

Comprehensive Annual Financial Report

City Of
Pompano Beach
Florida

Fiscal Year Ended September 30, 2008

Prepared by the
Finance Department

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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

Keith Chadwell

Gordon B. Linn

Mary Chambers

Barbara DeLeon

City Manager

City Attorney

City Clerk

Internal Auditor

CITY OF POMPANO BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2008

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INTRODUCTORY SECTION



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

Ladies and Gentlemen:

We are pleased to present the Comprehensive Annual Financial Report (the "CAFR") for the City of Pompano Beach, Florida ("City") for the fiscal year ended September 30, 2008. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and the results of operations of the City, on a Government-wide and Fund basis.

All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

THE REPORTING ENTITY

The primary unit of government, the City, and its component units are described as follows:

The Primary Government

The City, located in Broward County, Florida, was incorporated in 1947 and covers an area of approximately 25.08 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 and the City provides services to residents in many areas, including law enforcement and community enrichment.

The accompanying Comprehensive Annual Financial Report 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. 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. The CAF and the Districts are reported as special revenue funds.

ECONOMIC CONDITION

Isle of Capri Casino

The Isle of Capri Casino opened in April 2007 at the Pompano Park Harness Track. This casino is one of the four allowed in Broward County by local initiative. Three of the four casinos are built, but the owner/operator of the fourth casino has postponed construction. The Isle of Capri Casino is limited to slot machines, like the other two casinos. All three casinos are facing serious competition from the Hard Rock Casino, which is located on tribal land north of Hollywood and offers card games.

The Isle of Capri Casino is looking to expand and has submitted plans which include a 500 room hotel and 175,000 square feet of new commercial space.

Industrial

Over the past decade the major thrust of economic expansion in Pompano Beach has been from industrial development. From 1998 to 2007, 9,673,868 square feet of industrial, manufacturing and warehouse space has been constructed, averaging one million square feet of new space per year. The market for industrial space fell short of that average with only 183,000 square feet approved in 2008. Approximately 106,000 square feet of the 183,000 was for a self storage facility on West Sample road.

North Andrews Extension

The long awaited construction of North Andrews Extension, the missing segment between Copans Road and West Atlantic Boulevard, started in 2003. The first section from Copans Road to NW 10th Street is finished. The bridge section over Dr. Martin Luther King, Jr. Blvd. and Seaboard Coastline Railroad was started in June 2006 with connection to West Atlantic Boulevard. Opened to traffic in December 2008, this new road will provide a superior transportation facility to hundreds of acres of industrial property, west of I-95.

Widening of North Andrews Avenue from NW 18th Street to Copans Road to four lanes will occur in 2014. The widening of North Andrews Avenue from West Atlantic Boulevard to SW 3rd Street to four lanes is scheduled for 2025. (This section requires extensive right of way acquisition.)

Residential

The main focus of development has been residential construction over the past several years. It is expected that the residential market will remain soft in 2009 because of the slow economy and the large supply of homes and condominiums for sale, which will continue to drive down prices. As noted the credit markets started tightening during the summer of 2007, but lenders have become even more conservative after the financial implosion of Wall Street in September and October 2008. Florida's rising unemployment also is a major concern for prospective home buyers.

The City has a very large aging population, 22.4% being over the age of 62 years. This demographic results in a large turnover of residential units from changes in life situations, which adds to the number of used residential units being offered for sale.

There are several large residential projects still ongoing in the City:

- The site of the former Skycrest Mobile Home Park on South Dixie Highway was approved for 312 dwelling units. Construction has not started.
- Orchid Grove, a 483 unit townhouse development on Cypress Road. Half of the units have been built, and the other half will be constructed when the sales pace for the unsold units picks up.
- The Atlantic Point project, located at East Atlantic Boulevard and SR A1A, which consists of 186 housing units and construction of 50,465 square feet of new commercial space, is completed. The commercial space has not been leased and the sales pace for the luxury condominiums has slowed. The developer, WCI Communities, is now in bankruptcy proceedings.
- The Housing Authority of Pompano Beach is moving forward with a 302 apartment complex along NW 18th Avenue north of Dr. Martin Luther King, Jr. Blvd.
- The site of the former Bali Hi Mobile Home Park on North Federal Highway is being redeveloped for about 420 residential units to be marketed to financially well off senior citizens.

MAJOR INITIATIVES

The City commenced or completed many significant improvements and programs during the year to meet the needs of the community. The most significant programs and improvements for the fiscal year ending September 30, 2008 were:

- Community Park improvements involving the demolition of the old municipal stadium and construction of two new ballfields, two practice fields and a combination football/soccer field next to the existing Four Fields in Community Park. Total cost is approximately \$6,000,000. Construction is ongoing.
- The City will improve the Public Safety Complex with exterior wall finishes for the fire and police buildings. A new air conditioning system has been installed. Total project cost of these improvements will amount to \$5,500,000. The next phase has not been funded.
- The beach fire station will be rebuilt on the barrier island at NE 3rd Street and the Intracoastal Waterway at a cost of approximately \$3,000,000.
- A new fire station to serve the annexed areas has been proposed. Although a location has not been selected, the estimated cost is \$4,600,000. This project will begin in 2010.
- The City will construct distribution lines for reclaimed water in the residential area between Intracoastal Waterway and Federal Highway. The City continues to budget \$300,000 annually for the project. Also, in 2008 the City awarded a contract to extend the reclaimed water distribution main across East Atlantic Boulevard to the City Cemetery. The reclaimed water will only be used for irrigation of landscaped areas, thus saving our drinking water supplies for household use.
- The City has hired Camp Dresser McKee Consultants to prepare a Water Master Plan, which will study our water resources and needs over the next 5-10 years.
- Camp Dresser McKee Consultants will also prepare a Reclaimed Water Master Plan Update. The update will be done in fiscal year 2008 and will examine the existing plan and reassess City needs.

- The first twenty drainage projects in the Stormwater Master Plan have been completed. Seven (7) projects in phase two of the Stormwater Master Plan have been completed. The remaining projects are being scheduled over the next five year period. Estimated total cost for the phase two projects is \$10,300,000.

FINANCIAL CONTROLS

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit - As a recipient of federal, state and county financial assistance, the City also is responsible for ensuring that an adequate internal control structure exists to provide compliance with applicable laws and regulations related to those programs and projects. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the City.

As a part of the City's Single Audit, tests are performed to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs and projects, as well as to determine if the City has complied with applicable laws and regulations.

Budgeting Controls - The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the general fund, special revenue funds (with the exception of the cultural arts foundation fund) and debt service fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the departmental level within an individual fund. The City maintains a computerized encumbrance accounting system as one technique for accomplishing budgetary control. Outstanding encumbrances (open purchase orders) are reappropriated in the following year's budget.

FINANCIAL CONDITION

The Management Discussion and Analysis (MD&A) (starting on page 3) summarizes the Statement of Net Assets and Statement of Activities and reviews the changes from the beginning to the end of the period. The actual statements (in detail) are presented on pages 17 through 19. These Government-wide statements are intended to present the City in a more corporate-style basis and provide a view of the big picture.

Additionally, the Fund Financial Statements (starting on page 20) are designed to address the major (or more significant) individual funds by category (governmental and proprietary), as well as the fiduciary funds (by category) and the component units. An explanation of these complementary presentations can be found in the MD&A and in the notes to the financial statements.

OTHER INFORMATION

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.

Cash Management – The City has adopted a written comprehensive investment policy to safeguard against the loss of its assets.

This policy authorizes the Finance Director to transact investment business only through primary reporting dealers and banks on the State Treasurer's approved list and to further invest in the State Treasurer's Investment Pool, and any other investment plan or investment trust developed by the Florida League of Cities, the Florida Association of Counties, the Florida Association of Court Clerks, or similar state or national association approved by the City, U.S. Treasury and Agency issues, Florida bank certificates of deposit, money market accounts, U.S. Government mutual funds and repurchase agreements. 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. All cash not required to be held by trustees is pooled into a central cash management system for investments in approved securities. All funds on deposit in the City's master bank account are fully collateralized per Florida Statute, Chapter 280, *Florida Security for Public Deposits Act*. Separate cash equivalents or investments are held in the following funds:

Utility Fund – Water and Sewer Revenue Bonds

SHIP Fund – Grants

Northwest CRA Fund – Property tax increment

East CRA Fund – Property tax increment

Cultural Arts Fund - Donations

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.

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 2008.

Contingencies – 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.

Independent Audit – State statutes require an annual audit by an independent certified public accountant. The firm of McGladrey & Pullen, LLP was selected by the City. In addition to

meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of the federal Single Audit Act Amendments of 1996, the Florida Single Audit Act, the related U.S. Office of Management and Budget's Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement. Generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States were used by the auditors in conducting the engagement. The independent auditors' report on the basic financial statements and combining financial statements is included in the financial section of this report. The auditors' report on internal control over financial reporting and on compliance and other matters can be found in a separately issued compliance audit report.

Reporting Achievement – The City has received the Government Finance Officers Association's ("GFOA") prestigious Certificate of Achievement for Excellence in Financial Reporting award for twenty-six 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.

Acknowledgements – The financial responsibility exhibited by the Commission throughout the year is certainly commendable. 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 Larry Schuster, the City's Acting Planning Director for providing readers with a summary of economic conditions and major initiatives impacting the City.

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

Sincerely,

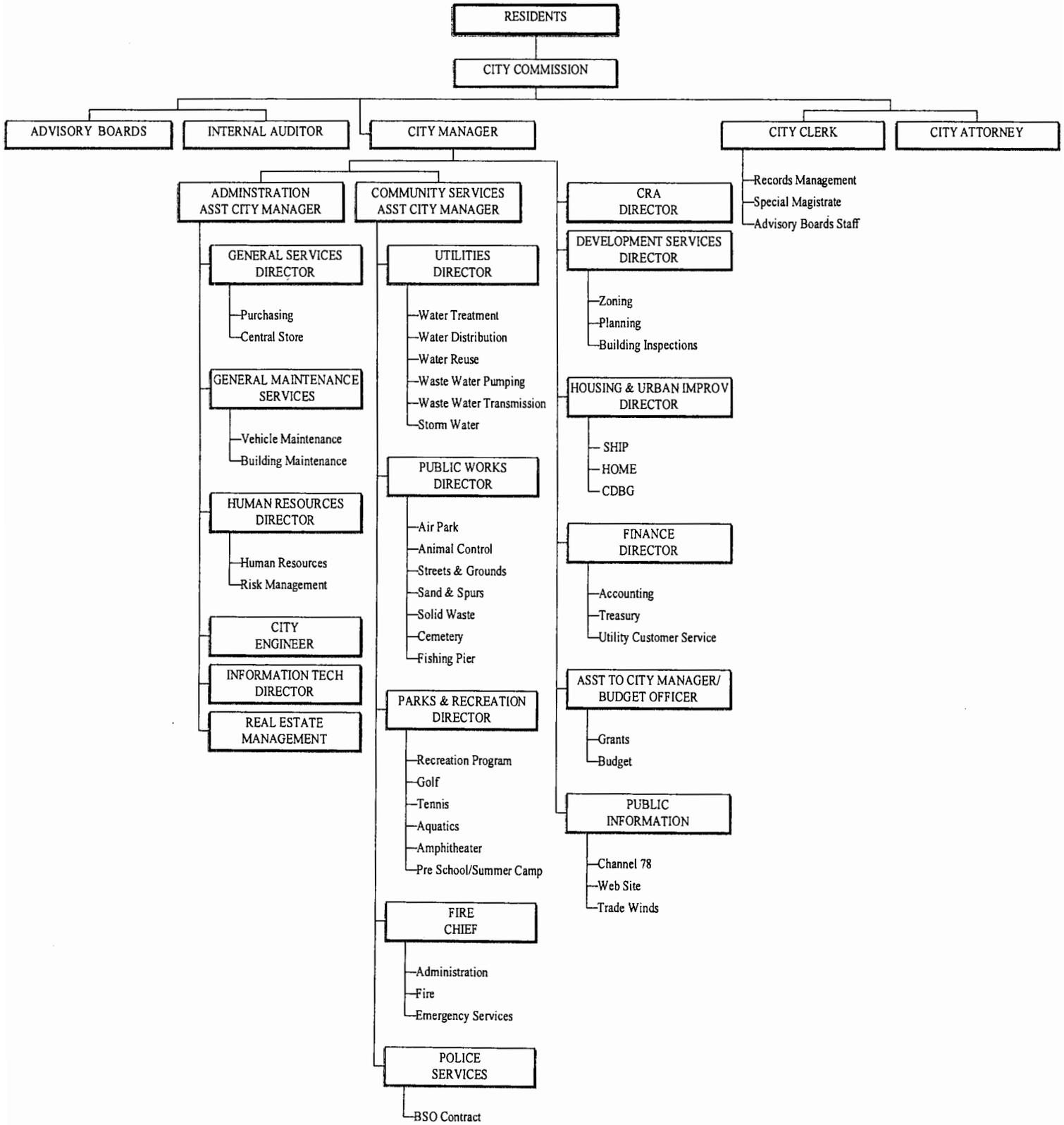


Suzette Sibble
Finance Director



Keith Chadwell
City Manager

City of Pompano Beach Organizational Chart





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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, 2007

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



President

Executive Director



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FINANCIAL SECTION

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pompano Beach, Florida (the "City"), as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 82% of the total assets of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports 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 of Pompano Beach, Florida, as of September 30, 2008, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note J to the financial statements, the City adopted the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*, as of October 1, 2007.

In accordance with *Government Auditing Standards*, we have also issued under separate cover our report dated February 26, 2009 on our consideration of the City's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 16, the police and firefighters' retirement system, general employees' retirement system and other post employment benefits schedules of funding progress on page 82, and the budgetary comparison schedules – general fund, northwest community redevelopment district fund and the emergency medical services fund on pages 83 through 85 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules, 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 financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections, have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Fort Lauderdale, Florida
February 26, 2009

City of Pompano Beach, Florida
Management's Discussion and Analysis for the Fiscal Year Ended September 30, 2008
(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, 2008.

New Accounting Pronouncements Adopted

Government Accounting Standards Board (GASB Statement No. 45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)*, was effective for the City beginning with its year ending September 30, 2008. This Statement improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and provides information about actuarial accrued liabilities associated with OPEB and whether, and to what extent, progress is being made in funding the plan. The City has implemented this accounting pronouncement within the required timeframe.

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, issued September 2006, was effective for the City beginning with its fiscal year ending September 30, 2008. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for a government that pledges or commits future cash flows from a specific revenue source. In addition this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues. The City has implemented this accounting pronouncement within the required timeframe.

GASB Statement No. 50, *Pension Disclosures*, issued May 31, 2007, was effective for the City beginning with its fiscal year ending September 30, 2008. This Statement amends GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*. This Statement aligns current pension disclosure requirements for governments with those that governments are beginning to implement for retiree health insurance and other post-employment benefits. The City has implemented this accounting pronouncement within the required timeframe.

New Accounting Pronouncements Not Yet Adopted

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations issued November 2006*, is effective for the City beginning with its fiscal year ending September 30, 2009. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The City has begun the process of ensuring that such obligations will be properly captured and recorded.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued June 2007, is effective for the City beginning with its fiscal year ending September 30, 2010. This Statement establishes accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The City's management has not yet determined the effect this Statement will have on the City's financial statements, but will ensure implementation within the required timeframe.

GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, issued November 2007, will be effective for the City beginning with its fiscal year ending September 30, 2009. This Statement establishes consistent standards for the reporting of land and other real estate held as investments. Endowments were previously required to report their land and other real estate held for investment purposes at historical cost. However, such investments are reported at fair value by similar entities, such as pension plans. The Statement requires endowments to report land and other real estate investments at fair value. The changes in the fair value are to be reported as investment income. The City's management does not anticipate that this statement will have an impact on its financial statements.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the City beginning with its fiscal year ending September 30, 2010. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. By entering into these arrangements, governments receive and make payments based on market prices without actually entering into the related financial or commodity transactions. A key provision in this Statement is that derivative instruments covered in its scope, with the exception of synthetic guaranteed investment contracts (SGICs) that are fully benefit-responsive, are reported at fair value. The City's management does not anticipate that this statement will have an impact on its financial statements as the City's investment policy prohibits investments in derivative instruments. However, should the statement apply to the City's separately managed pension plans, management of the City will ensure that the statement will be implemented by the pension plans within the required timeframe.

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 iv through ix of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$517,639,474. Of this amount, \$167,703,882 (unrestricted net assets) 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 assets increased by \$19,864,419.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$167,503,065. Over 61% of this amount, \$101,631,268 is unreserved and available for use within the City's fund designation and fiscal policies.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$56,776,076. Approximately 84% of this amount has been designated by management for various purposes as disclosed in more detail in the fund financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

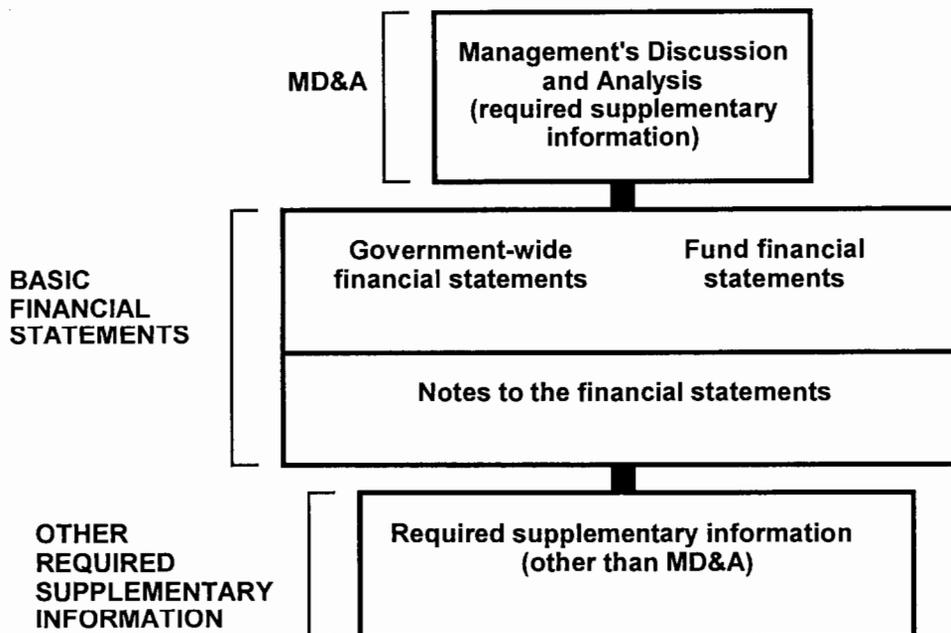
This annual report follows a format consisting of four parts – Management's Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information, and an optional section that presents combining statements for non-major governmental funds, non-major enterprise funds,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

FIGURE 1



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 assets presents information on all of the City’s assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 include 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 17 through 19 of this report.

FUND FINANCIAL STATEMENTS

The Fund Financial Statements include statements for each of the three fund types- governmental, proprietary and fiduciary. The governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The proprietary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Reconciliations of the Governmental Fund Financial Statements to the Government-wide Financial Statements are provided in the Basic Financial Statements (pages 22 and 25) 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 assets may serve over time as a useful indicator of the government's financial position. In the case of the City, assets exceeded liabilities by \$517,639,474, at September 30, 2008. Net assets may serve over time as a useful indicator of a government's financial position. The City's net assets increased by \$19,864,419 during the current fiscal year. The largest portion of the City's net assets 59% reflects its investment in capital assets (e.g., land, building, improvements, infrastructure and construction in progress), less any debt used to acquire those assets that is still outstanding. 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 cannot be used to liquidate those liabilities. Approximately 9% or \$44,942,658 of net assets is subject to external restrictions for various purposes (e.g. building fund, capital projects).

TABLE 1

**SUMMARY OF NET ASSETS
SEPTEMBER 30, 2008 and 2007**

	Governmental		Business-type		Totals	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 201,188,195	185,758,689	\$ 67,584,122	61,038,758	\$ 268,772,317	246,797,447
Capital assets	209,045,782	213,497,441	131,106,147	129,300,468	340,151,929	342,797,909
Total assets	410,233,977	399,256,130	198,690,269	190,339,226	608,924,246	589,595,356
Long-term liabilities	42,419,156	39,745,799	39,042,551	40,612,940	81,461,707	80,358,739
Other liabilities	6,033,331	6,996,123	3,789,734	4,465,439	9,823,065	11,461,562
Total liabilities	48,452,487	46,741,922	42,832,285	45,078,379	91,284,772	91,820,301
Net assets:						
Invested in capital assets						
net of related debt	207,930,782	211,412,441	97,062,152	92,410,002	304,992,934	303,822,443
Restricted	31,369,262	28,367,532	13,573,396	5,272,280	44,942,658	33,639,812
Unrestricted	122,481,446	112,734,235	45,222,436	47,578,565	167,703,882	160,312,800
Total net assets	\$ 361,781,490	352,514,208	\$ 155,857,984	145,260,847	\$ 517,639,474	497,775,055

At September 30, 2008, the City is able to report positive balances in all three categories of net assets, for the government as a whole, as well as for its separate categories-governmental and business-type activities.

Governmental Activities – There was an increase of \$15,429,506 in current and other assets for governmental activities, as a result of current year operations, as discussed below.

There was a decrease of \$4,451,659 in capital assets. The decrease noted was primarily due to the net effect of a decrease in construction activity (as discussed in more detail later) and an increase in current fiscal year depreciation expense. The increase of \$2,673,357 in long-term liabilities is primarily the result of the net effect of recording a loan due Broward County for the reimbursement of amounts advanced to fund improvements to Atlantic Boulevard, the recording of a liability for other post employment benefits in the current fiscal year, as mandated by GASB Statement 45, an increase in the net pension obligation liability related to the Police and Firefighters' Retirement System, a decrease in principal payments for the 1993 general obligation bonds and a decrease in the claims and judgment liability, which is determined by an actuary. The decrease of \$962,792 in other liabilities is primarily the result of a decrease in accounts payables due to the timing of the processing of vendor payments.

Business-type Activities – The increase of \$6,545,364 in current and other assets is primarily as a result of current year operations, as discussed below.

