,638,120	3,811,263	3,837,107	3,742,998	3,996,841	3,205,628	3,328,609
Culture and recreation	7,506,086	7,729,885	8,884,491	9,475,841	9,183,233	8,632,761	7,669,285	7,964,422	7,830,956	8,202,728
Interest on long-term debt	502,117	515,383	716,712	1,237,318	884,964	932,515	1,236,656	1,307,248	924,518	1,090,325
Total governmental activities expenses	97,165,696	104,742,481	122,601,673	113,108,709	126,343,709	130,483,273	124,457,196	137,477,321	134,794,080	140,114,994
Business-type activities:										
Utility	28,250,487	27,693,796	30,272,697	31,992,234	33,570,638	36,050,530	36,710,226	37,906,357	39,006,357	38,967,528
Sanitation	2,648,916	2,743,126	2,992,911	3,225,228	3,302,781	3,605,435	3,338,231	3,815,493	4,161,979	4,225,019
Stormwater	968,628	1,122,731	1,105,559	1,726,205	1,646,758	1,891,753	1,955,262	2,008,840	1,887,886	1,904,435
Pier	113,674	132,227	102,549	168,163	127,568	139,979	230,969	267,233	246,386	349,096
Airpark	791,356	778,833	816,978	982,881	1,412,469	1,399,077	1,461,977	1,417,254	1,383,706	1,430,544
Golf course	3,435,026	3,352,711	3,360,456	3,481,714	3,386,558	3,469,586	3,464,818	3,643,143	3,616,352	4,239,802
Total business-type activities expenses	36,208,087	35,823,424	38,651,150	41,576,425	43,446,772	46,556,360	47,161,483	49,058,320	50,302,666	51,116,424
Total primary government expenses	\$ 133,373,783	\$ 140,565,905	\$ 161,252,823	\$ 154,685,134	\$ 169,790,481	\$ 177,039,633	\$ 171,618,679	\$ 186,535,641	\$ 185,096,746	\$ 191,231,418
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 9,477,577	\$ 10,036,240	\$ 10,472,216	\$ 11,107,609	\$ 10,751,746	\$ 11,584,971	\$ 12,007,347	\$ 10,249,276	\$ 10,043,560	\$ 9,939,823
Public Safety	19,248,638	25,288,195	28,350,939	24,255,117	20,559,395	20,623,910	19,978,399	20,800,209	22,086,284	23,469,809
Physical Environment	1,118,655	43,732	44,866	40,784	33,938	38,491	70,676	74,417	92,024	106,076
Transportation	553,626	530,426	351,144	313,483	297,829	352,597	452,867	611,102	519,767	813,641
Culture and Recreation	1,202,009	1,678,643	1,593,176	1,679,976	1,575,211	1,689,470	1,683,521	1,736,482	1,919,986	1,584,673
Operating grants and contributions	7,122,439	7,368,835	14,700,056	3,371,646	4,718,209	3,384,796	3,021,158	3,551,981	3,487,028	3,374,362
Capital grants and contributions	13,885,144	2,707,025	2,076,119	5,171,273	2,367,151	3,736,634	8,016,883	3,763,722	3,886,738	4,107,045
Total governmental activities program revenues	52,608,088	47,653,096	57,588,516	45,939,888	40,303,479	41,410,869	45,230,851	40,787,189	42,035,387	43,395,429
Business-type activities:										
Charges for services:										
Utility	31,542,855	33,946,822	35,228,573	34,401,872	33,868,521	35,633,508	34,324,271	40,663,118	41,457,871	40,113,717
Sanitation	3,980,771	3,835,940	4,367,157	4,530,033	4,618,938	5,026,680	5,287,117	5,419,414	5,734,397	5,708,478
Stormwater	2,222,999	2,413,050	2,538,085	2,476,036	2,456,094	2,529,879	2,468,001	2,457,922	2,440,888	2,399,107
Pier	239,029	254,500	173,267	-	-	-	29,552	105,340	124,299	134,660
Airpark	1,814,416	1,842,943	1,935,268	1,994,752	1,074,271	800,461	946,942	979,402	1,021,156	977,911
Golf course	2,715,116	2,714,559	2,989,740	2,999,136	3,034,441	2,893,132	2,571,980	2,475,617	2,137,538	2,746,380
Operating grants and contributions	-	-	-	-	35,268	-	-	-	-	-
Capital grants and contributions	599,567	300,000	410,591	671,911	805,267	796,775	732,036	1,643,613	575,691	2,019,095
Total business-type activities program revenues	43,114,753	45,307,814	47,642,681	47,073,740	45,892,800	47,680,435	46,359,899	53,744,426	53,491,840	54,099,348
Total primary government program revenues	\$ 95,722,841	\$ 92,960,910	\$ 105,231,197	\$ 93,013,628	\$ 86,196,279	\$ 89,091,304	\$ 91,590,750	\$ 94,531,615	\$ 95,527,227	\$ 97,494,777