The increase of \$1,805,679 in capital assets is primarily due to an increase in construction activity (as discussed in more detail later) and current year depreciation expense. The decrease of \$1,570,389 in long-term liabilities is primarily the result of the satisfaction of debt service requirements for the 2006 Water and Sewer Bonds in the current fiscal year. The decrease of \$675,705 in other liabilities is primarily the result of the net effect of an increase in payables due to the timing for the processing of payments and a decrease in accrued interest payable for the water and sewer bonds.

Analysis of the City's Operations

The following table provides a summary of the City's changes in net assets for the fiscal year ended September 30, 2008.

TABLE 2

**CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for services	\$ 33,218,119	37,396,969	\$ 45,052,265	46,401,829	\$ 78,270,384	83,798,798
Operating grants & contribs.	4,718,209	3,371,646	35,268	-	4,753,477	3,371,646
Capital grants and contribs.	2,367,151	5,171,273	805,267	671,911	3,172,418	5,843,184
General revenues:						
Taxes	77,112,469	76,070,605	-	-	77,112,469	76,070,605
Franchise fees	9,161,456	9,171,449	-	-	-	-
State revenue sharing	8,299,249	8,940,830	-	-	8,299,249	8,940,830
Gain/proceeds from sale of capital assets	39,875	193,257	100,184	-	140,059	193,257
Investment earnings	5,571,020	8,752,035	1,690,003	2,635,502	7,261,023	11,387,537
Miscellaneous	704,511	759,627	439,655	923,521	1,144,166	1,683,148
Total revenues	141,192,059	149,827,691	48,122,642	50,632,763	189,314,701	200,460,454
Expenses						
General government	30,134,110	25,148,265	-	-	30,134,110	25,148,265
Public safety	70,342,631	62,159,383	-	-	70,342,631	62,159,383
Physical environment	11,987,508	11,449,782	-	-	11,987,508	11,449,782
Transportation	3,811,263	3,638,120	-	-	3,811,263	3,638,120
Culture and recreation	9,183,233	9,475,841	-	-	9,183,233	9,475,841
Interest costs	884,964	1,237,318	-	-	884,964	1,237,318
Utility	-	-	33,570,638	31,992,234	33,570,638	31,992,234
Sanitation	-	-	3,302,781	3,225,228	3,302,781	3,225,228
Stormwater	-	-	1,646,758	1,726,205	1,646,758	1,726,205
Pier	-	-	127,568	168,163	127,568	168,163
Airpark	-	-	1,412,469	982,881	1,412,469	982,881
Golf course	-	-	3,386,558	3,481,714	3,386,558	3,481,714
Total expenses	126,343,709	113,108,709	43,446,772	41,576,425	169,790,481	154,685,134
Increase in net assets before special item and transfers	14,848,350	36,718,982	4,675,870	9,056,338	19,524,220	45,775,320
Special item	-	-	340,199	-	340,199	-
Transfers	(5,581,068)	1,999,768	5,581,068	(1,999,768)	-	-
Increase (decrease) in net assets	9,267,282	38,718,750	10,597,137	7,056,570	19,864,419	45,775,320
Beginning net assets - 10/01/07	352,514,208	313,795,458	145,260,847	138,204,277	497,775,055	451,999,735
Ending net assets - 09/30/08	\$ <u>361,781,490</u>	<u>352,514,208</u>	\$ <u>155,857,984</u>	<u>145,260,847</u>	\$ <u>517,639,474</u>	<u>497,775,055</u>

Governmental Activities – During fiscal year 2008 the State of Florida revised the grouping for its chart of accounts by reclassing business tax receipts revenue from license and permits revenue to taxes revenue and further reclassified electric and gas franchise taxes from taxes to license and permits revenue. The 2007 figures above have therefore been restated, accordingly, for comparative purposes.

Governmental activities increased the City's net assets by \$9,267,282.

Charges for services decreased by \$4,178,850 primarily as a result of a decrease in permit revenue due to a decrease in construction activity in the City in the current fiscal year.

Grants and contributions decreased by \$1,457,559 primarily as a result of the net effect of less grant funds received from the Federal Emergency Management Agency (FEMA) to reimburse the City for Hurricane activity, less CDBG, Home and SHIP funds received and funds being recognized related to the FEMA Hazard Mitigation Impact Glass Grant in the current fiscal year.

The increase of \$1,041,864 in taxes is primarily due to an increase in pari-mutuel revenue as a result of the opening of the Isle of Capri Racino in April 2007. Pompano Beach receives a percentage of slot revenue (net of winnings) from the Racino. A full twelve months of receipts were recognized in the current fiscal year, as opposed to only five months of revenue in the prior fiscal year.

The decrease of \$641,581 in state revenue sharing is the result of less revenue received from the State of Florida. This revenue source is a function of state sales tax, municipal fuel taxes and state alternative fuel user decal fees.

The decrease of \$3,181,015 in investment earnings is primarily the result of a decrease in various revenue sources in the current fiscal year coupled with a decrease in interest rates.

General government expenses increased by \$4,985,845 primarily as a result of the implementation of GASB Statement 45 in the current fiscal year requiring the City to record a liability for other post employment benefits (\$1.5 million), an increase in depreciation expense due to the capitalization of projects at end of the prior fiscal year (\$1.0 million), the recording of a loan due Broward County for funds utilized for improvements to Atlantic Boulevard (\$.9 million) and the write-off of prior year CIP amounts (\$.5 million). Increases for merits, COLAs, pension contributions and internal service charges accounts for the majority of the remaining increase noted.

Public safety expenses increased by \$8,183,248 primarily as a result of an increase in the net pension obligation liability related to the Police and Firefighters' Retirement System and contractual amounts paid to BSO for policing services. However, approximately \$3.3 million of this increase was the result of the reversal of an accrual in fiscal year 2007 for deficient BSO contributions due the Police and Firefighters Retirement Plan related to Plan years 2005 and 2006. As the plan sponsor, the City was required to record a liability for this amount even though BSO was contractually obligated to pay this amount. BSO satisfied this outstanding obligation in fiscal year 2007. The remainder of the increase is due to expenditures for personnel costs and internal service charges in the Fire Department.

Physical environment expenses increased by \$537,726 primarily as a result of an increase in expenses for the SHIP grant, an increase in internal service charges and an increase in personnel costs due to merits and COLAs for the Public Works Department.

Net transfers out increased by \$7,580,836 primarily as a result of the buyout of land deed restrictions at the Airpark from the Federal Aviation Administration (approximately \$7.0 million).

Business-type Activities - The business-type activities increased the City's net assets by \$10,597,137. The Utility and Airpark funds primarily produced the increase in net assets with an increase of approximately \$1.6 million (15%) and approximately \$8.1 million (76%), respectively.

Charges for services reported in business-type activities decreased by \$1,349,564 in comparison to the prior year. The decrease is a direct result of ongoing water restrictions mandated by the South Florida Water Management District beginning in March 2007.

The decrease in investment earnings of \$945,499 is the result of a decrease in charges for services revenue, as well as a decrease in interest rates.

Utility operating expenses increased by \$1,578,404 primarily as a result of increased costs of service for electricity, gas, sewer disposal charges, merit and COLA increases and current year depreciation expense.

Net transfers in increased by \$7,580,836 primarily as a result of the receipt of funds by the Airpark construction fund for the buyout of land deed restrictions from the Federal Aviation Administration.

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 and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental Funds

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

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance was \$56,776,076 while total fund balance was \$89,145,053. The fund balance of the City's General Fund increased by approximately \$2.9 million during the current fiscal year.

Compared to the prior fiscal year, there was a decrease of approximately \$.8 million in tax revenue (primarily due to the net effect of an increase in pari-mutuel revenue and statutory regulations mandating a cap on ad valorem revenues to equal amounts collected in the prior fiscal year adjusted for change in Florida per capita personal income), a decrease in licenses and permits of approximately \$3.4 million (due to decreased construction) and a decrease of approximately \$1.7 million in interest earnings due to a decrease in various revenue sources and lower rates of return on deposited and invested funds. The net increase in revenues were offset by an increase in General Fund expenditures/net transfers of approximately \$14.2 million in comparison to prior year primarily due to the buyout of land deed restrictions at the Airpark from the Federal Aviation Administration (approximately \$7.0 million), an increase in capital outlay expenditures for various projects and the reversal of an accrual in fiscal year 2007 for deficient contributions due the Police and Firefighters Retirement Plan related to Plan years 2005 and 2006 (approximately \$3.3 million). As the plan sponsor, the City was required to record a liability related to the deficiency, even though BSO was contractually obligated to pay this amount. BSO satisfied this outstanding obligation in fiscal year 2007.

The fund balance of the Northwest Community Redevelopment Agency Fund increased by approximately \$6.6 million during the current fiscal year.

Compared to the prior fiscal year there was an increase in tax increment revenue of approximately \$0.8 million due to an increase in construction valuation in the community redevelopment area and a decrease of approximately \$0.4 million in interest earnings, due to a decrease in interest rates. There was a decrease of approximately \$3.3 million in proceeds from the outstanding line of credit as the amount drawn down in the current fiscal year was the maximum available under the line of credit. Transfers out decreased by approximately \$1.7 million due to less Northwest District funds being utilized to improve City assets.

The fund balance for the EMS Fund decreased by approximately \$0.6 million. There was an increase of approximately \$0.9 million in expenditures primarily due to an increase in personnel costs and internal service charges.

The fund balance of the Capital Projects Fund increased by approximately \$1.7 million during the current fiscal year. Intergovernmental revenue decreased by approximately \$4.2 million primarily due to a decrease in grant revenue related to the SWIM, Challenge and CDBG/Home grants, as well as an accrued amount not being received within the availability period for the CDBG/Home grants. There was a decrease in capital outlay expenditures due to the timing for expenditures for various projects. The increase in transfers in of approximately \$1.1 million was due to an increase in transfers from the General Fund related to several projects (Community Park Phase II, City Hall Impact Glass and Canal Dredging).

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 Assets 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 \$1.4 million decrease in operating revenue for proprietary funds, is primarily the result of a decrease in land rent revenue in the Airpark Fund as a result of the buyout of land deed restrictions by the City, as well as water restrictions enacted by the South Florida Water Management District, impacting revenues for the Utility Fund.

The approximately \$1.6 million increase in operating expenses in proprietary funds was primarily the result of increased personnel costs due to merit and COLAs, current expenses increasing due to increased costs of service for electricity, gas, sewer and sanitation disposal charges and an increase in depreciation expense.

General Fund Budgetary Highlights

Original budget compared to final budget - The City made revisions to the original appropriations approved by the City Commission. Overall these changes resulted in an increase from the original budget of approximately \$14.0 million. The majority of the increase was for the rollover of prior year Community Improvement Working Capital Reserve funds, as well as the budgeting of funds to buyout land deed restrictions at the Airpark from the Federal Aviation Administration.

Taxes revenue budget decreased by approximately \$5.6 million. This was primarily the result of the reclass of budgeted amounts for electric and gas franchise taxes and business tax receipts revenue in the current fiscal year. The State of Florida modified its chart of accounts to group business tax receipts with taxes, as opposed to license and permit revenue and further reclassified electric and gas franchise taxes from taxes revenue to license and permit revenue.

Intergovernmental revenue budget increased by approximately \$.5 million in order to budget for grant funds awarded.

The increase of approximately \$1.0 million in the development services department expenditure budget is primarily due to an increase in professional services in the Planning and Zoning Division to fund the rewrite of the zoning code.

The increase of approximately \$.5 million in the non-departmental department expenditure budget is primarily due to an increase in funding for tax increment fees payable to the Pompano Beach Community Redevelopment Agency, as well as to fund special events.

The increase of approximately \$.5 million in the culture and recreation expenditure budget is primarily due to various grants awarded during the current fiscal year.

The increase of approximately \$.7 million in the capital outlay budget relates to the appropriation of funds necessary to purchase land and vehicles.

The transfers out budget increased by approximately \$10.7 million primarily to fund the buyout of land deed restrictions at the Airpark from the Federal Aviation Administration, as well as to fund various capital projects.

Final budget compared to actual – Tax revenues were approximately \$1.3 million higher than the final budget primarily due to increased collections from utility and communication service taxes, as well as an increase in pari-mutuel revenue due to the opening of the new Isle of Capri Racino in Pompano Beach in April 2007. The City receives a percentage of slot revenues (net of winnings). The City currently budgets conservatively for this revenue source.

Intergovernmental revenue was approximately \$1.1 million higher than the final budget. This is primarily the result of the receipt of FEMA Grant funds in the current fiscal year related to hurricane activity, as well as an increase in revenue from the State of Florida for the half cent sales tax.

Investment earnings were approximately \$1.4 million higher than the final budget. Although interest rates were lower in the current fiscal year, this item was conservatively budgeted.

General government expenditures were approximately \$.7 million less than the final budget. This is primarily the result of the net effect of payouts of sick and vacation due to retirements or terminations and the attrition related to those positions in several City departments during the current fiscal year.

Public Works expenditures were approximately \$.6 million less than the final budget primarily as a result of less personnel costs due to vacancies in the Engineering and Grounds Parks Maintenance Divisions and a decrease in sanitation disposal charges.

Culture and recreation expenditures were approximately \$.8 million less than the final budget primarily as a result of vacancies in Aquatics, Recreational and Preschool activities, less spent on special supplies in Recreational Activities and less expended for land rent paid to the Airpark operating fund than initially anticipated.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2008, amounts to \$340,151,929 (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, 2008**

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	\$ 46,476,357	\$ 46,295,547	\$ 217,307	\$ 217,307	\$ 46,693,664	\$ 46,512,854
Construction in Progress	9,275,758	20,985,993	14,670,729	10,305,572	23,946,487	31,291,565
Buildings	15,818,056	17,212,266	35,986,155	37,539,967	51,804,211	54,752,233
Infrastructure	81,927,830	86,819,595	51,141,246	55,929,657	133,069,076	142,749,252
Improvements	47,532,988	33,712,554	25,748,052	22,740,561	73,281,040	56,453,115
Machinery & Equipment	8,014,793	8,471,486	3,342,658	2,567,404	11,357,451	11,038,890
TOTALS	\$ 209,045,782	\$ 213,497,441	\$ 131,106,147	\$ 129,300,468	\$ 340,151,929	\$ 342,797,909

Major capital assets events during the fiscal year included:

- Capital projects under construction in governmental activities decreased by approximately \$11.7 million primarily as a result of several projects being completed and capitalized. Major projects completed and capitalized during the current year related to Road Resurfacing, Hunters Manor Park, City Hall Exterior Repairs and Community and Mitchell Moore Park Improvements.
- Buildings for governmental activities decreased by approximately \$1.4 million as a result of the write-off a building related to an agreement with the Chamber of Commerce which was terminated in the current fiscal year, as well as the recognition of current fiscal year depreciation expense.
- Infrastructure for governmental activities decreased by approximately \$4.9 million, primarily due to the recognition of current fiscal year depreciation expense.
- The increase of approximately \$13.8 million in improvements for governmental activities is the result of the net effect of the capitalization of several completed projects (Road Resurfacing, Hunters Manor Park, City Hall Exterior Repairs and Community and Mitchell Moore Park Improvements) and the recognition of current fiscal year depreciation expense.
- Capital projects in business-type activities increased by approximately \$4.4 million. Major projects for which construction continues include Reuse Distribution Expansion, various Lift Stations, Sewer Gravity Mains and Stormwater Sewer Rehabilitation. Projects were also completed and capitalized to improvements.
- Buildings for business-type activities decreased by approximately \$1.6 million. This is the result of the recognition of current fiscal year depreciation expense.
- Infrastructure for business-type activities decreased by approximately \$4.8 million due to the recognition of current fiscal year depreciation expense.
- The increase of approximately \$3.0 million in improvements for business-type activities is the result of the net effect of the completion and capitalization of projects related to Sanitary Sewer Manhole Rehabilitation, Drainage Improvements, Terra Mar Isle Sewers,

Lyons Park Sanitary Sewer, Sanitary Sewer Manholes, Water Meter Replacement and Taxi-way Pavement Widening and the recognition of current fiscal year depreciation expense.

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, notes, etc.) of \$57,220,000 outstanding compared to \$60,497,031 last year, a 5% decrease.

TABLE 4

**OUTSTANDING DEBT
September 30, 2008**

	Governmental		Business-type		Totals	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
General obligation	\$ 1,115,000	\$ 2,085,000	\$ -	\$ -	\$ 1,115,000	\$ 2,085,000
Revenue bonds	-	-	36,105,000	38,870,000	36,105,000	38,870,000
Tax increment bonds	20,000,000	19,542,031	-	-	20,000,000	19,542,031
TOTAL	\$ 21,115,000	\$ 21,627,031	\$ 36,105,000	\$ 38,870,000	\$ 57,220,000	\$ 60,497,031

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 instead carries an insured rating.

The City's general obligation bonds are insured by Financial Guaranty Insurance Corporation (FGIC). At September 30, 2008, FGIC was assigned an insured rating of BB/Negative Watch by Standard & Poor's, CCC- by Fitch and B1 (Negative Outlook) by Moody's at September 30, 2008. This represents a downgrade from Aaa/AAA from all three rating agencies at September 30, 2007. A rating of BB/Negative Watch implies that the insurer faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the insurer's inadequate capacity to meet its financial commitment on the outstanding obligation, should the City default. A rating of CCC- implies that the default of the insurer is a real possibility with the capacity for meeting financial commitments solely reliant upon sustained, favorable business or economic conditions. A rating of B1 (Negative Outlook) reflects FGIC's weakened business and financial position, including the potential for regulatory intervention, as well as continued uncertainty regarding FGIC's potential restructuring efforts.

The City's water and sewer bonds are insured by MBIA Insurance Corporation (MBIA). At September 30, 2008, MBIA was assigned an insured rating of AA (Negative Outlook) by Standard & Poor's, A2 (Negative Outlook) by Moody's and BBBq by Fitch. This represents a downgrade from Aaa/AAA from all three rating agencies at September 30, 2007. A rating of AA (Negative Outlook) from Standard & Poor's implies that the insurer has very strong financial security characteristics, differing only slightly from those rated higher. However, "Negative Outlook" reflects Standard & Poor's concerns relating to MBIA's exposure to domestic nonprime mortgages and related collateralized debt obligations of asset backed securities exposures, as well as the belief that the MBIA franchise has been damaged and that the company will face diminished new business flow. A revision of the negative outlook will depend on, among other factors, clarification of ultimate potential losses as well as future business prospects, the outcome of strategic business decisions, and potential regulatory developments. Moody's assigned a rating of A2 (Negative Outlook), which reflects material uncertainties about the insurer's future franchise and strategic plan, and the non-negotiable likelihood of further adverse

developments in its insurance portfolio and operations due to its large exposures to mortgage-related risks and the potential volatility among these exposures.

Fitch assigned a rating of BBBq to MBIA which implies that the Insurer is viewed as possessing strong capacity to meet policyholder and contract obligations based solely on their stand-alone publicly available financial statement information. Risk factors are moderate, and the impact of any adverse business and economic factors is expected to be small.

Required principal, interest and reserves on outstanding debt were provided for during the year. The City's General Obligation Bonds are pledged with ad valorem taxes assessed and collected annually solely for the purpose of repayment of principal and interest on the remaining outstanding bonds. 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.

The City did not issue any new debt during the current fiscal year. 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 AND RATES

The City's fiscal year runs from October 1st to September 30th. The City begins its budget cycle in December, and throughout the six months a culmination of workshops and meetings are held with department heads and the City Commission 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 that affect local government finances is property values. The City and region are facing one of the worst downturns in housing since World War II. Housing prices over the last year have dropped by almost 20% and has caused the City's tax base to contract by \$216 million; this trend is expected to continue well into the next fiscal year.

The decline seen in home values is mostly due to the significant increase in foreclosures. A number of homes in Pompano Beach were bought with little money down and then secured with adjustable rate mortgages. When the rates adjusted, upward, a number of individuals could no longer afford to stay in their homes. Foreclosures from 2006 to 2007 increased from 516 to 3,616. At this juncture it is expected that the final number of homes to be foreclosed in 2008 will triple what it was for 2007.

The City was also impacted this year by requirements imposed as a result of the passage of Amendment-1 to the State Constitution and Senate Bill 1588 (SB-1588). Amendment-1 was passed by a majority of voters on January 29, 2008 and made several changes to the State Constitution, which included increasing the Homestead Exemption to \$50,000, creating a new \$25,000 Tangible Personal Property Exemption, creating Save Our Homes Portability for Florida residents, and capping non-homestead property growth at 10%. As a result of the changes, the City's tax base further decreased by an additional \$640 million.

SB-1588 was passed by the State Legislature and signed into law by the Governor in 2008. SB-1588 makes several modifications to House Bill 1-B (HB-1B). HB 1-B, which was passed by the State Legislature in 2007, would have required the City to roll back taxes and adjust for any changes in Florida Per Capita Personal Income. However, SB-1588 changed HB-1B in that the Roll Back Tax Rate would need to be adjusted to discount the affects of Amendment-1. This means that taxing entities cannot set the Roll Back Rate at a level that would collect the revenues lost as result of

Amendment-1. Combined, Amendment-1 and SB-1588 required over \$6 million in reductions to the FY 2009 budget.

At this juncture, it appears the legislature is poised to introduce legislation in the next fiscal year that will place spending caps on local governments.

The economic downturn is not limited to property taxes. The construction industry in South Florida has been severely weakened. Building permit revenues are projected to decrease by \$1.8 million. New home starts are down and the unemployment rate has increased by over 50% compared to last year.

Based on the preceding discussion, local economic conditions are not expected to be as favorable for calendar year 2009 as compared to previous years. The continuing economic downturn further adds to the concern and uncertainty as to the overall revenue impact on local governments.

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 ASSETS
SEPTEMBER 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 114,805,641	\$ 30,877,398	\$ 145,683,039
Restricted cash and cash equivalents	1,383,631	10,847,849	12,231,480
Restricted investments	30,604,643	3,802,161	34,406,804
Unrestricted investments	20,901,751	13,053,728	33,955,479
Interest receivable	308,165	100,871	409,036
Accounts receivables (net)	4,832,458	4,001,159	8,833,617
Internal balances	(3,597,994)	3,597,994	-
Due from other governments	4,227,887	665,951	4,893,838
Inventories	1,249,527	437,405	1,686,932
Prepays	45,466	-	45,466
Other assets	42,218	-	42,218
Unamortized bond costs	34,265	199,606	233,871
Assets held for resale	25,878,024	-	25,878,024
Net pension asset	472,513	-	472,513
Capital assets:			
Land and construction in progress	55,752,115	14,584,264	70,336,379
Other capital assets net of accumulated depreciation	153,293,667	116,521,883	269,815,550
Total capital assets net of accumulated depreciation	<u>209,045,782</u>	<u>131,106,147</u>	<u>340,151,929</u>
Total assets	<u>410,233,977</u>	<u>198,690,269</u>	<u>608,924,246</u>
LIABILITIES			
Accounts payable	1,487,614	1,887,923	3,375,537
Accrued expenses	2,220,960	435,801	2,656,761
Due to other government	1,811	-	1,811
Customer deposits payable	716	-	716
Accrued interest payable	113,104	-	113,104
Unearned revenue	2,209,126	-	2,209,126
Liabilities payable from restricted assets:			
Customer deposits payable	-	1,092,683	1,092,683
Accrued interest payable	-	373,327	373,327
Noncurrent liabilities:			
Due within one year:			
Long-term obligations	20,000	2,807,697	2,827,697
Unearned revenue	-	416,667	416,667
Claims and judgments	2,817,981	-	2,817,981
Compensated absences	189,487	26,698	216,185
Due in more than one year:			
Long-term obligations	21,095,000	32,552,928	53,647,928
Due to other government	902,121	-	902,121
Unearned revenue	-	2,083,333	2,083,333
Claims and judgments	10,547,019	-	10,547,019
Compensated absences	4,464,116	769,384	5,233,500
Net pension obligation	857,818	-	857,818
Net OPEB obligation	1,525,614	385,844	1,911,458
Total liabilities	<u>48,452,487</u>	<u>42,832,285</u>	<u>91,284,772</u>
NET ASSETS			
Invested in capital assets, net of related debt	207,930,782	97,062,152	304,992,934
Restricted for:			
Renewal and replacement/rate stabilization	-	3,087,416	3,087,416
Debt service	1,140,450	729,580	1,870,030
Capital projects	-	9,756,400	9,756,400
Transportation	674,616	-	674,616
Building fund	29,554,196	-	29,554,196
Unrestricted	122,481,446	45,222,436	167,703,882
Total net assets	<u>\$ 361,781,490</u>	<u>\$ 155,857,984</u>	<u>\$ 517,639,474</u>

The notes to the financial statements are an integral part of this statement.

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 30,134,110	\$ 20,129,690	\$ 111,632	\$ -
Public safety	70,342,631	11,181,451	3,023,759	1,102,148
Physical environment	11,987,508	33,938	1,211,911	1,195,768
Transportation	3,811,263	297,829	-	-
Culture and recreation	9,183,233	1,575,211	370,907	69,235
Interest on long-term debt	884,964	-	-	-
Total governmental activities	<u>126,343,709</u>	<u>33,218,119</u>	<u>4,718,209</u>	<u>2,367,151</u>
Business-type activities:				
Utility	33,570,638	33,868,521	35,268	484,510
Sanitation	3,302,781	4,618,938	-	-
Stormwater	1,646,758	2,456,094	-	126,732
Pier	127,568	-	-	-
Airpark	1,412,469	1,074,271	-	-
Golf course	3,386,558	3,034,441	-	194,025
Total business-type activities	<u>43,446,772</u>	<u>45,052,265</u>	<u>35,268</u>	<u>805,267</u>
Total government	<u>\$ 169,790,481</u>	<u>\$ 78,270,384</u>	<u>\$ 4,753,477</u>	<u>\$ 3,172,418</u>

General revenues:

Taxes:

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

Special item

Transfers

- Total general revenues, special item and transfers
- Change in net assets
- Net assets-beginning
- Net assets-ending

The notes to the financial statements are an integral part of this statement.

**Net (Expense) Revenue and
Changes in Net Assets**

Governmental Activities	Business-type Activities	Total
\$ (9,892,788)	\$ -	\$ (9,892,788)
(55,035,273)	-	(55,035,273)
(9,545,891)	-	(9,545,891)
(3,513,434)	-	(3,513,434)
(7,167,880)	-	(7,167,880)
(884,964)	-	(884,964)
<u>(86,040,230)</u>	<u>-</u>	<u>(86,040,230)</u>
-	817,661	817,661
-	1,316,157	1,316,157
-	936,068	936,068
-	(127,568)	(127,568)
-	(338,198)	(338,198)
-	(158,092)	(158,092)
-	2,446,028	2,446,028
<u>(86,040,230)</u>	<u>2,446,028</u>	<u>(83,594,202)</u>
46,615,842	-	46,615,842
1,989,190	-	1,989,190
1,878,968	-	1,878,968
9,087,211	-	9,087,211
6,345,750	-	6,345,750
2,053,356	-	2,053,356
9,142,152	-	9,142,152
9,161,456	-	9,161,456
8,299,249	-	8,299,249
39,875	100,184	140,059
5,571,020	1,690,003	7,261,023
704,511	439,655	1,144,166
-	340,199	340,199
(5,581,068)	5,581,068	-
<u>95,307,512</u>	<u>8,151,109</u>	<u>103,458,621</u>
9,267,282	10,597,137	19,864,419
352,514,208	145,260,847	497,775,055
<u>\$ 361,781,490</u>	<u>\$ 155,857,984</u>	<u>\$ 517,639,474</u>

CITY OF POMPANO BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	<u>General</u>	<u>Northwest Community Redevelopment District</u>	<u>Emergency Medical Svc. District</u>
ASSETS			
Cash and cash equivalents	\$ 59,954,585	\$ 19,693,959	\$ 880,240
Restricted cash and cash equivalents	-	-	-
Restricted investments	30,228,812	-	-
Unrestricted investments	1,024,134	4,422,397	428,384
Interest receivable	183,211	30,885	2,823
Accounts receivables, net	2,914,289	-	1,772,531
Assets held for resale	-	25,878,024	-
Due from other funds	450,000	-	-
Due from other governments	2,912,476	-	21,443
Inventories	217,292	-	131,487
Prepays	41,196	3,992	-
Other assets	30,519	-	-
Total assets	<u>\$ 97,956,514</u>	<u>\$ 50,029,257</u>	<u>\$ 3,236,908</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 550,189	\$ 87,141	\$ 66,331
Accrued expenditures	1,678,556	3,882	400,798
Due to other governments	1,811	-	-
Advances from other funds	3,750,000	-	-
Deposits	-	-	-
Unearned/Deferred revenue	2,830,905	-	1,313,207
Total liabilities	<u>8,811,461</u>	<u>91,023</u>	<u>1,780,336</u>
Fund balances:			
Reserved for:			
Inventories and prepays	258,488	3,992	131,487
Encumbrances	1,090,182	79,923	282,826
Debt service	-	-	-
Assets held for resale	-	25,878,024	-
Local option gas tax - transportation	674,616	-	-
Nautical Flea Market	1,611	-	-
Beach area parking	241,170	-	-
Tricentennial	7,390	-	-
Tree canopy landscape	133,709	-	-
Building education and EMS	1,947,513	-	-
Disaster relief	381,949	-	-
Building fund-general	27,632,349	-	-
Unreserved:			
Designated for subsequent years' expenditures	1,359,448	-	-
Designated as an operating contingency	16,841,965	-	-
Designated for hurricane contingency	20,400,000	-	-
Designated for community improvement fund	9,154,499	-	-
Undesignated, reported in:			
General Fund	9,020,164	-	-
Special Revenue Funds	-	23,976,295	1,042,259
Capital Projects	-	-	-
Total fund balances	<u>89,145,053</u>	<u>49,938,234</u>	<u>1,456,572</u>
Total liabilities and fund balances	<u>\$ 97,956,514</u>	<u>\$ 50,029,257</u>	<u>\$ 3,236,908</u>

The notes to the financial statements are an integral part of this statement.

<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 14,256,033	\$ 4,734,398	\$ 99,519,215
-	1,383,631	1,383,631
-	375,831	30,604,643
7,224,170	334,631	13,433,716
42,760	4,378	264,057
145,638	-	4,832,458
-	-	25,878,024
-	-	450,000
1,281,584	3,525	4,219,028
-	-	348,779
-	278	45,466
11,699	-	42,218
<u>\$ 22,961,884</u>	<u>\$ 6,836,672</u>	<u>\$ 181,021,235</u>
\$ 483,761	\$ 59,297	\$ 1,246,719
13,587	7,202	2,104,025
-	-	1,811
-	-	3,750,000
716	-	716
<u>1,670,944</u>	<u>599,843</u>	<u>6,414,899</u>
<u>2,169,008</u>	<u>666,342</u>	<u>13,518,170</u>
-	278	394,245
5,800,874	184,966	7,438,771
-	1,140,450	1,140,450
-	-	25,878,024
-	-	674,616
-	-	1,611
-	-	241,170
-	-	7,390
-	-	133,709
-	-	1,947,513
-	-	381,949
-	-	27,632,349
-	-	1,359,448
-	-	16,841,965
-	-	20,400,000
-	-	9,154,499
-	-	9,020,164
-	4,844,636	29,863,190
<u>14,992,002</u>	<u>-</u>	<u>14,992,002</u>
<u>20,792,876</u>	<u>6,170,330</u>	<u>167,503,065</u>
<u>\$ 22,961,884</u>	<u>\$ 6,836,672</u>	<u>\$ 181,021,235</u>



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CITY OF POMPANO BEACH, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

Fund Balances - total governmental funds \$ 167,503,065

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

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

Governmental capital assets	\$ 270,947,986	
Less accumulated depreciation	<u>(62,620,726)</u>	208,327,260

Net pension obligation is not expected to be liquidated with expendable available resources and therefore is not reported in the governmental funds. (385,305)

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. (1,418,401)

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		1,313,207
Note on sale of City land		55,744
Franchise payment		24,046
Permit fees		115,826
Broward Beautiful Grant		43,472
FEMA-Hurricane Wilma		414,023
FEMA-Tropical Storm Fay Grant		38,902
FEMA Hazard Mitigation Impact Glass Grant		688,125
CDBG/Home Grants		488,248
Communication Service Taxes		1,024,180

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

1993 General obligation bonds	(1,115,000)	
Tax increment bonds	(20,000,000)	
Accrued interest payable	(113,104)	
Compensated absences	(4,400,977)	
Loan due Broward County	<u>(902,121)</u>	(26,531,202)

Debt issuance costs are capitalized and amortized over the life of the debt in the statement of net assets, but are recorded as expenditures, when paid, in the governmental funds. 34,265

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:

	24,426,698	
	<u>(14,532,669)</u>	9,894,029

Adjustment for Internal Service Funds look-back 152,006

Net assets of governmental activities \$ 361,781,490

The notes to the financial statements are an integral part of this statement.

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>General</u>	<u>Northwest Community Redevelopment District</u>	<u>Emergency Medical Services District</u>
REVENUES			
Taxes	\$ 58,224,893	\$ 7,552,461	\$ 5,454,350
Fees and fines	1,249,857	-	-
Licenses and permits	14,754,212	-	-
Intergovernmental	13,986,065	-	69,727
Charges for services	20,758,666	-	2,692,389
Donations	74,132	-	727
Interest earnings	3,353,052	665,053	107,668
Cemetary lot sales	-	-	-
Recaptured Funds	-	-	-
Program Income	-	-	-
Other revenue	431,335	47,321	-
Total revenues	<u>112,832,212</u>	<u>8,264,835</u>	<u>8,324,861</u>
EXPENDITURES			
Current:			
General government	16,751,916	1,162,610	-
Public safety	56,437,166	-	12,174,498
Physical environment	9,550,457	-	-
Transportation	3,351,193	-	-
Culture and recreation	8,400,387	-	-
Debt service:			
Principal	-	-	-
Interest and other charges	-	882,580	-
Capital outlay	1,253,389	-	506,331
Total expenditures	<u>95,744,508</u>	<u>2,045,190</u>	<u>12,680,829</u>
Excess (deficiency) of revenues over expenditures	<u>17,087,704</u>	<u>6,219,645</u>	<u>(4,355,968)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from line of credit	-	457,968	-
Proceeds from sale of capital assets	127,347	-	-
Transfers in	2,108,904	-	3,721,945
Transfers out	(16,406,184)	(72,349)	-
Total other financing sources (uses)	<u>(14,169,933)</u>	<u>385,619</u>	<u>3,721,945</u>
Net change in fund balances	2,917,771	6,605,264	(634,023)
Fund balances—beginning	<u>86,227,282</u>	<u>43,332,970</u>	<u>2,090,595</u>
Fund balances—ending	<u>\$ 89,145,053</u>	<u>\$ 49,938,234</u>	<u>\$ 1,456,572</u>

The notes to the financial statements are an integral part of this statement.

Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,241,344	\$ 2,615,241	\$ 76,088,289
-	-	1,249,857
-	-	14,754,212
792,006	1,072,414	15,920,212
99,834	2,750	23,553,639
37,500	1,397	113,756
589,613	183,722	4,899,108
-	125	125
-	96,025	96,025
15,083	-	15,083
20,814	-	499,470
<u>3,796,194</u>	<u>3,971,674</u>	<u>137,189,776</u>
143,484	424,892	18,482,902
-	-	68,611,664
953,366	1,185,723	11,689,546
-	-	3,351,193
21,036	-	8,421,423
-	970,000	970,000
-	105,250	987,830
6,147,704	222,586	8,130,010
<u>7,265,590</u>	<u>2,908,451</u>	<u>120,644,568</u>
(3,469,396)	1,063,223	16,545,208
-	-	457,968
-	-	127,347
5,265,628	-	11,096,477
(54,998)	(35,960)	(16,569,491)
<u>5,210,630</u>	<u>(35,960)</u>	<u>(4,887,699)</u>
1,741,234	1,027,263	11,657,509
<u>19,051,642</u>	<u>5,143,067</u>	<u>155,845,556</u>
<u>\$ 20,792,876</u>	<u>\$ 6,170,330</u>	<u>\$ 167,503,065</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
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

Net change in fund balances - total governmental funds \$ 11,657,509

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	7,907,424	
Less depreciation	<u>(11,704,268)</u>	(3,796,844)
Abandonment of CIP projects		(522,083)

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	275,524	
Franchise payment	24,046	
Permit fees	115,826	
Communication service tax	1,024,180	
Change in net pension asset/obligation	(473,737)	
Change in Net OPEB Obligation	(1,418,402)	
Broward Beautiful Grant	43,472	
FEMA-Hurricane Wilma	414,023	
FEMA-Tropical Storm Fay Grant	38,902	
FEMA - Hazard Mitigation Impact Glass Grant	688,125	
CDBG/Home Grants	488,248	
Loan due Broward County	(902,121)	
Change in compensated absences liability	(136,744)	
Change in accrued interest	102,865	
Change in note on sale of City land	1,652	
Gain from disposal of capital assets	<u>39,875</u>	325,734

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 assets. 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.

Proceeds from line of credit	(457,968)	
Principal payments	970,000	
Amortization of bond issuance costs	<u>(3,264)</u>	508,768

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net assets in the internal service funds is reported with governmental funds in the governmentwide statement of activities.

Adjustment for Internal Service Funds look-back		(146,423)
Change in net assets		<u>\$ 9,267,282</u>

The notes to the financial statements are an integral part of this statement.

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2008

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Utility	Airpark	Nonmajor Enterprise Funds	Total Enterprise Funds	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 24,801,034	\$ 23,592	\$ 6,052,772	\$ 30,877,398	\$ 15,286,426
Restricted cash and cash equivalents	2,046,210	1,650,130	-	3,696,340	-
Interest receivable	68,523	-	16,279	84,802	44,108
Restricted interest receivable	-	16,069	-	16,069	-
Accounts Receivables, net	3,316,011	30,175	654,973	4,001,159	-
Due from other governments	395,301	-	270,650	665,951	8,859
Advances to other funds	-	-	416,667	416,667	-
Inventories	425,860	-	11,545	437,405	900,748
Unamortized bond costs	20,193	-	-	20,193	-
Total current assets	<u>31,073,132</u>	<u>1,719,966</u>	<u>7,422,886</u>	<u>40,215,984</u>	<u>16,240,141</u>
Noncurrent assets:					
Restricted cash and cash equivalents	3,087,416	4,064,093	-	7,151,509	-
Restricted investments	1,092,683	2,709,478	-	3,802,161	-
Unrestricted investments	10,220,391	-	2,833,337	13,053,728	7,468,035
Advances to other funds	-	-	3,333,333	3,333,333	-
Unamortized bond costs	179,413	-	-	179,413	-
Capital assets:					
Land	216,373	934	-	217,307	-
Construction in progress	10,882,215	294,179	3,494,335	14,670,729	-
Buildings	47,530,501	550,271	2,723,603	50,804,375	254,536
Infrastructure	102,293,619	3,081,636	12,220,540	117,595,795	-
Improvements	18,269,323	4,028,935	4,408,538	26,706,796	423,838
Machinery and equipment	9,731,705	458,779	2,371,823	12,562,307	6,008,687
Less accumulated depreciation	(79,313,378)	(3,800,642)	(8,337,142)	(91,451,162)	(5,968,539)
Total capital assets (net of accumulated depreciation)	<u>109,610,358</u>	<u>4,614,092</u>	<u>16,881,697</u>	<u>131,106,147</u>	<u>718,522</u>
Total noncurrent assets	<u>124,190,261</u>	<u>11,387,663</u>	<u>23,048,367</u>	<u>158,626,291</u>	<u>8,186,557</u>
Total assets	<u>155,263,393</u>	<u>13,107,629</u>	<u>30,471,253</u>	<u>198,842,275</u>	<u>24,426,698</u>
LIABILITIES					
Current liabilities, unrestricted:					
Accounts payable	1,200,395	60,619	626,909	1,887,923	240,895
Accrued expenses	364,440	19,459	51,902	435,801	116,935
Due to other funds	-	-	-	-	450,000
Unearned revenue	-	-	416,667	416,667	-
Compensated absences	26,696	-	-	26,696	3,203
Claims and judgments	-	-	-	-	2,817,981
Current portion of long term debt	2,807,697	-	-	2,807,697	-
Total current liabilities, unrestricted	<u>4,399,228</u>	<u>80,078</u>	<u>1,095,478</u>	<u>5,574,784</u>	<u>3,629,014</u>
Current liabilities payable from restricted assets:					
Customer deposits payable	1,092,683	-	-	1,092,683	-
Accrued interest payable	373,327	-	-	373,327	-
Total current liabilities payable from restricted assets	<u>1,466,010</u>	<u>-</u>	<u>-</u>	<u>1,466,010</u>	<u>-</u>
Total current liabilities	<u>5,865,238</u>	<u>80,078</u>	<u>1,095,478</u>	<u>7,040,794</u>	<u>3,629,014</u>
Noncurrent liabilities:					
Unearned revenue	-	-	2,083,333	2,083,333	-
Compensated absences	628,333	38,977	102,074	769,384	249,423
Net OPEB Obligation	281,046	23,901	80,899	385,846	107,213
Claims and judgments	-	-	-	-	10,547,019
Revenue bonds payable	32,552,928	-	-	32,552,928	-
Total noncurrent liabilities	<u>33,462,307</u>	<u>62,878</u>	<u>2,266,306</u>	<u>35,791,491</u>	<u>10,903,655</u>
Total liabilities	<u>39,327,545</u>	<u>142,956</u>	<u>3,361,784</u>	<u>42,832,285</u>	<u>14,532,669</u>
NET ASSETS					
Invested in capital assets, net of related debt	75,566,363	4,614,092	16,881,697	97,062,152	718,522
Restricted:					
Debt service	729,580	-	-	729,580	-
Renewal & replacement/rate stabilization	3,087,416	-	-	3,087,416	-
Capital Projects	1,316,630	8,439,770	-	9,756,400	-
Unrestricted	35,235,859	(89,189)	10,227,772	45,374,442	9,175,507
Total net assets	<u>\$ 115,935,848</u>	<u>\$ 12,964,673</u>	<u>\$ 27,109,469</u>	<u>\$ 156,009,990</u>	<u>\$ 9,894,029</u>

The notes to the financial statements
are an integral part of this statement.

CITY OF POMPANO BEACH, FLORIDA
RECONCILIATION OF THE ENTERPRISE FUNDS STATEMENT OF NET ASSETS
TO THE GOVERNMENTWIDE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

Net assets - Enterprise Funds	\$	156,009,990
Adjustment to Enterprise Funds for Internal Service Funds look-back		<u>(152,006)</u>
Net Assets - Business-type Activities	\$	<u>155,857,984</u>

The notes to the financial statements
are an integral part of this statement.

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Utility	Airpark	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES					
Charges for services	\$ 33,868,521	\$ 1,074,271	\$ 10,109,473	\$ 45,052,265	\$ 19,699,926
Contract fee extension	-	-	416,667	416,667	-
Miscellaneous	10,643	-	-	10,643	36,940
Total operating revenues	<u>33,879,164</u>	<u>1,074,271</u>	<u>10,526,140</u>	<u>45,479,575</u>	<u>19,736,866</u>
OPERATING EXPENSES					
Personal services	7,475,733	417,183	1,064,974	8,957,890	2,401,396
Other current expenses	19,545,213	586,338	6,343,851	26,475,402	16,545,596
Depreciation and amortization	6,532,011	418,320	1,065,599	8,015,930	338,577
Total operating expenses	<u>33,552,957</u>	<u>1,421,841</u>	<u>8,474,424</u>	<u>43,449,222</u>	<u>19,285,569</u>
Operating income (loss)	<u>326,207</u>	<u>(347,570)</u>	<u>2,051,716</u>	<u>2,030,353</u>	<u>451,297</u>
NONOPERATING REVENUES (EXPENSES)					
Interest and investment revenue	1,227,481	168,112	294,410	1,690,003	671,912
Gain on sale of capital assets	100,184	12,345	-	112,529	5,210
Grants and contributions	35,268	-	-	35,268	-
Miscellaneous expense	(754)	-	-	(754)	(2,330)
Interest expense and fiscal agent fees	(143,219)	-	-	(143,219)	-
Total nonoperating revenue (expenses)	<u>1,218,960</u>	<u>180,457</u>	<u>294,410</u>	<u>1,693,827</u>	<u>674,792</u>
Income (loss) before contributions, special item and transfers	1,545,167	(167,113)	2,346,126	3,724,180	1,126,089
Capital grants and contributions	707,096	-	320,757	1,027,853	-
Special item-litigation settlement	340,199	-	-	340,199	-
Transfers in	3,515,198	8,725,558	330,000	12,570,756	155,000
Transfers out	(4,551,006)	(415,517)	(2,245,751)	(7,212,274)	(40,468)
Change in net assets	1,556,654	8,142,928	751,132	10,450,714	1,240,621
Total net assets—beginning	114,379,194	4,821,745	26,358,337	145,559,276	8,653,408
Total net assets—ending	<u>\$ 115,935,848</u>	<u>\$ 12,964,673</u>	<u>\$ 27,109,469</u>	<u>\$ 156,009,990</u>	<u>\$ 9,894,029</u>

The notes to the financial statements
are an integral part of this statement.