Note (1): 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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense) Revenue										
Governmental activities	\$ (44,557,608)	\$ (57,089,385)	\$ (65,013,157)	\$ (67,168,821)	\$ (86,040,230)	\$ (89,072,404)	\$ (79,226,345)	\$ (96,690,132)	\$ (92,758,693)	\$ (96,719,565)
Business-type activities	6,906,666	9,484,390	8,991,531	5,497,315	2,446,028	1,124,075	(801,584)	4,686,106	3,189,174	2,982,924
Total Primary Government Net Expense	\$ (37,650,942)	\$ (47,604,995)	\$ (56,021,626)	\$ (61,671,506)	\$ (83,594,202)	\$ (87,948,329)	\$ (80,027,929)	\$ (92,004,026)	\$ (89,569,519)	\$ (93,736,641)
General revenues and other changes in net position										
Governmental activities										
Taxes										
Property taxes, levied for general purposes	\$ 32,227,515	\$ 38,204,731	\$ 43,482,560	\$ 48,799,437	\$ 46,615,842	\$ 46,139,749	\$ 49,080,745	\$ 43,120,938	\$ 43,713,354	\$ 46,061,223
Sales and use taxes	1,748,357	1,760,344	2,036,007	1,986,157	1,989,190	1,942,087	1,868,720	1,867,765	1,847,983	1,870,051
Business tax receipts	1,654,316	1,786,869	1,781,229	1,861,598	1,878,968	1,852,958	1,883,460	1,900,445	1,962,253	2,092,722
Utility taxes	7,781,933	9,032,695	8,966,542	9,318,447	9,087,211	8,940,920	9,366,079	9,603,801	9,830,191	10,371,991
Communication service taxes	5,405,724	5,298,126	5,258,898	5,188,605	6,345,750	5,349,898	5,711,305	5,775,772	5,694,717	5,378,539
Pari Mutuel taxes	-	-	-	884,443	2,053,356	1,795,128	1,881,081	1,897,796	2,067,263	2,171,040
Tax increment fees - Community										
Redevelopment Agency	3,398,189	4,317,644	5,742,736	8,287,120	9,142,152	9,527,042	10,405,002	8,069,453	7,351,557	7,218,355
Franchise fees	6,589,987	7,525,435	8,847,598	8,916,247	9,161,456	9,097,345	8,316,234	7,410,674	7,597,790	7,402,812
State revenue sharing	9,538,735	9,024,747	9,389,982	8,940,830	8,299,249	7,417,427	7,341,044	7,664,439	7,985,879	8,549,198
Investment earnings	1,162,064	2,187,611	5,872,788	8,752,035	5,571,020	3,518,665	3,584,734	1,607,688	1,495,590	426,002
Gain on sale of capital assets	151,082	-	5,222,114	193,257	39,875	3,626	3,001	3,062	115,058	36,906
Miscellaneous revenue	1,336,652	1,069,740	754,716	759,627	704,511	835,460	850,783	988,393	1,288,255	1,096,266
Transfers	1,337,091	1,724,084	1,882,938	1,999,768	(5,581,068)	1,205,288	1,176,568	(2,331,891)	499,296	1,533,855
Total Governmental activities	72,331,645	81,932,026	99,238,108	105,887,571	95,307,512	97,625,593	101,468,756	87,578,335	91,449,186	94,208,960
Business-type activities:										
Gain on sale of capital assets	-	-	-	-	100,184	6,800	15,295	120,761	84,125	73,659
Investment earnings	836,991	987,402	1,996,618	2,635,502	1,690,003	1,099,783	1,129,631	407,549	425,541	92,380
Miscellaneous revenue	-	416,667	425,871	923,521	439,655	417,233	417,732	427,910	611,077	431,101
Special item	-	-	-	-	340,199	-	-	-	-	-
Transfers	(1,337,091)	(1,724,084)	(1,882,938)	(1,999,768)	5,581,068	(1,205,288)	(1,176,568)	2,331,891	(499,296)	(1,533,855)
Total Business-type activities:	(500,100)	(320,015)	539,551	1,559,255	8,151,109	318,528	386,090	3,288,111	621,447	(936,715)
Total Primary Government	71,831,545	81,612,011	99,777,659	107,446,826	103,458,621	97,944,121	101,854,846	90,866,446	92,070,633	93,272,245
Change in Net Position										
Governmental activities	27,774,037	24,842,641	34,224,951	38,718,750	9,267,282	8,553,189	22,242,411	(9,111,797)	(1,309,507)	(2,510,605)
Business-type activities:	6,406,566	9,164,375	9,531,082	7,056,570	10,597,137	1,442,603	(415,494)	7,974,217	3,810,621	2,046,209
Total Primary Government	\$ 34,180,603	\$ 34,007,016	\$ 43,756,033	\$ 45,775,320	\$ 19,864,419	\$ 9,995,792	\$ 21,826,917	\$ (1,137,580)	\$ 2,501,114	\$ (464,396)