CITY OF POMPANO BEACH, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS OF ENTERPRISE FUNDS TO THE
STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

Net change in Net Assets - Enterprise Funds	\$	10,450,714
Adjustment to Enterprise Funds for Internal Service Funds look-back		<u>146,423</u>
Change in Net Assets - Business-type Activities	\$	<u><u>10,597,137</u></u>

The notes to the financial statements
are an integral part of this statement.

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Utility	Airpark	Nonmajor Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from other funds	\$ -	\$ -	\$ -	\$ -	\$ 19,696,957
Receipts from customers	33,834,662	1,068,648	10,115,639	45,018,949	36,575
Receipts from subrogation	-	-	-	-	3,807
Payments to suppliers	(18,920,124)	(606,489)	(6,134,702)	(25,661,315)	(13,726,073)
Payments to employees	(7,391,015)	(405,964)	(1,049,800)	(8,846,779)	(2,338,216)
Claims paid	-	-	-	-	(3,055,981)
Net cash provided (used) by operating activities	<u>7,523,523</u>	<u>56,195</u>	<u>2,931,137</u>	<u>10,510,855</u>	<u>617,069</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advances to other funds	-	-	416,667	416,667	-
Advances from other funds	-	-	-	-	50,000
Transfers to other funds	(4,551,006)	(415,517)	(2,245,751)	(7,212,274)	(40,468)
Transfers from other funds	3,515,198	8,725,558	330,000	12,570,756	155,000
Special item-litigation settlement	340,199	-	-	340,199	-
Interest paid on utility deposits	(14,136)	-	-	(14,136)	-
Net cash provided (used) by non capital financing activities	<u>(709,745)</u>	<u>8,310,041</u>	<u>(1,499,084)</u>	<u>6,101,212</u>	<u>164,532</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(5,265,548)	(1,088,037)	(1,926,538)	(8,280,123)	(168,299)
Capital grants and contributions	707,096	-	194,025	901,121	-
Proceeds from the sale of capital assets	100,184	12,345	-	112,529	7,272
Principal paid on bonds	(2,765,000)	-	-	(2,765,000)	-
Payments to fiscal agents	(4,318)	-	-	(4,318)	-
Interest paid on bonds	(1,602,118)	-	-	(1,602,118)	-
Net cash provided (used) by capital and related financing activities	<u>(8,829,704)</u>	<u>(1,075,692)</u>	<u>(1,732,513)</u>	<u>(11,637,909)</u>	<u>(161,027)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Calls/maturities of investments	18,729,808	4,487,569	4,687,719	27,905,096	12,356,615
Purchase of investments	(30,042,882)	(7,197,047)	(7,521,056)	(44,760,985)	(19,824,650)
Interest earnings	1,299,036	156,749	311,437	1,767,222	714,475
Net cash provided (used) by investing activities	<u>(10,014,038)</u>	<u>(2,552,729)</u>	<u>(2,521,900)</u>	<u>(15,088,667)</u>	<u>(6,753,560)</u>
Net increase (decrease) in cash and cash equivalents	(12,029,964)	4,737,815	(2,822,360)	(10,114,509)	(6,132,986)
Cash and cash equivalents, beginning of the year	41,964,624	1,000,000	8,875,132	51,839,756	21,419,412
Cash and cash equivalents, end of the year	<u>29,934,660</u>	<u>5,737,815</u>	<u>6,052,772</u>	<u>41,725,247</u>	<u>15,286,426</u>
Cash and cash equivalents, unrestricted	24,801,034	23,592	6,052,772	30,877,398	15,286,426
Cash and cash equivalents, restricted	5,133,626	5,714,223	-	10,847,849	-
Cash and cash equivalents, end of the year	<u>\$ 29,934,660</u>	<u>\$ 5,737,815</u>	<u>\$ 6,052,772</u>	<u>\$ 41,725,247</u>	<u>\$ 15,286,426</u>
Non-cash transactions (Capital and Related Financing Activities):					
Contribution of capital related assets from governmental funds	<u>\$ 222,586</u>				

The notes to the financial statements are an integral part of this statement.

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities- Internal Service Funds</u>
	<u>Utility</u>	<u>Airpark</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 326,207	\$ (347,570)	\$ 2,051,716	\$ 2,030,353	\$ 451,297
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization expense	6,532,011	418,320	1,065,599	8,015,930	338,577
Change in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivables	(44,502)	(5,623)	6,166	(43,959)	-
Due from other government	-	-	-	-	473
Inventories	(41,693)	-	(11,545)	(53,238)	(57,261)
Other assets and prepaids	3,165	732	275	4,172	-
Increase (decrease) in liabilities:					
Accounts and other payables	382,571	(44,784)	139,522	477,309	34,016
Accrued expenses	44,896	4,557	5,731	55,184	(20,337)
Unearned revenue	-	-	(416,667)	(416,667)	-
Compensated absences	39,822	6,662	9,443	55,927	1,091
Other Post Employment Benefits (OPEB)	281,046	23,901	80,897	385,844	107,213
Estimated claims payable	-	-	-	-	(238,000)
Net cash provided (used) by operating activities	<u>\$ 7,523,523</u>	<u>\$ 56,195</u>	<u>\$ 2,931,137</u>	<u>\$ 10,510,855</u>	<u>\$ 617,069</u>

The notes to the financial statements are an integral part of this statement.

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2008

	Employee Retirement Plans	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 8,563,532	\$ 504,053
Due from brokers	2,329,676	-
Receivables		
Accrued interest and dividends	663,525	-
Contributions-Police members	-	-
Securities sold	1,882,567	-
Other	-	44
Total receivables	<u>2,546,092</u>	<u>44</u>
Investments:		
U.S. Government obligations	12,440,381	-
Mortgage backed securities	35,771,089	-
Corporate obligations	23,945,802	-
Equity securities	141,863,872	-
Mutual funds and collective trusts	13,581,037	-
Domestic equity funds	15,648,876	-
International equity funds	12,493,382	-
Real estate funds	17,646,321	-
Money market funds	8,691,765	-
Total investments	<u>282,082,525</u>	<u>-</u>
Other assets	112,287	-
Total assets	<u>295,634,112</u>	<u>504,097</u>
LIABILITIES		
Accounts payable and accrued expenses	442,150	-
Deferred retirement option plan payable	1,458,826	-
Due to brokers	22,757,347	-
Deposits, sales tax and payroll taxes payable	-	504,097
Total liabilities	<u>24,658,323</u>	<u>\$ 504,097</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 270,975,789</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Employee Retirement Plans
ADDITIONS	
Contributions:	
Employer	\$ 6,471,214
Broward County Sheriff's Office	3,478,627
Broward County - Library	38,678
Members	5,303,481
State	2,276,364
Total contributions	<u>17,568,364</u>
Investment income (loss):	
Net depreciation in fair value of investments	(54,108,932)
Interest and dividends	8,049,783
Commission recapture	3,958
Other	135,190
Total investment income (loss)	<u>(45,920,001)</u>
Less: investment expenses	1,629,157
deferred retirement option plan earnings	164,439
Net investment income (loss)	<u>(47,713,597)</u>
Total	<u>(30,145,233)</u>
DEDUCTIONS	
Participant benefit payments	17,232,915
Refunds of participant contributions	331,926
Administrative expenses	1,049,693
Total	<u>18,614,534</u>
Net increase (decrease)	(48,759,767)
Net assets held in trust for pension benefits	
Beginning of the year	319,735,556
End of the year	<u>\$ 270,975,789</u>

The notes to the financial statements
are an integral part of this statement.

Notes to the Financial Statements

CITY OF POMPANO BEACH, FLORIDA

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FISCAL YEAR ENDED SEPTEMBER 30, 2008

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CITY OF POMPANO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2008

(I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Component units, although legally separate entities, are in substance part of the City's operations.

The basic financial statements include both government-wide and fund financial statements. The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements focus on short-term results of operations and financing decisions at a specific fund level.

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

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

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

(A) The Financial Reporting Entity

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

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

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(B) Blended Component Unit Disclosure

The City Commission serves as the governing Board for each component unit and is able to impose its will on each component unit. The City is therefore financially accountable for each of its component units. The reporting entity of the City includes the following component units:

- Pompano Beach Community Redevelopment Agency (the "Agency") (Northwest and East Districts), 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. The Agency issues a stand alone financial report that may be obtained by writing to the City of Pompano Beach, 100 W. Atlantic Boulevard, Pompano Beach, Florida 33060, ATTN: Finance Department;
- Pompano Beach Emergency Medical Services District, established in 1974 by Ordinance 75-18. The Pompano Beach Emergency Medical Services District does not issue separate financial statements; and
- Herb Skolnick Cultural Arts Foundation, established in 1999 by Resolution 99-131. The Herb Skolnick Cultural Arts Foundation does not issue separate financial statements.

The criterion used for including component units consist of identification of legally separate organizations for which the elected officials of the City are financially accountable. This criterion also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Under the blended method, component unit balances and transactions are reported in a manner similar to the balances and transactions of the primary government itself.

The Pompano Beach Emergency Medical Services District (EMS) 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 the elected officials of the City are financially accountable for its operations. EMS is reported as a special revenue fund.

The Herb Skolnick Cultural Arts Foundation (CAF) is reported as a blended component unit because it is governed by the City Commission. The CAF is reported as a special revenue fund.

The Pompano Beach Community Redevelopment Agency is composed of the Northwest and East Districts (the Districts). The Pompano Beach Community Redevelopment Agency is one component unit (one legal entity) with two districts. 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.

CITY OF POMPANO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

(C) Government-wide and Fund Financial Statements

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

For the most part, the effect of interfund activity has been removed from these financial statements to avoid distorted financial results, with the exception of interfund services provided and used. Governmental activities, which primarily are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The 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 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

CITY OF POMPANO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2008

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.

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 *Emergency Medical Services District Fund* 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 City reports the following major proprietary funds:

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

The *Airpark Fund* accounts for the administration, operation and maintenance of the City's Airpark.

The City also has certain funds (SHIP, CAF, CRA-East District, Cemetery, 1993 G.O. Bonds, Pier, Golf, Sanitation, 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 fixed by contract and by the City at amounts determined by an annual actuarial valuation.

CITY OF POMPANO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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

The City considers cash on hand, demand and time deposits to be cash and cash equivalents. In addition, each fund's equity in the City's investment pool has been treated as a cash equivalent, since cash may be deposited or withdrawn from the pool at any time without prior notice or penalty. In addition, the City considers all highly liquid investments with a maturity of three months or less, when purchased, to be a cash equivalent.

(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 investments, including pension trust fund investments, are reported at fair value (quoted market price or the best available estimate thereof).

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(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. The reserve for inventory/prepays in governmental fund types equals the physical inventory/prepaid balance to indicate that a portion of fund balance is unavailable for future expenditures.

(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. Contributed capital assets are recorded at estimated fair value when received.

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

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

Buildings	15-50 Years
Improvements	5-50 Years
Equipment	3-15 Years
Bridges	50 Years
Roads	15-20 Years
Other Infrastructure	15-100 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 capital assets of enterprise funds and business-type activities is capitalized as part of the capitalized value of the assets constructed. The total bond interest expense incurred by the Utility Fund during the current fiscal year was \$1,574,916. Of this amount, \$1,522,043 (amount reduced by interest earnings) was included as part of the cost of capital assets under construction in connection with utility facilities construction projects.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(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 is self-insured up to \$100,000 per person/\$200,000 per occurrence. 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 financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, 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.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(M) Employee Benefit Plans and Net Pension Asset/Obligation

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, 2008 the City recorded a net pension asset related to the General Employees Retirement Plan and a net pension obligation related to the Police and Firefighters' Retirement Plan in its government-wide statement of net assets. The net pension asset/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. 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 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 the post employee benefits on a pay-as-you go basis. As determined by an actuarial valuation, the City records a Net OPEB obligation in its proprietary and government-wide financial statements related to the implicit subsidy. Please refer to Note II (J) for further information.

(O) Unearned/Deferred Revenue

Resources that do not meet revenue recognition requirements (not earned) are recorded as unearned revenue in the government-wide and the proprietary fund financial statements. In addition, amounts related to governmental fund receivables that are

CITY OF POMPANO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

measurable, but not available (not received within 60 days from fiscal year end), are recorded as deferred revenue in the governmental fund financial statements.

(P) Fund Equity/ Net Assets

In the fund financial statements, governmental funds reserve fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Unreserved, undesignated fund balance indicates funds that are available for current expenditures. The government-wide and proprietary fund financial statements utilize a net asset presentation. Net assets are categorized as follows:

Invested in Capital Assets – is intended to reflect the portion of net assets which are associated with capital assets (net of accumulated depreciation), less outstanding capital asset related debt, net of unspent bond proceeds.

Restricted Net Assets – constitute legally enforceable enabling legislation which a party external to the City (such as citizens, public interest groups, or the judiciary) can compel the City to honor.

Unrestricted Net Assets – 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.

(Q) Restricted Net Assets

The Utility Fund has restricted net assets which are set aside to comply with bond covenants related to the Water and Sewer bonds. The City maintains a separate sinking fund account for the water and sewer revenue bond issuance to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond renewal and replacement" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements, as required per bond covenant. A utility rate stabilization account is also maintained to stabilize utility rates, as required per bond covenant. At September 30, 2008 restricted net assets for business-type activities related to these accounts was \$5,133,626.

Restricted net assets in the Airpark Fund amounts to \$8,439,770 at September 30, 2008. This amount relates to transfers from various City funds to buyout Federal Aviation Administration (FAA) land deed restrictions during the current fiscal year. The agreement between the City and FAA stipulates that these funds be restricted to make capital improvements to the Airpark.

At September 30, 2008, governmental activities in the government-wide statement of net assets reported total restricted net assets of \$31,369,262. Of this amount, \$674,616 relates to amounts collected for the local option gas tax to be used to fund transportation expenses, \$1,140,450 relates to amounts restricted for debt service and \$29,554,196 relates to amounts collected in excess of operating expenditures related to the building inspections division, which is restricted to be utilized to fund the future operations of that function.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(R) 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 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 a cash, cash equivalents and investments pool 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 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, 2008:

	<u>Unrestricted</u>		<u>Restricted</u>		<u>Total cash, cash equivalents and investments</u>
	<u>Cash and cash equivalents</u>	<u>Investments</u>	<u>Cash and cash equivalents</u>	<u>Investments</u>	
Governmental activities:					
General	\$ 59,954,585	\$ 1,024,134	\$ -	\$ 30,228,812	\$ 91,207,531
Northwest CRA	19,693,959	4,422,397	-	-	24,116,356
EMS	880,240	428,384	-	-	1,308,624
Capital Projects	14,256,033	7,224,170	-	-	21,480,203
Nonmajor Governmental	4,734,398	334,631	1,383,631	375,831	6,828,491
Internal Service Funds	15,286,426	7,468,035	-	-	22,754,461
Total governmental	<u>114,805,641</u>	<u>20,901,751</u>	<u>1,383,631</u>	<u>30,604,643</u>	<u>167,695,666</u>
Business-type activities:					
Utility	24,801,034	10,220,391	5,133,626	1,092,683	41,247,734
Airpark	23,592	-	5,714,223	2,709,478	8,447,293
Nonmajor Enterprise	6,052,772	2,833,337	-	-	8,886,109
Total business-type	<u>30,877,398</u>	<u>13,053,728</u>	<u>10,847,849</u>	<u>3,802,161</u>	<u>58,581,136</u>
Fiduciary Funds	<u>504,053</u>	<u>-</u>	<u>8,563,532</u>	<u>282,082,525</u>	<u>291,150,110</u>
Total	<u>\$ 146,187,092</u>	<u>\$ 33,955,479</u>	<u>\$ 20,795,012</u>	<u>\$ 316,489,329</u>	<u>\$ 517,426,912</u>

CITY OF POMPANO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2008

Public Deposits:

At September 30, 2008, the book balance of the City's public deposits was \$27,442,682 and the bank balance was \$28,571,617. 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.

Investment Authorization:

The City's adopted investment policy is governed by Chapters 280 (*Florida Security for Public Deposits Act*) and 218 (*Local Government Investment Policies*), *Florida Statutes*, *City Code of Ordinances* and various legal covenants related to outstanding bond issues. In addition to complying with state statutes, City policy and existing bond covenants, the City applies the "Prudent Person Rule" when executing investment strategies. Investments are made with judgment and care, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income derived.

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 Chapters 280 (*Florida Security for Public Deposits Act*) and 218 (*Local Government Investment Policies*), *Florida Statutes* 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.

Types of Investments:

Florida Statutes and City policy authorize City officials to invest pooled funds in United States government obligations, guaranteed United States agency short-term issues, State Treasurer's investment pool, Florida bank certificates of deposit, money market funds, repurchase agreements and Florida League of Cities sponsored Florida Municipal Investment Trust ("FMIT").

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

The City's investment policy stipulates the following maximum portfolio percentages:

Authorized Investments	Maximum % of Portfolio
U.S. Government Direct Obligations	75%
U.S. Government Agency Obligations	30%
Certificates of Deposit	5%
Mutual Funds	10%
State Board of Administration (SBA)	90%
Florida Municipal Investment Trust	15%

During the current fiscal year permission was obtained from the City Commission to deviate from the current maximum portfolio percentage allocations, given certain events which transpired related to the Florida State Board of Administration's (the SBA) Local Government Surplus Funds Trust Fund, in November 2007. The SBA is not Securities and Exchange Commission ("SEC") registered, but qualifies as an SEC 2a-7 like pool. The 90% maximum allowable percentage allocation for the SBA was temporarily superseded with a maximum of 90% allowable to be invested in any money market fund which invested in Treasuries and U.S. Agency Securities only, pending a formal revision of the City's current existing investment policy. On November 29, 2007, the SBA implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub prime mortgage risk. The City withdrew all funds from the SBA prior to the freeze and did not lose any principal funds as a result of its investment with the SBA.

The Florida Municipal Investment Trust (Florida League of Cities) is an authorized investment under Section 218.415 (115), Florida Statutes for units of local government in Florida. The operation and administration of the Trust is the responsibility of a Board of Trustees who are selected from the ranks of elected officials of governmental entities participating in the Trust. 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 every kind of 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 % of Portfolio
Domestic Equities	30%
Equities (small/mid cap)	10%
Fixed Income	20%
International Equities	15%
Direct real estate	10%
Absolute return	15%

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

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 (REIT) listed on the New York, American principal regional and foreign exchanges, and private real estate through institution vehicles or direct ownership.

The investment policy stipulates the following maximum portfolio percentages:

Authorized Investments	Maximum % of Portfolio
Fixed Income Securities	25.0%
Equity Securities	57.5%
Real Estate	7.5%
Hedge Funds	10.0%

Security:

The City and the Pension Plans have a third party custodial arrangement with certain financial institutions to accept securities on a delivery vs. payment basis for direct purchase agreements. Securities purchased in the City's or Pension Plan's name are registered in the name of the City or Pension Plans by an agent of 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. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities not exceeding three years at time of purchase.

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, 2008:

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

Investment Type	Remaining Maturity (in Years)			
	Fair Value	Less than 1	1 to 2	2 to 3
U.S. Agency Securities	\$ 42,046,547	\$ -	\$ 16,024,280	\$ 26,022,267
Money Market Funds	137,296,472	137,296,472	-	-
Local Agency Investment Pool (FMIT)	19,968,958	-	19,968,958	-
	<u>\$ 199,311,977</u>	<u>\$ 137,296,472</u>	<u>\$ 35,993,238</u>	<u>\$ 26,022,267</u>
Breakdown: Government-wide				
Investments (subject to interest rate risk)	\$ 199,311,977			
Investment-Certificate of Deposit (not subject to interest rate risk)	6,346,778			
Cash & Cash Equivalents (other deposits)	20,618,047			
Total Government-wide	<u>\$ 226,276,802</u>			

As a means of limiting its exposure to interest rate risk over time, the General Employees Retirement Plan purchases investments with various 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, 2008:

Investment Type	Remaining Maturity (in Years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. Agency Securities	\$ 7,975,000	\$ 961	\$ 11,666	\$ 1,150,627	\$ 6,811,746
U.S. Treasury Securities	496,534	-	-	57,961	438,573
Corporate Obligations	12,806,517	1,015,667	4,350,201	3,459,931	3,980,718
	<u>21,278,051</u>	<u>\$ 1,016,628</u>	<u>\$ 4,361,867</u>	<u>\$ 4,668,519</u>	<u>\$ 11,231,037</u>
Common Stocks	41,502,302				
Domestic Equity Funds	15,648,876				
International Equity Funds	12,493,382				
Real Estate Funds	12,841,578				
Total Investments	<u>\$ 103,764,189</u>				

The investment plan for the Police and Firefighters' Retirement Plan purchases investments with various durations of maturities as a means of limiting its exposure to fair value losses arising from interest rate fluctuations. 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, 2008:

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

Investment Type	Remaining Maturity (in Years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. Government Obligations	\$ 3,968,847	\$ -	\$ 394,905	\$ 980,886	\$ 2,593,056
Mortgage Backed Securities	35,771,089	3,844,148	1,297,828	2,290,575	28,338,538
Corporate Obligations	11,139,285	786,046	1,866,515	5,987,297	2,499,427
Money Market Funds	8,691,765	8,691,765	-	-	-
	<u>59,570,986</u>	<u>\$ 13,321,959</u>	<u>\$ 3,559,248</u>	<u>\$ 9,258,758</u>	<u>\$ 33,431,021</u>
Equity Securities	100,361,570				
Mutual Funds & Collective Trusts	12,335,897				
Pompano Beach Investors LLC	4,804,743				
Total Investments	\$ <u>177,073,196</u>				

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. The City's investment policy utilizes portfolio diversification in order to control this risk. To control risks of illiquidity, a minimum of 15% of the operating portfolio of the City is to be held in highly marketable U.S. treasury bills, U.S. treasury notes, overnight repurchase agreements or the State Investment Pool (Refer to "Types of Investments for approved deviation from this policy). The following table discloses composite credit ratings by investment type as rated by Moody's, Standard and Poor's and Fitch, at September 30, 2008, as applicable:

Investment Type	Rating at September 30, 2008		
	AAA	AAAm (Negative Watch)/B	AAAm
U.S. Agency Securities	\$ 42,046,547	\$ -	\$ -
Florida Mutual Investment Trust	19,968,958	-	-
First American Government Obligations Money Market Fund	-	-	3,027,208
Reserve U.S. Government Money Market Fund	-	134,269,264	-
Total Investments	\$ <u>62,015,505</u>	\$ <u>134,269,264</u>	\$ <u>3,027,208</u>

AAA or AAAm are the highest ratings that may be assigned by a rating agency.