Note (1): 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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 11,779,092	\$ 16,535,345	\$ 23,630,235	\$ 29,189,048	\$ 32,368,977	\$ 30,732,081	\$ -	\$ -	\$ -	\$ -
Unreserved	23,860,152	26,139,018	38,934,060	57,038,234	56,776,076	65,678,740	-	-	-	-
Nonspendable	-	-	-	-	-	-	284,411	245,514	1,380,183	328,490
Restricted	-	-	-	-	-	-	29,886,617	8,190,183	8,175,752	6,682,395
Committed	-	-	-	-	-	-	12,382,653	-	-	-
Assigned	-	-	-	-	-	-	5,655,377	3,367,131	3,131,562	1,427,818
Unassigned	-	-	-	-	-	-	49,431,868	55,359,991	53,823,339	56,647,835
Total General Fund	\$ 35,639,244	\$ 42,674,363	\$ 62,564,295	\$ 86,227,282	\$ 89,145,053	\$ 96,410,821	\$ 97,640,926	\$ 67,162,819	\$ 66,510,836	\$ 65,086,338
All Other Governmental Funds										
Reserved	19,808,908	19,425,023	26,619,823	29,838,745	33,502,820	33,949,258	-	-	-	-
Unreserved, reported in:										
Northwest CRA District Funds	2,370,454	5,870,023	14,934,185	18,922,736	23,976,295	25,870,780	-	-	-	-
Capital Projects Funds	10,914,581	11,519,371	10,040,185	15,916,597	14,992,002	16,287,994	-	-	-	-
Emergency Medical Services	441,589	987,904	1,466,400	1,620,835	1,042,259	1,136,142	-	-	-	-
Cultural Arts	19,535	20,804	21,275	17,390	20,594	21,601	-	-	-	-
East CRA	360,944	836,908	1,702,438	2,527,275	4,082,431	5,238,264	-	-	-	-
Cemetery	834,606	839,030	842,196	774,696	741,611	748,036	-	-	-	-
Nonspendable	-	-	-	-	-	-	367,410	1,089,593	1,797,162	311,520
Restricted	-	-	-	-	-	-	79,152,172	81,364,830	68,910,375	68,627,168
Committed	-	-	-	-	-	-	23,873,993	3,810,928	3,622,905	3,638,917
Assigned	-	-	-	-	-	-	-	34,564,650	31,258,659	30,766,597
Unassigned	-	-	-	-	-	-	773,761	(209,951)	(10,674)	(176,494)
Total	\$ 34,750,617	\$ 39,499,063	\$ 55,626,502	\$ 69,618,274	\$ 78,358,012	\$ 83,252,075	\$ 104,167,336	\$ 120,620,050	\$ 105,578,427	\$ 103,167,708