Standard and Poor's assigned a AAAm (Negative Watch) rating to the Reserve's U.S. Government Money Market Fund. Negative watch means that a rating may be lowered at a future date. Moody's assigned a "B" rating to the Reserve's U.S. Government Money Market Fund. This rating implies that these fixed income obligations generally lack characteristics of a desirable investment. These ratings reflect the management of the Reserve's decision to suspend redemptions or cash distributions from the U.S. Government Fund effective September 18, 2008. This action was done in an effort to preserve the \$1.00 net asset value per share and provide equal treatment to all shareholders. These rating agencies consider the decision to suspend cash redemptions a material deviation from the fund's stated objective to protect principal and provide daily liquidity. This fund, whose net asset value per share was \$1.00 on September 30, 2008 own highly rated securities issued by the U.S. Government, its agencies and instrumentalities, or repurchase agreements collateralized by U.S. Treasury and Agency securities. The Reserve and the Fund's Board of Director's are currently working to finalize a plan of liquidation for this Fund following receipt of a Securities and Exchange

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
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Commission order permitting the further suspension of redemption rights effective September 17, 2008. Rating agencies review for possible further downgrade will focus on the ultimate liquidation plan adopted for the U.S. Government Fund, the strategies that are employed to execute the redemption initiative and the performance of the portfolio during this period.

On January 16, 2009, the Reserve distributed the remainder of funds on deposit to the City, including accrued interest. The City did not lose any principal funds related to this investment.

The City's General Employees Retirement Plan utilizes portfolio diversification in order to control credit risk. The GERS further limits investment in equity securities to those listed on a major stock exchange and limited to no more than 70% (at market) of GERS total asset value. Investments in stocks of foreign companies shall be limited to 25% (at cost) of the value of the portfolio. No more than 25% of the equity securities are to be invested in small and mid-cap stocks and shares of stock in those corporations whose stock has been publicly traded for less than one year are limited to 15% of the equity portfolio. 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 marker index defined as the Lehman Aggregate Bond Index. The fixed income portfolio shall be comprised of securities rated "BBB" or higher by Standard and Poor's rating services.

The following table discloses credit ratings by investment type for the General Employees Retirement Plan at September 30, 2008, as applicable:

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
U.S. government guaranteed*	\$ 8,471,534	39.81%
Quality rating of credit risk debt securities		
AAA	1,826,734	8.59%
AA	626,450	2.94%
AA-	918,582	4.32%
A	3,279,006	15.41%
A-	1,863,712	8.76%
A+	1,928,551	9.06%
BBB	735,329	3.46%
BBB-	319,760	1.50%
BBB+	906,785	4.26%
Not rated	401,608	1.89%
Total credit risk debt securities	12,806,517	60.19%
Total fixed income securities	<u>\$ 21,278,051</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.

CITY OF POMPANO BEACH, FLORIDA

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The City's Police and Firefighters Retirement Plan also utilize portfolio diversification in order to control credit risk. The Plan's investment policy requires all fixed income investments to hold a credit rating in one of the four highest classifications by a major rating service. Commercial paper, if used, must be of only the highest quality (A-1 or P-1), and the maximum weighting of fixed income securities in BBB ratings is limited to 10%.

The following table discloses credit ratings by investment type for the Police and Firefighters Retirement Plan at September 30, 2008, as applicable (investments not listed are unrated):

Investment Type	Fair Value	Rating at September 30, 2008				
		AAA	AA	A	BBB	Unrated
Mortgage Backed Securities	\$ 35,771,089	8,769,000	55,000	38,000	8,086,090	18,822,999
US Government Obligations	3,968,847	3,968,847	-	-	-	-
Corporate Obligations	11,139,285	417,000	1,037,000	4,086,000	2,130,000	3,469,285
Money Market Funds	8,691,765	8,691,765	-	-	-	-
	\$ 59,570,986	21,846,612	1,092,000	4,124,000	10,216,090	22,292,284

Concentration of Credit Risk – The investment policy of the City includes no limitations on the amount that can be invested in any one issuer other than the maximum portfolio percentages stated above. Investments in any one issuer that represents 5% or more of total City investments at September 30, 2008 are as follows:

Issuer	Investment Type	Fair Value
Florida Home Loan Banks (FHLB)	U.S. Agency Securities	\$ 32,046,147
Florida Home Loan Mortgage Corporation	U.S. Agency Securities	7,010,000
Total		\$ 39,056,147

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 assets at September 30, 2008. 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 investments at September 30, 2008.

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

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(B) Receivables and Other Assets

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, are as follows:

<u>Governmental</u>	<u>General</u>	<u>Emergency Medical Svc. District</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service</u>	<u>Total</u>
Receivables:						
Electric franchise tax	\$ 1,772,819	\$ -	\$ -	\$ -	\$ -	1,772,819
Electric utility tax	582,554	-	145,638	-	-	728,192
EMS transport fees	-	1,772,531	-	-	-	1,772,531
Utility tax	149,784	-	-	-	-	149,784
Slot machine revenue	121,425	-	-	-	-	121,425
Note on land	55,743	-	-	-	-	55,743
BSO-Electric bill reimbursement	14,489	-	-	-	-	14,489
Permit Fees	115,826	-	-	-	-	115,826
Franchise fees	24,047	-	-	-	-	24,047
Other	77,602	-	-	-	-	77,602
Total governmental receivables	\$ 2,914,289	\$ 1,772,531	\$ 145,638	\$ -	\$ -	\$ 4,832,458
Due from other governments:						
State half cent sales tax	\$ 430,850	\$ -	\$ -	\$ -	\$ -	430,850
State local option gas tax	100,475	-	-	-	-	100,475
State Revenue Sharing	193,841	-	-	-	-	193,841
Motor fuel tax	13,370	-	61,739	-	8,859	83,968
Communication service tax	1,445,160	-	-	-	-	1,445,160
CD Youth Grant	21,644	-	-	-	-	21,644
Broward beautiful grant	-	-	43,472	-	-	43,472
Broward County court fines	43,643	-	-	-	-	43,643
Broward County-ad valorem taxes	176,320	21,443	-	3,525	-	201,288
FEMA-Hurricane Wilma Grant	414,023	-	-	-	-	414,023
FEMA-Tropical Storm Fay Grant	38,902	-	-	-	-	38,902
FEMA-Hazard Impact Flass Grant	-	-	688,125	-	-	688,125
FEMA-Hurricane Francis	17,940	-	-	-	-	17,940
CDBG - HUD Grant	-	-	267,353	-	-	267,353
Home - HUD Grant	-	-	220,895	-	-	220,895
Other	16,308	-	-	-	-	16,308
Total Due from other governments	\$ 2,912,476	\$ 21,443	\$ 1,281,584	\$ 3,525	\$ 8,859	\$ 4,227,887

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
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Receivables for the City's business-type activities, by major fund, and allowances for uncollectible accounts are as follows:

	<u>Utility</u>	<u>Airpark</u>	<u>Nonmajor Enterprise</u>	<u>Total</u>
Receivables:				
Water/sewer customer charges	\$ 3,356,178	\$ -	\$ -	\$ 3,356,178
Land lease		30,175	-	30,175
Solid waste customer charges	-	-	432,948	432,948
Stormwater customer charges	-	-	222,025	222,025
Less: Allowance for uncollectibles	(40,167)	-	-	(40,167)
Total business-type receivables (net)	<u>\$ 3,316,011</u>	<u>\$ 30,175</u>	<u>\$ 654,973</u>	<u>\$ 4,001,159</u>
Due from other governments:				
Internal Revenue Service-arbitrage refund	\$ 9,430	\$ -	\$ -	\$ 9,430
FEMA-Tropical Storm Fay	35,268	-	-	35,268
SFWMD Grant-Atlantic Blvd. Crossing	346,600	-	-	346,600
Broward County Reimbursement-Drainage Improvements	-	-	126,732	126,732
Broward County Office of Environmental Services	4,003	-	143,918	147,921
Total due from other governments	<u>\$ 395,301</u>	<u>\$ -</u>	<u>\$ 270,650</u>	<u>\$ 665,951</u>

Mortgages

The Northwest Community Redevelopment District (the Northwest District) provided qualified individuals with grants to build new homes at the Canal Point (ten year), Sabal Chase (30 years) and Ortanique Estates (30 years) 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 on these new homes with a covenant that the owner must reside at the property for a 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 2008 the Northwest District received \$41,999 related to these grants and reported this amount as miscellaneous revenue. At September 30, 2008 the unamortized amount outstanding related to these grants was \$2,765,145.

Assets held for Resale

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, they are reported at lower of cost/donated value or net realizable value. Assets donated from the City or other related entities are

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
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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 include costs incurred to acquire the asset and prepare the asset for resale, such as purchase price, closing fees, surveys, lot clearing, demolition, judgments levied through suits, costs of construction, permits etc. Assets held for resale include land, land improvements and buildings. 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. Assets held for resale activity for the year ended September 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Assets held for resale	\$ 24,263,630	\$ 2,098,976	\$ 484,582	\$ 25,878,024

(C) Capital Assets and Construction Commitments

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 46,295,547	\$ 180,810	\$ -	\$ 46,476,357
Construction in progress	20,985,993	6,301,027	18,011,262	9,275,758
Total capital assets, not being depreciated	<u>67,281,540</u>	<u>6,481,837</u>	<u>18,011,262</u>	<u>55,752,115</u>
Capital assets, being depreciated:				
Buildings	34,949,397	104,555	452,644	34,601,308
Infrastructure	97,030,806	111,269	-	97,142,075
Improvements other than buildings	47,460,989	17,030,216	-	64,491,205
Machinery and equipment	24,475,564	2,291,453	1,118,673	25,648,344
Total capital assets being depreciated	<u>203,916,756</u>	<u>19,537,493</u>	<u>1,571,317</u>	<u>221,882,932</u>
Less accumulated depreciation for:				
Buildings	17,737,131	1,091,383	45,262	18,783,252
Infrastructure	10,211,211	5,003,034	-	15,214,245
Improvements other than buildings	13,748,435	3,209,782	-	16,958,217
Machinery and equipment	16,004,078	2,738,646	1,109,173	17,633,551
Total accumulated depreciation	<u>57,700,855</u>	<u>12,042,845</u>	<u>1,154,435</u>	<u>68,589,265</u>
Total capital assets being depreciated, net	<u>146,215,901</u>	<u>7,494,648</u>	<u>416,882</u>	<u>153,293,667</u>
Governmental activities capital assets, net	<u>\$ 213,497,441</u>	<u>\$ 13,976,485</u>	<u>\$ 18,428,144</u>	<u>\$ 209,045,782</u>

CITY OF POMPANO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS
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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Utility Fund:				
Capital assets, not being depreciated:				
Land	\$ 216,373	\$ -	\$ -	\$ 216,373
Construction in progress	7,332,521	5,739,722	2,190,028	10,882,215
Total capital assets, not being depreciated	<u>7,548,894</u>	<u>5,739,722</u>	<u>2,190,028</u>	<u>11,098,588</u>
Capital assets, being depreciated:				
Buildings	47,530,501	-	-	47,530,501
Infrastructure	102,293,619	-	-	102,293,619
Improvements other than buildings	16,148,206	2,121,117	-	18,269,323
Machinery and equipment	9,073,355	1,116,781	458,431	9,731,705
Total capital asset being depreciated	<u>175,045,681</u>	<u>3,237,898</u>	<u>458,431</u>	<u>177,825,148</u>
Less accumulated depreciation for:				
Buildings	11,524,997	1,445,734	-	12,970,731
Infrastructure	54,449,096	4,314,288	-	58,763,384
Improvements other than buildings	272,351	-	-	272,351
Machinery and equipment	7,012,795	751,795	457,678	7,306,912
Total accumulated depreciation	<u>73,259,239</u>	<u>6,511,817</u>	<u>457,678</u>	<u>79,313,378</u>
Utility Fund capital assets, being depreciated, net	<u>101,786,442</u>	<u>(3,273,919)</u>	<u>753</u>	<u>98,511,770</u>
Utility Fund capital assets, net	<u>\$ 109,335,336</u>	<u>\$ 2,465,803</u>	<u>\$ 2,190,781</u>	<u>\$ 109,610,358</u>
Business-type activities capital assets, net	<u>\$ 109,335,336</u>	<u>\$ 2,465,803</u>	<u>\$ 2,190,781</u>	<u>\$ 109,610,358</u>
Air Park Fund:				
Capital assets, not being depreciated:				
Land	\$ 934	\$ -	\$ -	\$ 934
Construction in progress	226,642	987,402	919,865	294,179
Total capital assets, not being depreciated	<u>227,576</u>	<u>987,402</u>	<u>919,865</u>	<u>295,113</u>
Capital assets, being depreciated:				
Buildings	550,271	-	-	550,271
Infrastructure	3,081,636	-	-	3,081,636
Improvements other than buildings	3,109,070	919,865	-	4,028,935
Machinery and equipment	412,185	100,636	54,042	458,779
Total capital assets being depreciated	<u>7,153,162</u>	<u>1,020,501</u>	<u>54,042</u>	<u>8,119,621</u>
Less accumulated depreciation for:				
Buildings	537,128	2,935	-	540,063
Infrastructure	2,360,160	-	-	2,360,160
Improvements other than buildings	310,489	353,169	-	663,658
Machinery and equipment	228,587	62,216	54,042	236,761
Total accumulated depreciation	<u>3,436,364</u>	<u>418,320</u>	<u>54,042</u>	<u>3,800,642</u>
Air Park Fund capital assets, being depreciated, net	<u>3,716,798</u>	<u>602,181</u>	<u>-</u>	<u>4,318,979</u>
Air Park Fund capital assets, net	<u>\$ 3,944,374</u>	<u>\$ 1,589,583</u>	<u>\$ 919,865</u>	<u>\$ 4,614,092</u>
Nonmajor Enterprise Funds:				
Capital assets, not being depreciated:				
Construction in progress	2,746,409	1,378,093	630,167	3,494,335
Total capital assets, not being depreciated	<u>2,746,409</u>	<u>1,378,093</u>	<u>630,167</u>	<u>3,494,335</u>
Capital assets, being depreciated:				
Buildings	2,723,603	-	-	2,723,603
Infrastructure	12,220,540	-	-	12,220,540
Improvements other than buildings	3,778,371	630,167	-	4,408,538
Machinery and equipment	1,823,378	548,445	-	2,371,823
Total capital assets being depreciated	<u>20,545,892</u>	<u>1,178,612</u>	<u>-</u>	<u>21,724,504</u>
Less accumulated depreciation for:				
Buildings	1,202,283	105,143	-	1,307,426
Infrastructure	4,546,393	784,612	-	5,331,005
Improvements other than buildings	22,735	-	-	22,735
Machinery and equipment	1,500,132	175,844	-	1,675,976
Total accumulated depreciation	<u>7,271,543</u>	<u>1,065,599</u>	<u>-</u>	<u>8,337,142</u>
Nonmajor Enterprise Fund capital assets, being depreciated, net	<u>13,274,349</u>	<u>113,013</u>	<u>-</u>	<u>13,387,362</u>
Nonmajor Enterprise Funds capital assets, net	<u>16,020,758</u>	<u>1,491,106</u>	<u>630,167</u>	<u>16,881,697</u>
Business-type activities capital assets, net	<u>\$ 129,300,468</u>	<u>\$ 5,546,492</u>	<u>\$ 3,740,813</u>	<u>\$ 131,106,147</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	\$	9,196,094
Public safety		1,126,597
Transportation		460,070
Physical environment		429,121
Culture and recreation		830,963
Total depreciation expense - governmental activities	\$	<u>12,042,845</u>
Business-type activities:		
Utilities	\$	6,511,817
Pier		56,438
Airpark		418,320
Golf		305,317
Sanitation		24,741
Stormwater		679,103
Total depreciation expense - business-type activities	\$	<u>7,995,736</u>

The City has active construction projects as of September 30, 2008. Significant projects that were ongoing as of September 30, 2008 for governmental activities were as follows:

<u>Project</u>	<u>Expended through September 30, 2008</u>	<u>Committed</u>
Community Park Improvements	\$ 3,475,097	\$ 4,160,744
Canal Dredging	847,110	646,664
	<u>\$ 4,322,207</u>	<u>\$ 4,807,408</u>

Significant projects that were ongoing as of September 30, 2008 for business-type activities were as follows:

	<u>Expended through September 30, 2008</u>	<u>Committed</u>
Reuse Distribution Expansion	\$ 4,982,860	\$ 936,492
Membrane Electrical Replacement	420,398	995,712
	<u>\$ 5,403,258</u>	<u>\$ 1,932,204</u>

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(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>EMS Fund</u>	<u>Capital Projects</u>	<u>Non Major Governmental Funds</u>	<u>Total</u>
Occupational Licenses	\$ 1,158,184	\$ -	\$ -	\$ -	\$ 1,158,184
Communication Service Tax	1,024,180	-	-	-	1,024,180
Franchise Fee	24,046	-	-	-	24,046
Permit Fees	115,826	-	-	-	115,826
Broward Beautiful Grant	-	-	43,472	-	43,472
EMS Transport Fees	-	1,313,207	-	-	1,313,207
SHIP Grant Funds	-	-	-	599,843	599,843
School Board-Blanch Ely Stadium Project	-	-	451,099	-	451,099
FEMA-Hurricane Wilma Grant	414,023	-	-	-	414,023
FEMA-Tropical Storm Fay Grant	38,902	-	-	-	38,902
FEMA-City Hall Impact Glass Grant	-	-	688,125	-	688,125
HUD-Home Grant	-	-	220,895	-	220,895
HUD-CDBG Grant	-	-	267,353	-	267,353
Note on Land	55,744	-	-	-	55,744
Total Governmental Activities	\$ 2,830,905	\$ 1,313,207	\$ 1,670,944	\$ 599,843	\$ 6,414,899

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	<u>\$ 2,500,000</u>

(E) Interfund Loans and Transfers

The composition of interfund balances as of September 30, 2008, 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>\$ 3,750,000</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 of \$416,667 through 2014, the last year of the hauling contract.

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The annual requirements to pay principal on the advance from the sanitation fund (nonmajor enterprise fund) to the general fund are as follows:

	<u>Principal</u>
2009	\$ 416,667
2010	416,667
2011	416,667
2012	416,667
2013	416,667
2014	<u>1,666,665</u>
	<u>\$ 3,750,000</u>

Due to/from other funds:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
General Fund	Internal Service Fund	\$ <u>450,000</u> (1)

(1) This is a short term non-interest bearing receivable and payable to cover a negative cash balance at fiscal year end.

In the government-wide statement of net assets, interfund balances between governmental activities and business-type activities have been consolidated and reported on a single line called "internal balances" (net amount of \$3,597,994), which includes the advance between the General and Sanitation Funds and the internal service fund look-back adjustment to enterprise funds.

Transfers in/out are as follows:

	<u>Transfers in:</u>									<u>Total</u>
	<u>General</u>		<u>Capital</u>	<u>Internal</u>	<u>Subtotal</u>			<u>Nonmajor</u>	<u>Subtotal</u>	
<u>Transfers out:</u>	<u>Fund</u>	<u>EMS</u>	<u>Projects</u>	<u>Service</u>	<u>Gov'mtl.</u>	<u>Utility</u>	<u>Airpark</u>	<u>Enterprise</u>	<u>Business</u>	
			<u>Fund</u>	<u>Funds</u>	<u>Activities</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Type</u>	
General Fund	\$ -	\$ 3,721,945	\$ 5,229,668	\$ 155,000	\$ 9,106,613	\$ -	\$ 6,969,571	\$ 330,000	\$ 7,299,571	\$ 16,406,184
NWCRA	72,349	-	-	-	72,349	-	-	-	-	72,349
EMS	-	-	-	-	-	-	-	-	-	-
Capital Projects	54,998	-	-	-	54,998	-	-	-	-	54,998
Nonmajor										
Gov'tl Funds	-	-	35,960	-	35,960	-	-	-	-	35,960
Internal Service	-	-	-	-	-	-	40,468	-	40,468	40,468
Utility Fund	-	-	-	-	-	3,515,198	1,035,808	-	4,551,006	4,551,006
Airpark Fund	-	-	-	-	-	-	415,517	-	415,517	415,517
Nonmajor										
Enterprise Funds	1,981,557	-	-	-	1,981,557	-	264,194	-	264,194	2,245,751
Total transfers out	\$ 2,108,904	\$ 3,721,945	\$ 5,265,628	\$ 155,000	\$ 11,251,477	\$ 3,515,198	\$ 8,725,558	\$ 330,000	\$ 12,570,756	\$ 23,822,233

The transfer from the General Fund to the EMS Fund was required to cover operating costs. Transfers from the General Fund to the Capital Projects Fund were to fund several general

CITY OF POMPANO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2008

government CIP projects: Community Park-Phase II improvements, Canal Dredging and City Hall Hurricane Impact Glass. Transfers from the General Fund to the Nonmajor Enterprise Funds were to cover an operating shortfall in the Golf Fund, as well as to buyout land deed restrictions from the Federal Aviation Administration. Transfers from the non-major enterprise funds to the General Fund was primarily for an administrative charge to customers in the Sanitation Fund, an annual rebate amount from Waste Management and the annual amortization of a payment associated with a settlement from Waste Management. Transfers from the Utility Fund to the Airpark Fund related to the buyout of land deed restrictions from the Federal Aviation Administration.

(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, 2008.

Governmental Activities Debt:

- On October 1, 1993, the City issued \$13,535,000 in General Obligation Bonds to finance general capital improvements. The issue consisted of serial bonds due in annual installments of \$20,000 to \$1,555,000 through 2010, with interest ranging from 3.875% to 5.00%. Principal and interest related to the general obligation bonds are secured by the full faith and credit of the City by way of pledged ad valorem taxes, specifically assessed for this purpose. The total principal and interest remaining to be paid on the bonds is \$1,225,500. Principal and interest paid for the current fiscal year and total ad valorem taxes collected and interest earned on these funds were \$1,074,250 and \$1,080,271, respectively.
- On December 16, 2003, 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 boundaries on a parity with the lien of the Agency's Series 2004A Bond as discussed below. Draws under the line, which constitute advances of principal of the Series 2003A Bond, may only be made through November 1, 2008. At September 30, 2008 the City had \$10,000,000 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 and costs of issuance. Interest on the 2003A Bond is variable (based on the London Interbank Offering Rate-LIBOR, plus 50 basis points), with a final maturity date of November 1, 2018. At September 30, 2008 the one month LIBOR was 2.49%. Interest on the Series 2003A Bond is due and payable quarterly. Commencing November 1, 2009, principal is due and payable quarterly through 2019.
- 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

CITY OF POMPANO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2008

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 boundaries on a parity with the Agency's Series 2003A Bond, as discussed above. Draws under the line (advances of principal of the Series 2004A Bond) may only be made through November 1, 2008. At September 30, 2008 the City had \$10,000,000 outstanding related to this line of credit. Proceeds of these draws were used to finance the cost of redevelopment projects. Interest on the Series 2004A Bond is variable (based on the London Interbank Offering Rate-LIBOR, plus 50 basis points), with a final maturity date of November 1, 2018. At September 30, 2008 the one month LIBOR rate was 2.49%. Interest on the Series 2004A Bond is due and payable quarterly. Commencing November 1, 2009, principal is due and payable quarterly.

Total principal and interest remaining on the bonds is \$25,048,500, payable through November 2019. For the current fiscal year, interest paid and total tax increment revenues were \$882,580 and \$7,552,461, respectively.

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, 49 and 50 Rehabilitation
- Lift Station 5 Rehabilitation

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**NOTES TO FINANCIAL STATEMENTS
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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. The first payment on the Series 2006 bonds was due January 1, 2007, with future principal and interest payments being due semi-annually through maturity. As a result of the current refunding of the 1993 water and sewer bonds, on July 1, 2006 the City satisfied its outstanding obligation of total principal and interest of \$5,958,455. As a result of the advance refunding of the 2000 water and sewer bonds, the City satisfied its outstanding obligation of total principal and interest of \$37,540,745. At September 30, 2008, the 1993 and 2000 water and sewer bonds had been called.

Annual principal and interest payments on the Series 2006 bonds are expected to require less than 34 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$46,128,031. Principal and interest paid for the current fiscal year and total water and sewer customer net revenues were \$4,367,118 and \$12,494,504 respectively.

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					
General obligation bonds	\$ 2,085,000	\$ -	\$ 970,000	\$ 1,115,000	\$ 20,000
Tax increment bonds	19,542,031	457,969	-	20,000,000	-
Total bonds payable	<u>21,627,031</u>	<u>457,969</u>	<u>970,000</u>	<u>21,115,000</u>	<u>20,000</u>
Claims and judgments	13,603,000	2,579,981	2,817,981	13,365,000	2,817,981
Net OPEB Obligation	790,723	1,032,803	297,912	1,525,614	-
Compensated absences	<u>4,515,768</u>	<u>3,859,025</u>	<u>3,721,190</u>	<u>4,653,603</u>	<u>189,487</u>
Governmental activity					
Long-term liabilities	<u>\$ 39,745,799</u>	<u>\$ 6,896,975</u>	<u>\$ 7,509,171</u>	<u>\$ 39,133,603</u>	<u>\$ 3,027,468</u>
Business-type activities:					
Bonds payable:					
Water & Sewer revenue bonds	\$ 38,870,000	\$ -	\$ 2,765,000	\$ 36,105,000	\$ 2,875,000
Less: Deferred amounts	(689,797)	-	54,127	(635,670)	(54,127)
Less: bond discount	<u>(121,881)</u>	-	<u>13,176</u>	<u>(108,705)</u>	<u>(13,176)</u>
Total bonds payable	<u>38,058,322</u>	<u>-</u>	<u>2,832,303</u>	<u>35,360,625</u>	<u>2,807,697</u>
Net OPEB Obligation	195,521	242,710	52,387	385,844	-
Compensated absences	<u>740,155</u>	<u>636,809</u>	<u>580,882</u>	<u>796,082</u>	<u>26,698</u>
Business-type activity					
Long-term liabilities	<u>38,993,998</u>	<u>879,519</u>	<u>3,465,572</u>	<u>36,542,551</u>	<u>2,834,395</u>
Total long-term liabilities	<u>\$ 78,739,797</u>	<u>\$ 7,776,494</u>	<u>\$ 10,974,743</u>	<u>\$ 75,676,154</u>	<u>\$ 5,861,863</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 are generally liquidated by the General Fund.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
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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 \$5,133,626 at September 30, 2008.

The City Charter limits the amount of net general obligation bonded debt to 15% of the assessed property valuation. At September 30, 2008, the statutory limit for the City was approximately \$1.9 billion, providing a legal debt margin of approximately \$1.9 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, 2008 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/leases at September 30, 2008 are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 20,000	933,750	\$ 953,750	\$ 2,875,000	1,493,306	\$ 4,368,306
2010	3,257,162	897,155	4,154,317	2,990,000	1,380,169	4,370,169
2011	2,162,162	747,486	2,909,648	3,110,000	1,262,506	4,372,506
2012	2,162,162	652,568	2,814,730	3,225,000	1,140,119	4,365,119
2013	2,162,162	557,649	2,719,811	3,370,000	1,013,206	4,383,206
2014-2018	10,810,811	1,364,460	12,175,271	14,040,000	3,292,050	17,332,050
2019	540,541	5,932	546,473	6,495,000	441,675	6,936,675
	<u>\$ 21,115,000</u>	<u>5,159,000</u>	<u>\$ 26,274,000</u>	<u>\$ 36,105,000</u>	<u>10,023,031</u>	<u>\$ 46,128,031</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, 2008 the City had \$199,606 in unamortized issuance costs outstanding related to the 2006 Water and Sewer Revenue Bonds and \$34,265 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 \$635,670 and the unamortized discount was \$108,705 at September 30, 2008. These amounts are reported as an addition/deduction from the bond liability of \$36,105,000 at September 30, 2008.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(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 66 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
2009	\$ 121,746
2010	121,746
2011	121,746
2012	121,746
2013	121,746
2014-2018	608,730
2019-2023	608,730
2024-2028	608,730
2029-2033	608,730
2034-2038	608,730
2039-2043	608,730
2044-2048	608,730
2049-2053	608,730
2054-2058	608,730
2059-2063	608,730
2064-2068	608,730
2069-2073	608,730
Total lease payments	\$ <u>7,913,490</u>

(H) Property Taxes

The City levies property taxes each October 1, which becomes a lien on real and personal property located in the City. Property taxes are based on the assessed values determined by the Broward County Property Appraiser as of the prior January 1. The current year's levy is based on assessed property values totaling approximately \$12.8 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 3.2788 mills for the General Fund, 0.0836 mills for the Debt Service Fund and .4449 mills for the EMS District for the fiscal year ended September 30, 2008.

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, 2008 were approximately 98.3% of the total tax levy.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(I) Commitments

On October 1, 2004, the City of Pompano Beach entered into a five year contract with the Broward County Sheriff's Office ("BSO"), for policing services in Pompano Beach. At September 30, 2008 the City had an outstanding commitment to BSO of \$35,293,135 relating to this contract for fiscal year 2009. This amount is adjusted annually for a maximum increase of 5%, as adjusted for any vacancy credits during the prior fiscal year.

(J) Post Employment Benefits Other Than Pensions

For the fiscal year ended September 30, 2008 the City implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)*, for certain postemployment health care benefits provided by the City. The requirement of this statement was implemented prospectively.

Plan Description - 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.

Funding Policy - The City is financing the post employee benefits on a pay-as-you go basis. For fiscal year 2008, 76 retirees received health care benefits. Annual required implied contributions amounted to \$2,252,504 for the current fiscal year, towards which the City made an implied contribution of \$341,046. Retiree contributions totaled \$996,517 for the fiscal year ended September 30, 2008. At September 30, 2008 the City recorded a net OPEB obligation of \$1,525,614 for governmental activities and \$385,844 for business-type activities in its government-wide statement of net assets. The Utility Fund reported a net OPEB obligation of \$281,046, while the Airpark Fund reported \$23,901 and non-major enterprise funds reported \$80,897. Internal Service Funds reported a net OPEB obligation of \$107,213. The OPEB obligation is a function of annual required contributions, interest, adjustments to the annual required contribution, annual pension costs and actual employers' contributions made to the plan.

Annual OPEB Cost and Net OPEB Obligation - The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year 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:

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**NOTES TO FINANCIAL STATEMENTS
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Annual Required Contribution	\$ 2,252,504
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Cost (Expense)	<u>2,252,504</u>
Employer Contribution	(341,046)
Interest on Employer Contributions	-
Increase in Net OPEB Obligation	<u>1,911,458</u>
Net OPEB Obligation-beginning of year	-
Net OPEB Obligation-end of year	<u><u>\$ 1,911,458</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, 2008 (first year of implementation), 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, 2008 \$	2,252,504	15% \$	1,911,458

Funded Status and Funding Progress - As of September 30, 2008, the unfunded actuarial accrued liability for benefits was \$6,939,759, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$37,172,550, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 19 percent. The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the actuarial valuation as of July 1, 2007 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 ten year open period, utilizing the level dollar payment method. The remaining amortization period at September 30, 2008 is 8 years.

CITY OF POMPANO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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 5.50% per annum was utilized (includes inflation at 3.50% 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:

2008-7.50%
2009-7.00%
2010-6.50%
2011-6.00%
2012-5.50%
2013 & later-5.00%

Implied Subsidy

The implied subsidy for a 65-year old retiree for the period July 1, 2007 through June 30, 2008 is assumed to be \$1,123 per year (\$1,193 with dental coverage) for those who elect single coverage under the HMO plan; \$3,009 per year (\$3,236 with dental coverage) for those who elect family coverage under the HMO plan; \$1,331 per year (\$1,387 with dental coverage) for those who elect single coverage under the PPO plan; and \$3,056 per year (\$3,238 with dental coverage) for those who elect family coverage under the 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 1.50% 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.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
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Medical Plan Choice

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

Future Participation Rates

One hundred percent (100%) 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 59, based on actual retirees data.

(III) OTHER INFORMATION

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

1. Summary of Significant Accounting Policies

Reporting entity - The Pompano Beach Police and Firefighters' Retirement System ("PFRS") was established by ordinance of the City of Pompano Beach, Florida ("City") 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, three members elected by/from the Firefighter members, and three members elected by/from the Police members. 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.

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.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
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Adoption of New Accounting Standards – The PFRS adopted Government Accounting Standards Board (GASB) Statement No. 50, *Pension Disclosures* (GASB 50), which amends GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 27, *Accounting for Pensions by State and Local Government employers*. GASB 50 requires disclosure in the notes to the financial statements of pension plans and certain employer governments of the current funded status of the plan and other actuarial information which had previously been provided as required supplementary information. The adoption of GASB 50 had an impact on the presentation of the notes to the financial statements but no impact on the net assets of the PFRS.

Method used to value investments – Investments are reported at fair value. Money market funds are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates. Real estate investment is reported at its acquisition cost plus improvements, which approximates fair value. Net appreciation (depreciation) in fair value of investments includes the difference between cost and fair value of investments held as well as the net gains or losses for securities which are sold. Interest and dividend income is recognized on the accrual basis as earned. Purchases and sales of investments are recorded on a trade date basis.

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 PFRS was established by ordinance of the City on August 15, 1972, and became operative in October 1972. A nine member Board of Trustees manages the PFRS, which 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 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

CITY OF POMPANO BEACH, FLORIDA

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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.

Effective October 1, 2000, the Plan was amended to increase pension benefits on an annual basis each October 1. 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.

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

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 number of credited service years, up to a maximum of 60% of the member's salary, plus 2% of average

CITY OF POMPANO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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 or until remarriage. 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, 2007, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	261
Terminated employees entitled to benefits but not yet receiving them, and participants who have elected to defer normal retirement benefits, and participants who have elected to participate in the DROP	32
Active plan members	<u>259</u>
Total	<u>552</u>

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. Members are

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**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

required to contribute 8.6% of their annual covered salary. Effective October 1, 2004, firefighters are required to contribute 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.

A rehired member may buy back one or more years of continuous past service by paying into the PFRS the amount of contributions that the employee would otherwise have paid for such continuous past service, plus the assumed actuarial investment rate of return.

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 September 30, 2008, the cumulative balance of additional premium tax revenues reserved to provide future benefit improvements is \$1,763,114 of which \$847,259 pertains to the police members (Chapter 185 funds) and \$915,855 pertains to the firefighter members (Chapter 175 funds).

3. Due to Brokers

Pending trades payable amounting to \$12,244,009 at September 30, 2008 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 services are performed. Employer contributions are recognized as revenues when due pursuant to actuarial valuations. Interest and dividend income are recorded as earned.

Adoption of New Accounting Standards - The GERS adopted Government Accounting Standards Board (GASB) Statement No. 50, *Pension Disclosures* (GASB 50), which amends GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 27, *Accounting for Pensions by State and Local Government employers*. GASB 50 requires disclosure in the notes to the financial statements of pension plans and certain employer governments of the current funded status of the plan and other actuarial information which had previously been provided as required supplementary information. The adoption of GASB 50 had an impact on

CITY OF POMPANO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2008

the presentation of the notes to the financial statements but no impact on the net assets of the GERS.

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

Investments – The fair value of quoted equity investments is based on the aggregate fair market value as of September 30, 2008. The fair value of quoted investments is based on the closing sales price or bid price as reported by recognized security exchanges. Bonds are reported at established fair value.

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the statement of changes in plan net assets 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.

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

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

Participants

Participants are all general employees with full-time status, elected officials and appointees in the City of Pompano Beach, Florida who have met the requirements of the City's merit system. Effective December 11, 2007, senior management employees became eligible to participate in the GERS.

Membership

As of October 1, 2008, 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 yet receiving them	<u>324</u>
Current Employees:	
Vested	228
Nonvested	<u>290</u>
	<u>518</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. Employees must have ten years of service and be unable to be gainfully employed before becoming eligible for non-service connected disability benefits. Information from the October 1, 1988 and 1989, actuarial reports is revised to include employees over age fifty-four on the date of employment. These employees were not eligible in prior years. 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 an amount equal to two and three-quarter percent (two and one-half percent for members retiring prior to October 1, 2005) of their average monthly earnings times years of service. Average monthly salary is the average of the highest completed 78 biweekly pay periods (times 1.0048). Employees with

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**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

twenty years of continuous service who have not yet reached age fifty-five may retire and receive immediate reduced benefits.

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.

Funding Requirements and Funding Status of Plan

Member Contributions:

Prior to October 4, 2006, all members are required to contribute to the Plan 7% of their annual salary ("picked-up" by the City) and each member's actual contributions are individually accumulated. Based on an ordinance passed in April 2006 this rate increases to 8.5% effective October 4, 2006 and 10% effective October 4, 2007. If a member terminates their employment before they become eligible to receive benefits, the accumulated contributions will be returned to the members plus interest at 3% per year.

City Contributions:

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

County Contributions:

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

Investments

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

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(C) Other Pension Information

1. Contribution Rates and Actual Contributions

The following schedule summarizes the required contribution rates and actual contributions for the City and its plan members for the fiscal year ended September 30, 2008:

	<u>Police and Firefighters'</u>	<u>General Employees</u>
Contributions:		
Contribution rates:		
City:		
General Employees	-	12.47%
Police	43.55%	-
Fire	28.52%	-
Plan members:		
General Employees	-	10.00%
Police	8.60%	-
Fire	11.60%	-
Annual pension costs	\$ 6,592,613	\$ 3,405,302
Contributions made:		
Employer	\$ 6,541,199	\$ 3,416,488
Plan members	2,190,658	3,089,928
State	2,276,364 ⁽¹⁾	-

⁽¹⁾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 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, 2008 the Plan received \$2,276,364 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

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

contributions and public safety expenses for governmental activities in the government-wide financial statements.

The maximum allowable credit was \$1,531,217. 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, 2008 excess premium taxes amounted to \$745,147 (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		
	2006	2007	2008	2006	2007	2008
Annual Pension Cost	\$ 6,146,831	\$ 6,794,395	\$ 6,592,613	\$ 3,139,738	\$ 3,729,853	\$ 3,405,301
Percentage of annual pension cost contributed	99.1%	99.2%	99.2%	100.1%	109.0%	100.3%
Net Pension Asset (Obligation) at the end of the year	\$ (858,641)	\$ (806,404)	\$ (857,818)	\$ 126,940	\$ 461,327	\$ 472,514

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, 2008 is as follows:

	Police and Firefighters	General Employees
Annual required contribution ("ARC")	\$ 6,541,199	\$ 3,415,550
Interest on NPO/(NPA)	(68,544)	(36,906)
Adjustment to ARC	(119,958)	(26,658)
Annual pension cost	6,592,613	3,405,302
Actual contributions	6,541,199	3,416,488
NPA (NPO) at beginning of year	(806,404)	461,327
Increase in NPA (NPO)	(51,414)	11,186
NPA (NPO) at end of year	(857,818)	472,513

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

3. Actuarial Methods and Assumptions

Additional information as of the latest actuarial valuation follows:

	Police and Firefighters' Retirement System	General Employees' Retirement System
Valuation date	October 1, 2007	October 1, 2008
Actuarial cost method	Entry Age	Entry Age
Amortization method and remaining amortization period	Level percent closed 30 years	Level percent closed 30 years
Asset valuation method	4 year Smoothed Market	5 year Smoothed Market
Actuarial assumptions:		
Investment rate of return*	8.50% net of investment expenses	8.00% net of investment expenses
Projected salary increases*	6.00%	3.50% per year (the lesser of 3.5% per year and the average annual growth of total payroll for the prior ten years).
* Includes inflation at	3.50%	3.50%
Cost of living adjustments	2.00%, starting 5 years from retirement	2.00%

4. Funded Progress/Status of Pension Plans

The Schedule of Funding Progress immediately following the notes to the financial statements as required supplementary information presents multiyear 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 and Contribution Information

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, 2008, 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.

Contributions - The following is a detail of individual DCRS contribution requirements:

Plan Name	Employee Contribution	Employer Contribution
Executive	10%	10%
Dept. Head	5%	5%
Appointed Officials	0%	10%
City Attorney	5%	10%

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**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

The City does not incur an actuarial liability related to the sponsorship of the DCRS. For the fiscal year ended September 30, 2008, employer contributions totaled \$30,832 and employee contributions totaled \$22,895.

Financial information for the DCRS at and as of September 30, 2008 is shown below:

ASSETS	
Investments, at fair value:	
Mutual funds	\$ 1,245,140
Total assets	<u>1,245,140</u>
NET ASSETS	
Held in trust for pension benefits	<u><u>\$ 1,245,140</u></u>
 ADDITIONS	
Employer	\$ 30,832
Members	<u>22,895</u>
Total contributions	<u>53,727</u>
 DEDUCTIONS	
Participant benefit payments	358,832
Investment loss	<u>166,257</u>
Total deductions	<u>525,089</u>
Net decrease	(471,362)
 Net assets held in trust for pension benefits	
Beginning of the year	<u>1,716,502</u>
End of the year	<u><u>\$ 1,245,140</u></u>

(E) Risk Management

The City is exposed to various risks and losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and group health. The City is self-insured except for commercial insurance purchased for airport liability and group health insurance, and purchases of excess commercial insurance beyond the self-insured retention for general liability, auto liability, property damage and workers' compensation and has not incurred a reduction in insurance coverage. No workers' compensation settlements exceeded the City's self-insured retention in fiscal year 2008.

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, 2008 reflect management's loss estimate of \$13,365,000, which includes reported claims and claims incurred but not reported (IBNR).

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

Changes in the fund's estimated claims payable amount in fiscal years 2006, 2007 and 2008 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>
2007	\$	16,075,000	450,770	2,922,770	13,603,000
2008	\$	13,603,000	2,579,981	2,817,981	13,365,000

(F) Contingencies/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.

Subsequent to September 30, 2008 there have been significant negative economic developments surrounding the overall market liquidity, credit availability, and market collateral levels which have resulted in declines in the value of the investment securities held by the PFRS and the GERS, collectively the Plans. Consequently, the City's required contribution amount to the Plans, which are necessary to maintain the actuarial soundness and to provide the level of assets sufficient to meet participant benefits, could significantly increase in future periods. It is management's opinion that future contribution to the Plans will not have a material adverse effect on the City's financial position.

(G) New Accounting Pronouncements Not Yet Adopted

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* issued November 2006, is effective for the City beginning with its fiscal year ending September 30, 2009. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The City has begun the process of ensuring that such obligations will be properly captured and recorded.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued June 2007, is effective for the City beginning with its fiscal year ending September 30, 2010. This Statement establishes accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments.

CITY OF POMPANO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

The City's management has not yet determined the effect this Statement will have on the City's financial statements, but will ensure implementation within the required timeframe.

GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, issued November 2007, will be effective for the City beginning with its fiscal year ending September 30, 2009. This Statement establishes consistent standards for the reporting of land and other real estate held as investments. Endowments were previously required to report their land and other real estate held for investment purposes at historical cost. However, such investments are reported at fair value by similar entities, such as pension plans. The Statement requires endowments to report land and other real estate investments at fair value. The changes in the fair value are to be reported as investment income. The City's management does not anticipate that this statement will have an impact on its financial statements.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the City beginning with its fiscal year ending September 30, 2010. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. By entering into these arrangements, governments receive and make payments based on market prices without actually entering into the related financial or commodity transactions. A key provision in this Statement is that derivative instruments covered in its scope, with the exception of synthetic guaranteed investment contracts (SGICs) that are fully benefit-responsive, are reported at fair value. The City's management does not anticipate that this statement will have an impact on its financial statements as the City's investment policy prohibits investments in derivative instruments. However, should the statement apply to the City's separately managed pension plans, management of the City will ensure that the statement will be implemented by the pension plans within the required timeframe.

(H) Subsequent Events

- (1) Conduit Debt Issue - 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.
- (2) The Reserve U.S. Government Money Market Fund Distribution - As reported in Note (II) A, the City had \$134,269,264 on deposit with the Reserve's U.S. Government Money Market Fund at September 30, 2008, which was subject to a freeze on redemptions retroactive to September 17, 2008. This freeze was mandated by an order issued by the Securities and Exchange Commission (the SEC) in order to preserve the net asset value of the fund at \$1.00 per share following excessive redemptions prompted by a downgrade in certain securities

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
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held in other funds managed by the Reserve. In November 2008, the Reserve, after establishing an orderly distribution plan, as approved by the SEC, distributed \$49,920,837 to the City. On January 16, 2009, the Reserve distributed the remainder of funds on deposit to the City, including accrued interest. The City did not lose any principal funds related to this investment.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF POMPANO BEACH, FLORIDA
Required Supplementary Information - Unaudited
September 30, 2008

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, 2007	\$ 159,561	\$ 209,618	\$ 50,057	76.1%	\$ 19,203	260.7%
October 1, 2006	\$ 145,927	\$ 201,086	\$ 55,159	72.6%	\$ 18,682	295.3%
October 1, 2005	\$ 132,791	\$ 191,642	\$ 58,851	69.3%	\$ 18,639	315.7%

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, 2008	\$ 124,869	\$ 152,425	\$ 27,556	81.9%	\$ 27,478	100.28%
October 1, 2007	\$ 118,773	\$ 143,587	\$ 24,814	82.7%	\$ 26,692	92.96%
October 1, 2006	\$ 107,334	\$ 131,560	\$ 24,226	81.6%	\$ 24,963	97.05%

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, 2007	\$ -	\$ 6,290	\$ 6,290	0.0%	\$ 37,173	16.92%

Note: this is the first year that the City is required to report this information. This information is being reported prospectively.

CITY OF POMPANO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (UNAUDITED) - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 62,535,278	\$ 56,921,099	\$ 58,224,893	\$ 1,303,794
Fees and fines	1,384,100	1,509,100	1,249,857	(259,243)
Licenses and permits	8,593,200	14,839,450	14,754,212	(85,238)
Intergovernmental	10,078,464	10,572,527	11,709,701	1,137,174
Charges for services	20,279,636	20,419,636	20,758,666	339,030
Donations	55,000	55,000	74,132	19,132
Investment earnings	1,975,000	1,975,000	3,353,052	1,378,052
Other	182,500	182,500	431,335	248,835
Total revenues	<u>105,083,178</u>	<u>106,474,312</u>	<u>110,555,848</u>	<u>4,081,536</u>
EXPENDITURES				
Current:				
General government	7,878,625	7,867,829	7,192,848	674,981
Finance	1,918,809	2,245,880	2,075,414	170,466
Development services	6,513,077	7,473,664	7,289,834	183,830
Police	34,101,214	34,103,367	34,102,735	632
Fire department	15,446,170	15,750,644	15,734,496	16,148
Public works	13,326,382	13,398,066	12,801,314	596,752
Non departmental	5,543,961	6,072,954	5,564,113	508,841
Culture and recreation	8,712,435	9,205,428	8,436,873	768,555
Capital outlay	1,297,415	1,961,932	1,360,699	601,233
Total expenditures	<u>94,738,088</u>	<u>98,079,764</u>	<u>94,558,326</u>	<u>3,521,438</u>
Excess of revenues over expenditures	<u>10,345,090</u>	<u>8,394,548</u>	<u>15,997,522</u>	<u>7,602,974</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	2,000	2,000	127,347	125,347
Transfers in	1,981,557	2,036,555	2,108,904	72,349
Transfers out	(5,721,945)	(16,406,184)	(16,406,184)	-
Total other financing sources (uses)	<u>(3,738,388)</u>	<u>(14,367,629)</u>	<u>(14,169,933)</u>	<u>197,696</u>
Net change in fund balances	<u>\$ 6,606,702</u>	<u>\$ (5,973,081)</u>	<u>1,827,589</u>	<u>\$ 7,800,670</u>
FUND BALANCE - BEGINNING			<u>86,227,282</u>	
FUND BALANCE - ENDING			<u>\$ 88,054,871</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, 2008

	<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	\$ 7,477,599	\$ 7,477,599	\$ 7,552,461	\$ 74,862
Investment earnings	450,000	450,000	665,053	215,053
Other	-	-	47,321	47,321
Total revenues	<u>7,927,599</u>	<u>7,927,599</u>	<u>8,264,835</u>	<u>337,236</u>
EXPENDITURES				
Current:				
General government	5,282,182	5,524,633	1,168,277	4,356,356
Capital outlay	-	1,675,386	74,256	1,601,130
Debt service:				
Interest and other charges	1,200,000	1,200,000	882,580	317,420
Total expenditures	<u>6,482,182</u>	<u>8,400,019</u>	<u>2,125,113</u>	<u>6,274,906</u>
Excess of revenues over(under) expenditures	<u>1,445,417</u>	<u>(472,420)</u>	<u>6,139,722</u>	<u>6,612,142</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from line of credit	-	146,604	457,968	311,364
Transfers out	-	(72,349)	(72,349)	-
Total other financing sources (uses)	<u>-</u>	<u>74,255</u>	<u>385,619</u>	<u>311,364</u>
Net change in fund balances	<u>\$ 1,445,417</u>	<u>\$ (398,165)</u>	<u>6,525,341</u>	<u>\$ 6,923,506</u>
FUND BALANCE - BEGINNING			<u>43,332,970</u>	
FUND BALANCE - ENDING			<u>\$ 49,858,311</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 FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 5,448,468	\$ 5,448,468	\$ 5,454,350	\$ 5,882
Intergovernmental		92,037	69,727	(22,310)
Charges for services	3,402,500	3,402,500	2,692,389	(710,111)
Donations	-	-	727	727
Investment earnings	48,000	48,000	107,668	59,668
Total revenues	<u>8,898,968</u>	<u>8,991,005</u>	<u>8,324,861</u>	<u>(666,144)</u>
EXPENDITURES				
Current:				
Public safety	12,326,119	12,348,675	12,216,559	132,116
Capital outlay	294,794	759,807	747,096	12,711
Total expenditures	<u>12,620,913</u>	<u>13,108,482</u>	<u>12,963,655</u>	<u>144,827</u>
Excess of revenues over (under) expenditures	<u>(3,721,945)</u>	<u>(4,117,477)</u>	<u>(4,638,794)</u>	<u>(521,317)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>3,721,945</u>	<u>3,721,945</u>	<u>3,721,945</u>	<u>-</u>
Total other financing sources (uses)	<u>3,721,945</u>	<u>3,721,945</u>	<u>3,721,945</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (395,532)</u>	<u>(916,849)</u>	<u>\$ (521,317)</u>
FUND BALANCE - BEGINNING			<u>2,090,595</u>	
FUND BALANCE - ENDING			<u>\$ 1,173,746</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, 2008

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 \$9,921,744 including \$9,115,708 for future Community Improvement projects, 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. The City also did not budget for the expenditures related to contributions due to the Police and Firefighters' Pension Plan at September 30, 2008 from the Broward Sheriff's Office.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)**

SEPTEMBER 30, 2008

Adjustments necessary to convert the general fund and the major special revenue fund results of operations and change in fund balances at September 30, 2008 from the accounting principles generally accepted in the United States of America basis of accounting to the budget basis are as follows:

	Revenues/ Other Financing Sources	Expenditures/ Other Financing Uses	Change in Fund Balances
<u>General Fund</u>			
GAAP Basis	\$ 115,068,462	\$ (112,150,691)	\$ 2,917,771
State contribution for Fire and Police Pension Funds	(2,276,364)	2,276,364	-
Encumbrances	-	(1,090,182)	(1,090,182)
Budgetary Basis	<u>\$ 112,792,098</u>	<u>\$ (110,964,509)</u>	<u>\$ 1,827,589</u>
<u>Northwest Community Redevelopment District</u>			
GAAP Basis	\$ 8,722,803	\$ (2,117,539)	\$ 6,605,264
Encumbrances	-	(79,923)	(79,923)
Budgetary Basis	<u>\$ 8,722,803</u>	<u>\$ (2,197,462)</u>	<u>\$ 6,525,341</u>
<u>EMS</u>			
GAAP Basis	\$ 12,046,806	\$ (12,680,829)	\$ (634,023)
Encumbrances	-	(282,826)	(282,826)
Budgetary Basis	<u>\$ 12,046,806</u>	<u>\$ (12,963,655)</u>	<u>\$ (916,849)</u>

Excess of Expenditures Over Appropriations

For the year ended September 30, 2008, expenditures did not exceed appropriations in any governmental fund departments (the legal level of budgetary control).

**COMBINING AND INDIVIDUAL FUND
STATEMENTS**



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NONMAJOR GOVERNMENTAL FUNDS

SHIP Fund - accounts for the activities of the State Housing Initiative Partnership Grant Program.

Cultural Arts Foundation Fund - accounts for gifts and contributions to provide for the promotion of diverse cultural arts in the City.

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

Cemetery Perpetual Care Fund - accounts for the proceeds from the sale of certain cemetery plots and certain service charges.

1993 G.O. Bonds Fund - accounts for the repayment of principal and interest on the City's general obligation bonds.

CITY OF POMPANO BEACH, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2008

	Special Revenue Funds		
	SHIP	Cultural Arts Foundation	East Community Redevelopment District
ASSETS			
Cash and cash equivalents	\$ -	\$ 20,594	\$ 3,972,193
Restricted cash and cash equivalents	624,763	-	-
Restricted investments	-	-	-
Investments	-	-	334,631
Interest receivable	-	-	2,152
Due from other governments	-	-	-
Prepays	-	-	278
Total assets	<u>\$ 624,763</u>	<u>\$ 20,594</u>	<u>\$ 4,309,254</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	21,999	-	37,298
Accrued expenditures	2,921	-	4,281
Unearned revenue	599,843	-	-
Total liabilities	<u>624,763</u>	<u>-</u>	<u>41,579</u>
Fund balances:			
Reserved for:			
Encumbrances	-	-	184,966
Prepays	-	-	278
Debt service	-	-	-
Unreserved	-	20,594	4,082,431
Total fund balances	<u>-</u>	<u>20,594</u>	<u>4,267,675</u>
Total liabilities and fund balances	<u>\$ 624,763</u>	<u>\$ 20,594</u>	<u>\$ 4,309,254</u>

Special Revenue Funds

<u>Cemetery</u>	<u>1993 G.O. Bonds</u>	<u>Total Non-major Governmental Funds</u>
\$ 741,611	\$ -	\$ 4,734,398
-	758,868	1,383,631
-	375,831	375,831
-	-	334,631
-	2,226	4,378
-	3,525	3,525
-	-	278
<u>\$ 741,611</u>	<u>\$ 1,140,450</u>	<u>\$ 6,836,672</u>
-	-	59,297
-	-	7,202
-	-	599,843
-	-	666,342
-	-	184,966
-	-	278
-	1,140,450	1,140,450
741,611	-	4,844,636
<u>741,611</u>	<u>1,140,450</u>	<u>6,170,330</u>
<u>\$ 741,611</u>	<u>\$ 1,140,450</u>	<u>\$ 6,836,672</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, 2008

	Special Revenue Funds		
	SHIP	Cultural Arts Foundation	East Community Redevelopment District
REVENUES			
Taxes	\$ -	\$ -	\$ 1,589,691
Intergovernmental	1,072,414	-	-
Charges for services	-	-	-
Donations	-	1,397	-
Interest earnings	17,284	10	111,707
Cemetery lot sales	-	-	-
Recaptured Funds	96,025	-	-
Total revenues	1,185,723	1,407	1,701,398
EXPENDITURES			
Current:			
General government	-	-	424,892
Physical environment	1,185,723	-	-
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	222,586
Total expenditures	1,185,723	-	647,478
Excess (deficiency) of revenues over (under) expenditures	-	1,407	1,053,920
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances (deficit)	-	1,407	1,053,920
Fund balances—beginning	-	19,187	3,213,755
Fund balances—ending	\$ -	\$ 20,594	\$ 4,267,675

Special Revenue Funds

<u>Cemetery</u>	<u>1993 G.O. Bonds</u>	<u>Total Non-major Governmental Funds</u>
\$ -	\$ 1,025,550	\$ 2,615,241
-	-	1,072,414
2,750	-	2,750
-	-	1,397
-	54,721	183,722
125	-	125
-	-	96,025
<u>2,875</u>	<u>1,080,271</u>	<u>3,971,674</u>
-	-	424,892
-	-	1,185,723
-	970,000	970,000
-	105,250	105,250
-	-	222,586
<u>-</u>	<u>1,075,250</u>	<u>2,908,451</u>
<u>2,875</u>	<u>5,021</u>	<u>1,063,223</u>
<u>(35,960)</u>	<u>-</u>	<u>(35,960)</u>
<u>(35,960)</u>	<u>-</u>	<u>(35,960)</u>
<u>(33,085)</u>	<u>5,021</u>	<u>1,027,263</u>
<u>774,696</u>	<u>1,135,429</u>	<u>5,143,067</u>
<u>\$ 741,611</u>	<u>\$ 1,140,450</u>	<u>\$ 6,170,330</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
State grants	\$ -	\$ 908,792	\$ 1,072,414	\$ 163,622
Investment earnings	-	-	17,284	17,284
Recaptured funds	-	-	96,025	96,025
Total revenues	-	908,792	1,185,723	276,931
EXPENDITURES				
Current:				
Physical environment	-	1,793,138	1,185,723	607,415
Total expenditures	-	1,793,138	1,185,723	607,415
Excess of revenues over (under) expenditures	\$ -	\$ (884,346)	-	\$ 884,346
FUND BALANCE - BEGINNING			-	
FUND BALANCE -ENDING			\$ -	

CITY OF POMPANO BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
EAST COMMUNITY REDEVELOPMENT DISTRICT FUND - NONMAJOR
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	<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	\$ 1,601,148	\$ 1,601,148	\$ 1,589,691	\$ (11,457)
Investment earnings	62,131	62,131	111,707	49,576
Total revenues	<u>1,663,279</u>	<u>1,663,279</u>	<u>1,701,398</u>	<u>38,119</u>
EXPENDITURES				
Current:				
General government	471,059	471,059	425,662	45,397
Capital outlay	-	808,368	406,782	401,586
Total expenditures	<u>471,059</u>	<u>1,279,427</u>	<u>832,444</u>	<u>446,983</u>
Excess of revenues over (under) expenditures	<u>\$ 1,192,220</u>	<u>\$ 383,852</u>	868,954	<u>\$ 485,102</u>
FUND BALANCE - BEGINNING			3,213,755	
FUND BALANCE - ENDING			<u>\$ 4,082,709</u>	

The above schedule reflects certain adjustments to actual expenditures to present data on a basis comparable to the adopted budget.

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, 2008

	<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	\$ 1,000	\$ 1,000	\$ 2,750	\$ 1,750
Cemetery lots	4,000	4,000	125	(3,875)
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>2,875</u>	<u>(2,125)</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>5,000</u>	<u>5,000</u>	<u>2,875</u>	<u>(2,125)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(35,960)	(35,960)	-
Total other financing sources (uses)	<u>-</u>	<u>(35,960)</u>	<u>(35,960)</u>	<u>-</u>
Net change om fund balance	<u>\$ 5,000</u>	<u>\$ (30,960)</u>	<u>(33,085)</u>	<u>\$ (2,125)</u>
FUND BALANCE -BEGINNING			774,696	
FUND BALANCE - ENDING			<u>\$ 741,611</u>	

CITY OF POMPANO BEACH, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

1993 G.O. BONDS FUND - NONMAJOR

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,021,075	\$ 1,021,075	\$ 1,025,550	\$ 4,475
Investment earnings	55,750	55,750	54,721	(1,029)
Total revenues	<u>1,076,825</u>	<u>1,076,825</u>	<u>1,080,271</u>	<u>3,446</u>
EXPENDITURES				
Debt service:				
Principal	970,000	970,000	970,000	-
Interest and other charges	106,825	106,825	105,250	1,575
Total expenditures	<u>1,076,825</u>	<u>1,076,825</u>	<u>1,075,250</u>	<u>1,575</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	5,021	\$ 5,021
FUND BALANCE - BEGINNING			<u>1,135,429</u>	
FUND BALANCE - ENDING			<u>\$ 1,140,450</u>	



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NONMAJOR ENTERPRISE FUNDS

Pier Fund - accounts for the operation and maintenance of the City's pier.

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 ASSETS
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2008

	<u>Pier</u>	<u>Golf</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,813,045	\$ 461,144
Interest receivable	5,366	415
Accounts receivables, net	-	-
Due from other governments	-	-
Advances to other funds	-	-
Inventories	-	-
Total current assets	<u>1,818,411</u>	<u>461,559</u>
Noncurrent assets:		
Investments	900,392	65,900
Advances to other funds	-	-
Capital assets:		
Construction in progress	612,402	-
Buildings	-	2,723,603
Infrastructure	1,820,516	5,025,450
Improvements	-	3,285
Machinery and equipment	2,700	825,442
Less accumulated depreciation	<u>(1,015,770)</u>	<u>(4,832,431)</u>
Total capital assets (net of accumulated depreciation)	<u>1,419,848</u>	<u>3,745,349</u>
Total noncurrent assets	<u>2,320,240</u>	<u>3,811,249</u>
Total assets	<u>4,138,651</u>	<u>4,272,808</u>
LIABILITIES		
Current liabilities:		
Accounts payable	56,699	5,326
Accrued expenses	-	25,674
Unearned revenue	-	-
Compensated absences	-	-
Total current liabilities	<u>56,699</u>	<u>31,000</u>
Noncurrent liabilities:		
Compensated absences	-	47,451
Net OPEB Obligation	-	53,656
Unearned revenue	-	-
Total noncurrent liabilities	<u>-</u>	<u>101,107</u>
Total liabilities	<u>56,699</u>	<u>132,107</u>
NET ASSETS		
Invested in capital assets, net of related debt	1,419,848	3,745,349
Unrestricted	2,662,104	395,352
Total net assets	<u>\$ 4,081,952</u>	<u>\$ 4,140,701</u>

Sanitation		Stormwater		Total	
\$	467,010	\$	3,311,573	\$	6,052,772
	818		9,680		16,279
	432,948		222,025		654,973
	98,631		172,019		270,650
	416,667		-		416,667
	-		11,545		11,545
	<u>1,416,074</u>		<u>3,726,842</u>		<u>7,422,886</u>
	225,785		1,641,260		2,833,337
	3,333,333		-		3,333,333
	-		2,881,933		3,494,335
	-		-		2,723,603
	-		5,374,574		12,220,540
	-		4,405,253		4,408,538
	206,655		1,337,026		2,371,823
	(74,087)		(2,414,854)		(8,337,142)
	<u>132,568</u>		<u>11,583,932</u>		<u>16,881,697</u>
	<u>3,691,686</u>		<u>13,225,192</u>		<u>23,048,367</u>
	<u>5,107,760</u>		<u>16,952,034</u>		<u>30,471,253</u>
	334,938		229,946		626,909
	5,586		20,642		51,902
	416,667		-		416,667
	-		-		-
	<u>757,191</u>		<u>250,588</u>		<u>1,095,478</u>
	4,593		50,032		102,076
	3,207		24,034		80,897
	2,083,333		-		2,083,333
	<u>2,091,133</u>		<u>74,066</u>		<u>2,266,306</u>
	<u>2,848,324</u>		<u>324,654</u>		<u>3,361,784</u>
	132,568		11,583,932		16,881,697
	2,126,868		5,043,448		10,227,772
\$	<u>2,259,436</u>	\$	<u>16,627,380</u>	\$	<u>27,109,469</u>

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,2008

	<u>Pier</u>	<u>Golf</u>
OPERATING REVENUES		
Charges for services	\$ -	\$ 3,034,441
Contract extension fee	-	-
Total operating revenues	<u>-</u>	<u>3,034,441</u>
OPERATING EXPENSES		
Personal services	-	529,227
Other current expenses	71,707	2,555,121
Depreciation	56,438	305,317
Total operating expenses	<u>128,145</u>	<u>3,389,665</u>
Operating income (loss)	<u>(128,145)</u>	<u>(355,224)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest and investment revenue	101,186	12,370
Total nonoperating revenue (expenses)	<u>101,186</u>	<u>12,370</u>
Income (loss) before contributions and transfers	(26,959)	(342,854)
Capital grants and contributions	-	194,025
Transfers in	-	330,000
Transfers out	-	(264,194)
Change in net assets	<u>(26,959)</u>	<u>(83,023)</u>
Total net assets—beginning	4,108,911	4,223,724
Total net assets—ending	<u>\$ 4,081,952</u>	<u>\$ 4,140,701</u>