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 57,151,705	\$ 66,138,975	\$ 74,334,341	\$ 82,496,013	\$ 74,034,933	\$ 74,292,736	\$ 78,637,580	\$ 70,255,567	\$ 70,494,487	\$ 73,182,138
Judgments, fines and forfeitures	1,316,680	1,483,483	1,626,391	1,634,580	1,249,857	1,466,766	1,353,607	1,204,590	1,085,139	1,200,681
Permits, fees and special assessments	15,249,201	20,730,619	23,621,571	20,198,717	23,802,123	22,436,894	22,018,532	23,283,619	24,686,920	24,855,651
Intergovernmental	19,332,540	18,672,553	26,690,589	19,946,798	15,920,212	16,435,158	19,581,276	14,182,824	15,100,874	15,288,736
Charges for services	13,297,993	14,745,333	14,737,214	14,698,401	14,505,728	16,243,058	15,764,204	16,172,851	16,043,017	16,986,200
Pari-Mutuel	-	-	-	884,443	2,053,356	1,795,128	1,881,081	1,897,796	2,067,263	2,171,040
Lot sales	-	-	5,162,000	47,990	-	-	-	-	-	-
Donations	376,732	135,426	172,511	114,674	113,756	44,730	23,315	59,539	43,533	49,880
Interest and investment revenue	958,222	1,867,541	4,973,723	7,652,444	4,899,108	3,032,720	3,011,628	1,364,809	1,249,307	365,238
Cemetery lot sales	-	-	-	-	125	3,050	21,775	42,975	52,332	47,288
Recaptured funds	-	-	-	-	96,025	-	-	23,571	1,270	14,523
Program income	-	-	-	-	15,083	-	-	790,129	847,408	488,589
Other revenue	1,409,424	929,370	439,552	652,161	499,470	458,782	683,291	768,841	916,330	1,062,012
Total revenues	109,092,497	124,703,300	151,757,892	148,326,221	137,189,776	136,209,022	142,976,289	130,047,111	132,587,880	135,711,976
Expenditures										
Current										
General government	16,362,455	18,005,326	17,161,074	18,190,035	18,482,902	18,962,681	21,786,373	22,249,998	23,068,801	24,023,015
Public safety	52,680,525	60,373,948	72,290,299	61,188,428	68,611,664	72,671,842	74,708,661	74,794,319	71,529,455	74,361,660
Physical environment	10,008,020	12,022,052	11,587,807	11,478,318	11,689,546	12,569,704	14,114,654	14,822,990	15,965,683	16,508,394
Transportation	2,746,606	2,977,494	3,304,311	3,314,930	3,351,193	3,242,550	3,145,210	3,353,568	2,552,176	2,644,438
Culture and recreation	6,255,238	7,677,184	8,017,727	8,979,252	8,421,423	7,493,244	6,819,634	6,927,009	6,711,263	6,507,050
Debt service:										
Principal	2,526,900	1,744,400	1,280,000	930,000	970,000	20,000	3,257,162	2,462,162	2,690,293	11,766,150
Interest	530,391	484,358	616,923	1,183,814	987,830	889,628	1,179,245	1,252,726	1,220,909	1,106,701
Capital outlay	10,084,618	14,726,995	12,306,298	11,357,692	8,130,010	9,968,462	7,078,998	18,929,429	25,150,062	18,363,850
Total expenditures	101,194,753	118,011,757	126,584,439	116,622,469	120,644,568	125,818,111	132,089,937	144,792,201	148,888,642	155,281,258
Excess (Deficiency) of Revenue Over (Under) Expenditures	7,897,744	6,691,543	25,193,453	31,703,752	16,545,208	10,390,911	10,886,352	(14,745,090)	(16,300,762)	(19,569,282)
Other Financing Sources (Uses)										
Debt proceeds	3,481,153	3,367,938	8,940,980	3,751,960	457,968	-	10,000,000	53,150	-	14,100,000
Proceeds from energy performance lease	-	-	-	-	-	-	-	2,998,438	-	-
Proceeds from sale of capital assets	(1,562,500)	-	-	199,279	127,347	457,567	82,446	-	107,860	100,210
Transfers in	11,777,020	12,238,344	11,110,057	11,990,652	11,096,477	6,623,660	11,834,055	35,052,824	25,960,746	24,133,274
Transfers out	(10,251,177)	(10,514,260)	(9,227,119)	(9,990,884)	(16,569,491)	(5,312,307)	(10,657,487)	(37,384,715)	(25,461,450)	(22,599,419)
Total	3,444,496	5,092,022	10,823,918	5,951,007	(4,887,699)	1,768,920	11,259,014	719,697	607,156	15,734,065
Net Changes in Fund Balances	\$ 11,342,240	\$ 11,783,565	\$ 36,017,371	\$ 37,654,759	\$ 11,657,509	\$ 12,159,831	\$ 22,145,366	\$ (14,025,393)	\$ (15,693,606)	\$ (3,835,217)
Debt Services as a Percentage of Non-Capital Expenditures	3.4%	2.2%	1.7%	2.0%	1.7%	0.8%	3.5%	3.0%	3.2%	9.4%

Note (1): 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

<u>Fiscal Year</u>	<u>TAX ROLL *</u>	<u>REAL PROPERTY **</u>	<u>PERSONAL PROPERTY **</u>
2004	2003	8,623,784,059	696,845,691
2005	2004	10,533,147,193	666,070,321
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

Source: Broward County Property Appraiser
 * Assessed values as of January 1.
 ** Florida Statutes require assessments at just valuation.

Note: The basis of assessed value is approximately 100% of actual value.
 Tax rates are per \$1,000 of assessed value.

TOTAL ASSESSED VALUE	ALLOWABLE EXEMPTIONS	TAXABLE VALUE FOR OPERATIONS AND DEBT	TOTAL DIRECT TAX RATE
9,320,629,750	2,166,330,695	7,154,299,055	4.8000
11,199,217,514	2,740,940,369	8,458,277,145	4.7430
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

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	Tax Roll	City of Pompano Beach					
		General Fund	Special Tax District	Debt Service	Direct Total	Broward County	School Board
2004	2003	4.0271	0.5000	0.2729	4.8000	7.1880	8.4176
2005	2004	4.1111	0.5000	0.1319	4.7430	7.0230	8.2695
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

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	2.5000	0.3920	0.2490	\$ 0.0385	24.2821
0.6970	2.4803	0.4231	0.1845	0.0385	23.8589
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



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CITY OF POMPANO BEACH, FLORIDA
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO

Schedule 7

TAXPAYER (Local Exposure Recognition)	2013			TAXPAYER (Local Exposure Recognition)	2004		
	TAXABLE ASSESSED VALUE	Rank	PERCENT OF TOTAL CITY TAXABLE ASSESSED VALUATION		TAXABLE ASSESSED VALUE	Rank	PERCENT OF TOTAL CITY TAXABLE ASSESSED VALUATION
PPI Inc Isle Capri	48,233,680	1	0.55%	Preserve at Palm-Aire LLC	25,436,580	1	0.37%
John Knox Village of Florida (451 Heritage Drive)	41,919,600	2	0.48%	Sharp Sabal Palms LLC	23,311,310	2	0.33%
EQR Bayview LLC	39,961,210	3	0.46%	Palm Vacation Group	19,743,090	3	0.28%
John Knox Village of Florida (621 6th Street)	29,716,290	4	0.34%	Pompano Property Corporation (Winn Dixie)	18,608,170	4	0.27%
Associated Grocers	29,133,400	5	0.33%	Cobblestone Apt. Assoc. LLC	16,489,970	5	0.24%
SNH/LTA Properties Trust	22,590,000	6	0.26%	McNab-KC3 LTD	15,645,700	6	0.22%
TA/Western LLC	22,055,580	7	0.25%	Faison-Pompano Citi Centre LLC	15,320,500	7	0.22%
Fort Lauderdale BTS LLC	19,779,820	8	0.23%	Palm Court Joint Ventures	15,300,080	8	0.22%
Centro Heritage SPE 1 LLC	19,657,400	9	0.23%	Regency Venture LTD	15,056,510	9	0.22%
Archdiocese of Miami	<u>19,399,990</u>	10	<u>0.22%</u>	St Andrews Palm Aire Assoc	<u>15,056,510</u>	10	<u>0.22%</u>
Total taxable assessed value of principal taxpayers	292,446,970		3.35%	Total taxable assessed value of principal taxpayers	179,968,420		2.59%
Total taxable assessed value of other taxpayers	<u>8,428,417,238</u>		<u>96.65%</u>	Total taxable assessed value of other taxpayers	<u>6,782,365,722</u>		<u>97.41%</u>
Total taxable assessed valuation of all taxpayers	<u><u>8,720,864,208</u></u>		<u><u>100.00%</u></u>	Total taxable assessed valuation of all taxpayers	<u><u>6,962,334,142</u></u>		<u><u>100.00%</u></u>

Source: Broward County Property Appraiser
 2012 Tax roll

CITY OF POMPANO BEACH, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	<u>TAX ROLL</u>	<u>TOTAL AMENDED TAX LEVY</u>	<u>CURRENT GROSS TAX COLLECTIONS *</u>	<u>PERCENT OF LEVY COLLECTED</u>
2004	2003	33,419,204	33,193,839	99.33
2005	2004	39,315,287	39,164,635	99.62
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

Source: City Finance Department

* Gross taxes exclusive of discounts, penalties and interest.

<u>SUBSEQUENT DELINQUENT TAX COLLECTIONS</u>	<u>TOTAL TAX COLLECTIONS</u>	<u>PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY</u>
91,519	33,285,358	99.60
123,563	39,288,198	99.93
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
-	45,859,390	96.13

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	Certificates of Participation	Notes Payable	Installment Notes	Water and Sewer Bonds	Notes Payable			
2004	4,745,000	3,481,153	1,135,000	955,500	159,400	44,020,000	-	54,496,053	0.02	625.07
2005	3,900,000	6,849,091	395,000	649,350	-	41,875,000	-	53,668,441	0.01	527.65
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	*	559.82

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

General Bonded Debt Outstanding					
Fiscal Year	General Obligations Bonds	Amounts Available in Fund Balance	Total	Percentage of Actual Taxable Value of Property *	Per Capita **
2004	4,745,000	948,332	3,796,668	0.05%	43.55
2005	3,900,000	980,435	2,919,565	0.03%	28.70
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

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, 2013

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	326,017,000	7%	22,821,190
Subtotal, overlapping debt			22,821,190
City direct debt			28,001,034
Total direct and overlapping debt			50,822,224

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 1,044,350,121	\$ 1,243,367,723	\$ 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
Total net debt applicable to limit	3,796,668	2,919,565	1,959,959	949,571	(25,450)	(30,572)	-	-	-	-
Legal debt margin	<u>\$ 1,040,553,453</u>	<u>\$ 1,240,448,158</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	0.36%	0.23%	0.13%	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Legal Debt Margin Calculation for Fiscal Year 2013										
Assessed Value	8,720,864,208									
Debt Limit (15% of assessed value)	1,308,129,631									
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>\$ 1,308,129,631</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			COVERAGE (3):(4)
				PRINCIPAL	INTEREST	(4) TOTAL	
2004	31,972,009	19,165,682	12,806,327	2,030,000	2,451,592	4,481,592	2.86%
2005	34,176,302	19,029,394	15,146,908	2,145,000	2,354,462	4,499,462	3.37%
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%

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
2004	87,184	3,142,286	36,042	45.3	81.7	9,958	4.6
2005	101,712	3,956,088	38,895	45.5	80.2	12,964	3.7
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	43,351	42.7	81.0	12,029	7.1
2013	103,189	*	*	*	*	11,974	7.0

Sources: City of Pompano Development Services Division via:
 US Census, American Community Survey
 US Department of Labor, Bureau of Labor Statistics
 Broward County School Board, School Enrollment Count
 Florida Office of Economic and Demographic Research

Note: * Indicates information not available

Employer	2013		
	Employees	Rank	Percentage of Total City Employment
PPI, Inc (Isle Capri)	1,190	1	1.19%
City of Pompano Beach	1,140	2	1.14%
WalMart	726	3	0.73%
Broward County Correctional	700	4	0.70%
John Knox Village	660	5	0.66%
Point Blank Solutions	643	6	0.64%
Publix	563	7	0.56%
Fresh Point Produce/Dairy	397	8	0.40%
Latite roofing & Sheet Metal LLC	315	9	0.32%
Associated Grocers of Florida	300	10	0.30%

Note: Data for 2004 is not available. This type was not previously maintained by the City's Development Services Division. It is now an added function going forward.

Source: City of Pompano Beach Development Services Division via:
 PPI, Inc.
 South Florida Business Journal 2014 Book of Lists

CITY OF POMPANO BEACH, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS

Schedule 16

<u>Function/Program</u>	<u>2004</u>	<u>2005</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>
General Government										
City Commissioners	5	6	6	6	6	6	6	6	6	6
City Manager	4	4	4	4	4	5	5	5	5	4
Advisory Board	2	2	2	3	3	2	2	2	2	2
Public Information Office	4	4	4	4	4	4	3	3	3	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	34	34	33	33	33	33	33
Economic Development	-	-	-	1	1	-	-	-	-	-
Northwest CRA	-	-	-	-	-	-	-	2	1	2
East CRA	-	-	-	-	-	-	-	2	1	1
Finance	20	20	20	21	21	20	22	22	22	22
Fire & EMS\	193	194	194	199	199	199	217	217	217	217
Development Services	51	54	58	68	68	62	62	62	66	67
Office of Housing & Urban										
Improvement	6	6	7	6	6	7	5	5	6	7
Public Works	126	138	138	141	141	136	136	136	136	136
Parks & Recreation	64	77	79	79	83	81	56	56	56	53
Utilities	117	118	118	118	118	118	118	118	115	114
Stormwater	8	8	8	8	8	8	8	8	8	8
Airpark	5	5	5	5	5	6	5	5	5	5
Golf	9	9	9	9	9	9	9	9	9	9
Solid Waste	1	1	2	2	2	2	3	3	3	3
Total	667	698	706	726	730	716	708	712	712	711

Source: City Budget Office

CITY OF POMPANO BEACH, FLORIDA
 OPERATING INDICATORS BY FUNCTION / PROGRAM
 LAST TEN FISCAL YEARS

Schedule 17

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function/Program										
Public Safety										
<i>Fire</i>										
Emergency responses	16,352	18,190	17,571	18,031	17,962	17,505	17,746	18,015	17,861	17,753
Fires Extinguished	451	495	571	432	415	371	346	355	333	354
Inspections	2,198	2,402	1,683	1,458	3,168	5,151	5,284	6,118	5,213	6,551
Uniformed Employees	175	182	179	184	179	186	185	184	188	185
Non-Uniformed Employees	10	10	11	10	11	8	8	8	8	8
<i>Building Permits</i>										
Permits Issued	11,936	13,731	18,636	15,293	13,606	12,473	13,715	11,864	15,827	12,323
Estimated Value	203,172,562	223,113,120	343,233,533	265,172,789	164,751,110	107,274,620	87,718,162	123,406,754	164,631,190	148,673,496
<i>City Clerk</i>										
No. of Registered Voters	52,126	57,904	55,199	52,378	52,921	55,621	55,829	57,043	58,284	61,263
No. of Ballots Cast	10,701	3,556	2,507	1,702	4,364	768	1,225	977	7,672	6,346
Districts Voting	1,3,5,Mayor	2, 4	1	2, 3	1, 3	4	5	4	1,2,3,4,5	2, 4, Mayor
<i>Recreation Centers-Attendance</i>										
Emma Lou Olson	79,178	66,729	61,436	67,307	70,804	68,042	69,564	75,387	91,902	88,696
McNair	71,015	81,261	80,382	107,127	110,278	104,243	116,317	97,194	81,325	40,338
Mitchell/Moore	98,772	78,811	66,909	63,312	62,105	54,149	63,070	69,717	69,622	41,449
Skolnick	18,355	48,655	63,523	62,257	74,409	71,018	63,033	62,496	54,775	38,225
Pompano Highlands	1,234	18,808	19,445	23,398	25,323	26,258	21,636	21,611	21,070	20,057
North Broward	3,021	76,436	46,531	51,742	109,570	93,286	94,484	115,797	31,316	60,629
E. Pat Larkins	-	-	34,538	40,815	32,994	31,661	26,905	33,440	33,954	47,011
Utility										
<i>Municipal Water System</i>										
Active Water Accounts	17,882	18,149	18,143	18,334	18,182	18,094	17,983	18,062	18,200	18,312
New Active Accounts	105	267	47	170	107	123	47	35	130	112
Active Reclaimed Water Accounts	17	19	19	193	84	117	142	310	579	671
Metered Sales (Billion Gallons)	6,067	5,883	6	5,214	4,640	475	483	481	535	449
Average Gallons (1,000) Billed Per Day	15,117	17,151	14,257	12,984	12,718	13,010	13,228	13,167	12,841	12,841
Reclaimed Water (Million Gals.)	505	484	426	491	487	558	511	572	558	720
Water Main Breaks	105	150	229	156	152	130	134	95	213	229
Plant Capacity Million Gals./Day	50	50	50	50	50	50	50	50	50	50
<i>Municipal Sewer System</i>										
Active Accounts	15,358	15,549	15,543	15,825	15,787	15,805	15,945	16,044	16,158	16,312
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	7	7	7	7	7	7	7
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
Communication Service	-	-	-	-	-	-	-	-	-	7
Gas	6	6	6	6	6	6	6	6	6	6

Source: Various City departments

* Indicates data is not available

CITY OF POMPANO BEACH, FLORIDA
 CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM
 LAST TEN FISCAL YEARS

Schedule 18

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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)	0.586	0.586	0.586	0.586	0.586	0.586	0.586	0.586	0.586	0.586
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	309	251	251.5	270.5	270.5	270.5	270.5	270.5	270.5	271
Unpaved streets	15	2.5	2.5	2.5	2.5	2.5	2.5	2.5	-	-
Sidewalks	78	138	139	155	155	155	155	171	156	171
Canals & waterways	32	32	32	32	32	32	32	32	32	32
Storm drainage	55	55	55	69	70	70	79	82.7	110.6	100
City-owned streetlights	1,019	1,364	1,300	1,400	1,400	1,199	1,199	1,199	1,100	1,176
FP&L owned streetlights	4,792	4,823	7,000	7,000	7,000	5,364	5,376	5,375	5,375	5,399
<i>Fire</i>										
Stations	5	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	41	48	45	45	46	46	48	48	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)	231	257.23	257.23	257.23	258.17	258.17	258.17	258.17	263.17	263.17
Golf course (acres)	307	307	307	307	307	307	307	307	307	307
Recreation centers	4	6	7	7	7	7	7	7	7	7
<i>Municipal water system</i>										
Water mains (miles)	273	275	276	281	283	284	303.6	303.5	280.1	281
Reuse water mains (miles)	5	6	8.1	18	20	22	23	24.2	27.1	24
Fire hydrants	1,689	1,707	1,716	1,817	1,865	1,879	1,943	1,968	2,039	2,025
Fire hydrants (reuse water)	*	2	3	3	4	4	5	5	5	5
<i>Municipal sewer systems</i>										
Gravity sewer (miles)	189	190	191	195	196	199	193.8	194.4	195	181
Wastewater force main (miles)	71	71	71	67	68	69	69	76.1	62.7	69
Wastewater lift stations	70	73	72	74	75	75	75	75	78	77

Sources: Various City departments

* Operation not established