<u>Sanitation</u>		<u>Stormwater</u>		<u>Total</u>	
\$	4,618,938	\$	2,456,094	\$	10,109,473
	416,667		-		416,667
	<u>5,035,605</u>		<u>2,456,094</u>		<u>10,526,140</u>
	111,519		424,228		1,064,974
	3,167,021		550,002		6,343,851
	24,741		679,103		1,065,599
	<u>3,303,281</u>		<u>1,653,333</u>		<u>8,474,424</u>
	<u>1,732,324</u>		<u>802,761</u>		<u>2,051,716</u>
	19,881		160,973		294,410
	<u>19,881</u>		<u>160,973</u>		<u>294,410</u>
	1,752,205		963,734		2,346,126
	-		126,732		320,757
	-		-		330,000
	<u>(1,863,080)</u>		<u>(118,477)</u>		<u>(2,245,751)</u>
	<u>(110,875)</u>		<u>971,989</u>		<u>751,132</u>
	<u>2,370,311</u>		<u>15,655,391</u>		<u>26,358,337</u>
\$	<u>2,259,436</u>	\$	<u>16,627,380</u>	\$	<u>27,109,469</u>

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Pier</u>	<u>Golf</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ -	\$ 3,034,441
Payments to suppliers	(25,069)	(2,510,437)
Payments to employees	-	(524,052)
Net cash provided (used) by operating activities	<u>(25,069)</u>	<u>(48)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Advances to other funds	-	-
Transfers to other funds	-	(264,194)
Transfers from other funds	-	330,000
Net cash provided (used) by non capital financing activities	<u>-</u>	<u>65,806</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(581,046)	-
Capital grants and contributions	-	194,025
Net cash provided (used) by capital and related financing activities	<u>(581,046)</u>	<u>194,025</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Calls/maturities of investments	1,495,856	105,342
Purchase of investments	(2,396,248)	(171,242)
Interest income	109,089	13,048
Net cash provided by investing activities	<u>(791,303)</u>	<u>(52,852)</u>
Net increase (decrease) in cash and cash equivalents	(1,397,418)	206,931
Cash and cash equivalents at beginning of the year	3,210,463	254,213
Cash and cash equivalents at end of the year	<u>\$ 1,813,045</u>	<u>\$ 461,144</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (128,145)	\$ (355,224)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	56,438	305,317
Change in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivables	-	-
Inventories	-	-
Other assets and prepaids	-	275
Increase (decrease) in liabilities:		
Accounts and other payables	46,638	(9,247)
Accrued expenses	-	2,544
Unearned revenue	-	-
Other post employment benefits (OPEB)	-	53,656
Compensated absences	-	2,631
Net cash provided (used) by operating activities	<u>\$ (25,069)</u>	<u>\$ (48)</u>

<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
\$ 4,613,337	\$ 2,467,861	\$ 10,115,639
(3,164,127)	(435,069)	(6,134,702)
(108,051)	(417,697)	(1,049,800)
<u>1,341,159</u>	<u>1,615,095</u>	<u>2,931,137</u>
416,667	-	416,667
(1,863,080)	(118,477)	(2,245,751)
-	-	330,000
<u>(1,446,413)</u>	<u>(118,477)</u>	<u>(1,499,084)</u>
(100,874)	(1,244,618)	(1,926,538)
-	-	194,025
<u>(100,874)</u>	<u>(1,244,618)</u>	<u>(1,732,513)</u>
368,697	2,717,824	4,687,719
(594,482)	(4,359,084)	(7,521,056)
19,827	169,473	311,437
<u>(205,958)</u>	<u>(1,471,787)</u>	<u>(2,521,900)</u>
(412,086)	(1,219,787)	(2,822,360)
879,096	4,531,360	8,875,132
<u>\$ 467,010</u>	<u>\$ 3,311,573</u>	<u>\$ 6,052,772</u>
\$ 1,732,324	\$ 802,761	\$ 2,051,716
24,741	679,103	1,065,599
(5,601)	11,767	6,166
-	(11,545)	(11,545)
-	-	275
(313)	102,444	139,522
802	2,385	5,731
(416,667)	-	(416,667)
3,207	24,034	80,897
2,666	4,146	9,443
<u>\$ 1,341,159</u>	<u>\$ 1,615,095</u>	<u>\$ 2,931,137</u>



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INTERNAL SERVICE FUNDS

Central Stores Fund - accounts for the costs of providing a central inventory to other City 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 ASSETS
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2008

	Central Stores	Information Technology	Central Services
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 50,244	\$ 1,055,074	\$ 547,662
Interest Receivable	-	3,102	1,556
Due from other governments	-	-	-
Inventories	728,470	-	49,450
Total current assets	<u>778,714</u>	<u>1,058,176</u>	<u>598,668</u>
Noncurrent assets:			
Investments	-	523,972	262,812
Capital assets:			
Buildings	247,163	-	7,373
Improvements	-	-	-
Machinery and equipment	45,466	5,427,788	19,150
Less accumulated depreciation	(204,253)	(5,029,020)	(14,481)
Total capital assets (net of accumulated depreciation)	<u>88,376</u>	<u>398,768</u>	<u>12,042</u>
Total noncurrent assets	<u>88,376</u>	<u>922,740</u>	<u>274,854</u>
Total assets	<u>867,090</u>	<u>1,980,916</u>	<u>873,522</u>
LIABILITIES			
Current liabilities:			
Accounts payable	48,416	20,557	5,344
Accrued expenses	8,429	42,710	16,785
Due to other funds	450,000	-	-
Compensated absences	-	296	-
Claims and judgments	-	-	-
Total current liabilities	<u>506,845</u>	<u>63,563</u>	<u>22,129</u>
Noncurrent liabilities:			
Compensated absences	22,587	67,885	32,711
Net OPEB Obligation	9,125	30,304	19,189
Claims and judgments	-	-	-
Total noncurrent liabilities	<u>31,712</u>	<u>98,189</u>	<u>51,900</u>
Total liabilities	<u>538,557</u>	<u>161,752</u>	<u>74,029</u>
NET ASSETS			
Invested in capital assets, net of related debt	88,376	398,768	12,042
Unrestricted	240,157	1,420,396	787,451
Total net assets	<u>\$ 328,533</u>	<u>\$ 1,819,164</u>	<u>\$ 799,493</u>

Risk Management Health	Risk Management General	Vehicle Services	Total
\$ 842,417	\$ 12,412,745	\$ 378,284	\$ 15,286,426
2,418	36,377	655	44,108
-	-	8,859	8,859
-	-	122,828	900,748
<u>844,835</u>	<u>12,449,122</u>	<u>510,626</u>	<u>16,240,141</u>
418,658	6,151,667	110,926	7,468,035
-	-	-	254,536
-	-	423,838	423,838
-	4,441	511,842	6,008,687
-	(4,441)	(716,344)	(5,968,539)
-	-	219,336	718,522
<u>418,658</u>	<u>6,151,667</u>	<u>330,262</u>	<u>8,186,557</u>
<u>1,263,493</u>	<u>18,600,789</u>	<u>840,888</u>	<u>24,426,698</u>
-	102,625	63,953	240,895
-	15,718	33,293	116,935
-	-	-	450,000
-	-	2,907	3,203
-	2,817,981	-	2,817,981
-	<u>2,936,324</u>	<u>100,153</u>	<u>3,629,014</u>
-	33,210	93,030	249,423
-	28,218	20,377	107,213
-	10,547,019	-	10,547,019
-	10,608,447	113,407	10,903,655
-	13,544,771	213,560	14,532,669
-	-	219,336	718,522
1,263,493	5,056,018	407,992	9,175,507
<u>\$ 1,263,493</u>	<u>\$ 5,056,018</u>	<u>\$ 627,328</u>	<u>\$ 9,894,029</u>

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Central Stores</u>	<u>Information Technology</u>	<u>Central Services</u>
OPERATING REVENUES			
Charges for services—internal	\$ 224,762	\$ 1,836,757	\$ 1,079,232
Charges for services—other	-	-	3,442
Miscellaneous	-	-	-
Total operating revenues	<u>224,762</u>	<u>1,836,757</u>	<u>1,082,674</u>
OPERATING EXPENSES			
Personal services	145,041	919,158	351,046
Other current expenses	62,615	900,398	541,541
Depreciation	11,365	267,789	1,680
Total operating expenses	<u>219,021</u>	<u>2,087,345</u>	<u>894,267</u>
Operating income (loss)	<u>5,741</u>	<u>(250,588)</u>	<u>188,407</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income (loss)	(11,057)	52,627	23,790
Miscellaneous revenue	660	-	4,497
Miscellaneous expense	-	(2,330)	-
Total nonoperating revenues (expenses)	<u>(10,397)</u>	<u>50,297</u>	<u>28,287</u>
Income (loss) before operating transfers	(4,656)	(200,291)	216,694
Transfers in	-	-	-
Transfers out	(7,256)	-	-
Change in net assets	<u>(11,912)</u>	<u>(200,291)</u>	<u>216,694</u>
Net assets—beginning	340,445	2,019,455	582,799
Net assets (deficit)—ending	<u>\$ 328,533</u>	<u>\$ 1,819,164</u>	<u>\$ 799,493</u>

<u>Risk Management Health</u>	<u>Risk Management General</u>	<u>Vehicle Services</u>	<u>Total</u>
\$ 5,644,128	\$ 5,647,726	\$ 2,955,008	\$ 17,387,613
2,308,871	-	-	2,312,313
3,035	772	33,133	36,940
<u>7,956,034</u>	<u>5,648,498</u>	<u>2,988,141</u>	<u>19,736,866</u>
-	322,188	663,963	2,401,396
8,084,952	4,859,178	2,096,912	16,545,596
-	-	57,743	338,577
<u>8,084,952</u>	<u>5,181,366</u>	<u>2,818,618</u>	<u>19,285,569</u>
<u>(128,918)</u>	<u>467,132</u>	<u>169,523</u>	<u>451,297</u>
35,438	563,857	7,257	671,912
-	-	53	5,210
-	-	-	(2,330)
<u>35,438</u>	<u>563,857</u>	<u>7,310</u>	<u>674,792</u>
(93,480)	1,030,989	176,833	1,126,089
-	-	155,000	155,000
-	-	(33,212)	(40,468)
<u>(93,480)</u>	<u>1,030,989</u>	<u>298,621</u>	<u>1,240,621</u>
1,356,973	4,025,029	328,707	8,653,408
<u>\$ 1,263,493</u>	<u>\$ 5,056,018</u>	<u>\$ 627,328</u>	<u>\$ 9,894,029</u>

CITY OF POMPANO BEACH, FLORIDA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Central Stores	Information Technology Systems	Central Services
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from other funds	\$ 224,762	\$ 1,836,757	\$ 1,079,232
Receipts from customers	-	-	3,442
Receipts from subrogation	-	-	-
Payments to suppliers	(198,443)	(883,985)	(522,716)
Payments to employees	(59,392)	(897,839)	(389,516)
Claims paid	-	-	-
Net cash provided (used) by operating activities	<u>(33,073)</u>	<u>54,933</u>	<u>170,442</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances from (to) other funds	50,000	-	-
Transfers to other funds	(7,256)	-	-
Transfers from other funds	-	-	-
Net cash provided (used) by noncapital financing activities	<u>42,744</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of surplus materials/capital assets	2,722	-	4,497
Acquisition of capital assets	-	(110,072)	(13,587)
Net cash provided (used) by capital and related financing activities	<u>2,722</u>	<u>(110,072)</u>	<u>(9,090)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Calls/maturities of investments	-	863,804	431,902
Purchase of investments	-	(1,387,776)	(694,714)
Interest income (loss)	(11,057)	56,129	24,790
Net cash provided (used) by investing activities	<u>(11,057)</u>	<u>(467,843)</u>	<u>(238,022)</u>
Net increase (decrease) in cash and cash equivalents	1,336	(522,982)	(76,670)
Cash and cash equivalents at beginning of the year	48,908	1,578,056	624,332
Cash and cash equivalents at end of the year	<u>\$ 50,244</u>	<u>\$ 1,055,074</u>	<u>\$ 547,662</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 5,741	\$ (250,588)	\$ 188,407
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Cash flows reported in other categories:			
Depreciation expense	11,365	267,789	1,680
Change in assets and liabilities:			
Due from other government	-	-	-
Inventories	(62,467)	-	(3,397)
Estimated claims payable	-	-	-
Accounts and other payables	(60)	(13,891)	3,033
Accrued expenses	1,521	3,735	(32,690)
Other post employment benefits (OPEB)	9,125	30,304	19,189
Compensated absences	1,702	17,584	(5,780)
Net cash provided (used) by operating activities	<u>\$ (33,073)</u>	<u>\$ 54,933</u>	<u>\$ 170,442</u>

Risk Management Health	Risk Management General	Vehicle Services	Total
\$ 7,952,999	\$ 5,647,726	\$ 2,955,481	\$ 19,696,957
-	-	33,133	36,575
3,035	772	-	3,807
(8,089,757)	(1,965,709)	(2,065,463)	(13,726,073)
-	(315,305)	(676,164)	(2,338,216)
-	(3,055,981)	-	(3,055,981)
<u>(133,723)</u>	<u>311,503</u>	<u>246,987</u>	<u>617,069</u>
-	-	-	50,000
-	-	(33,212)	(40,468)
-	-	155,000	155,000
-	-	121,788	164,532
-	-	53	7,272
-	-	(44,640)	(168,299)
-	-	(44,587)	(161,027)
695,257	10,186,571	179,081	12,356,615
(1,113,915)	(16,338,238)	(290,007)	(19,824,650)
37,731	599,838	7,044	714,475
<u>(380,927)</u>	<u>(5,551,829)</u>	<u>(103,882)</u>	<u>(6,753,560)</u>
(514,650)	(5,240,326)	220,306	(6,132,986)
1,357,067	17,653,071	157,978	21,419,412
<u>\$ 842,417</u>	<u>\$ 12,412,745</u>	<u>\$ 378,284</u>	<u>\$ 15,286,426</u>
\$ (128,918)	\$ 467,132	\$ 169,523	\$ 451,297
-	-	57,743	338,577
-	-	473	473
-	-	8,603	(57,261)
-	(238,000)	-	(238,000)
(4,805)	47,270	2,469	34,016
-	1,088	6,009	(20,337)
-	28,218	20,377	107,213
-	5,795	(18,210)	1,091
<u>\$ (133,723)</u>	<u>\$ 311,503</u>	<u>\$ 246,987</u>	<u>\$ 617,069</u>



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FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit 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 contract 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 contract 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 an agent for the City in administering the Plan.

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

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
SEPTEMBER 30, 2008

	General Employees' Retirement System	Police and Firefighters' Retirement System	Defined Contribution Retirement System	Total
ASSETS				
Cash and cash equivalents	\$ 3,066,173	\$ 5,497,359	\$ -	\$ 8,563,532
Due from brokers	-	2,329,676	-	2,329,676
Receivables:				
Accrued interest and dividends	274,516	389,009	-	663,525
Securities sold	1,882,567	-	-	1,882,567
Total receivables	<u>2,157,083</u>	<u>389,009</u>	<u>-</u>	<u>2,546,092</u>
Investments:				
U.S. Government obligations	8,471,534	3,968,847	-	12,440,381
Mortgage backed securities	-	35,771,089	-	35,771,089
Corporate obligations	12,806,517	11,139,285	-	23,945,802
Equity securities	41,502,302	100,361,570	-	141,863,872
Mutual funds and collective trusts	-	12,335,897	1,245,140	13,581,037
Domestic equity funds	15,648,876	-	-	15,648,876
International equity funds	12,493,382	-	-	12,493,382
Real estate funds	12,841,578	4,804,743	-	17,646,321
Money market funds	-	8,691,765	-	8,691,765
Total investments	<u>103,764,189</u>	<u>177,073,196</u>	<u>1,245,140</u>	<u>282,082,525</u>
Other assets	24,951	87,336	-	112,287
Total assets	<u>109,012,396</u>	<u>185,376,576</u>	<u>1,245,140</u>	<u>295,634,112</u>
LIABILITIES				
Accounts payable and accrued expenses	159,702	282,448	-	442,150
Deferred retirement option plan payable	1,458,826	-	-	1,458,826
Due to brokers	2,665,482	20,091,865	-	22,757,347
Total liabilities	<u>4,284,010</u>	<u>20,374,313</u>	<u>-</u>	<u>24,658,323</u>
NET ASSETS				
Held in trust for pension benefits	<u>\$ 104,728,386</u>	<u>\$ 165,002,263</u>	<u>\$ 1,245,140</u>	<u>\$ 270,975,789</u>

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	General Employees' Retirement System	Police and Firefighters' Retirement System	Defined Contribution Retirement System	Total
ADDITIONS				
Contributions:				
Employer	\$ 3,085,890	\$ 3,354,492	\$ 30,832	\$ 6,471,214
Broward County Sheriff's Office	291,920	3,186,707	-	3,478,627
Broward County - Library	38,678	-	-	38,678
Members	3,089,928	2,190,658	22,895	5,303,481
State	-	2,276,364	-	2,276,364
Total contributions	<u>6,506,416</u>	<u>11,008,221</u>	<u>53,727</u>	<u>17,568,364</u>
Investment income (loss):				
Net appreciation (depreciation) in fair value of investments	(23,261,154)	(30,847,778)	-	(54,108,932)
Interest and dividends	4,060,689	4,155,351	(166,257)	8,049,783
Commission recapture	3,958	-	-	3,958
Other	118,084	17,106	-	135,190
Total investment income (loss)	<u>(19,078,423)</u>	<u>(26,675,321)</u>	<u>(166,257)</u>	<u>(45,920,001)</u>
Less: investment expenses				
Deferred retirement option plan participants' earnings	164,439	-	-	164,439
Net investment income (loss)	<u>(19,952,286)</u>	<u>(27,595,054)</u>	<u>(166,257)</u>	<u>(47,713,597)</u>
Total	<u>(13,445,870)</u>	<u>(16,586,833)</u>	<u>(112,530)</u>	<u>(30,145,233)</u>
DEDUCTIONS				
Participant benefit payments	6,014,018	10,860,065	358,832	17,232,915
Refunds of participant contributions	187,717	144,209	-	331,926
Administrative expenses	531,899	517,794	-	1,049,693
Total	<u>6,733,634</u>	<u>11,522,068</u>	<u>358,832</u>	<u>18,614,534</u>
Net increase (decrease)	<u>(20,179,504)</u>	<u>(28,108,901)</u>	<u>(471,362)</u>	<u>(48,759,767)</u>
Net assets held in trust for pension benefits				
Beginning of the year	124,907,890	193,111,164	1,716,502	319,735,556
End of the year	<u>\$ 104,728,386</u>	<u>\$ 165,002,263</u>	<u>\$ 1,245,140</u>	<u>\$ 270,975,789</u>

CITY OF POMPANO BEACH, FLORIDA
GENERAL AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	BALANCE OCTOBER 1, 2007	ADDITIONS	DELETIONS	BALANCE SEPTEMBER 30, 2008
Assets:				
Cash and cash equivalents	\$ 670,547	\$ 22,962,982	\$ 23,129,476	\$ 504,053
Accounts receivable	242	179,170	179,368	44
Total assets	<u>670,789</u>	<u>23,142,152</u>	<u>23,308,844</u>	<u>504,097</u>
Liabilities:				
Deposits, sales tax & payroll payable	670,789	33,411,526	33,578,218	504,097
Total liabilities	<u>\$ 670,789</u>	<u>\$ 33,411,526</u>	<u>\$ 33,578,218</u>	<u>\$ 504,097</u>

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.

<u>Schedules</u>	<u>Page</u>
<u>Financial Trends</u> <i>These schedules provide financial trend information, which shows how the City's financial performance has changed over time.</i>	112-115
<u>Revenue Capacity</u> <i>These schedules provide additional information about Property Tax, the City's most significant local revenue source.</i>	116-122
<u>Debt Capacity</u> <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>	123-127
<u>Demographic and Economic Information</u> <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>	128-129
<u>Operating Information</u> <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>	130-135

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 ASSETS BY COMPONENT,
LAST FIVE FISCAL YEARS
(accrual basis of accounting)

Schedule 1

	2004	2005	2006	2007	2008
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	8,186,929	14,156,093	21,539,779	28,367,532	31,369,262
Unrestricted	59,408,211	68,099,615	82,751,215	112,734,235	122,481,446
Total government-type activities net assets	\$ 143,735,180	\$ 168,577,821	\$ 313,795,458	\$ 352,514,208	\$ 361,781,490
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 assets	\$ 119,508,820	\$ 128,673,195	\$ 138,204,277	\$ 145,260,847	\$ 155,857,984
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	11,051,187	18,219,538	26,082,735	33,639,812	44,942,658
Unrestricted	91,997,601	104,291,821	126,621,534	160,312,800	167,703,882
Total primary government net assets	\$ 263,244,000	\$ 297,251,016	\$ 451,999,735	\$ 497,775,055	\$ 517,639,474

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

Schedule 2

	2004	2005	2006	2007	2008
Expenses					
Governmental activities:					
General government	\$ 19,227,611	\$ 18,188,353	\$ 21,820,752	\$ 25,148,265	\$ 30,134,110
Public safety	55,534,006	62,213,355	75,536,195	62,159,383	70,342,631
Physical environment	11,346,851	12,598,056	12,039,673	11,449,782	11,987,508
Transportation	3,049,025	3,497,449	3,603,850	3,638,120	3,811,263
Culture and recreation	7,506,086	7,729,885	8,884,491	9,475,841	9,183,233
Interest on long-term debt	502,117	515,383	716,712	1,237,318	884,964
Total governmental activities expenses	<u>97,165,696</u>	<u>104,742,481</u>	<u>122,601,673</u>	<u>113,108,709</u>	<u>126,343,709</u>
Business-type activities:					
Utility	28,250,487	27,693,796	30,272,697	31,992,234	33,570,638
Sanitation	2,648,916	2,743,126	2,992,911	3,225,228	3,302,781
Stormwater	968,628	1,122,731	1,105,559	1,726,205	1,646,758
Pier	113,674	132,227	102,549	168,163	127,568
Airpark	791,356	778,833	816,978	982,881	1,412,469
Golf course	3,435,026	3,352,711	3,360,456	3,481,714	3,386,558
Total business-type activities expenses	<u>36,208,087</u>	<u>35,823,424</u>	<u>38,651,150</u>	<u>41,576,425</u>	<u>43,446,772</u>
Total primary government expenses	<u>\$ 133,373,783</u>	<u>\$ 140,565,905</u>	<u>\$ 161,252,823</u>	<u>\$ 154,685,134</u>	<u>\$ 169,790,481</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 9,477,577	\$ 19,393,441	\$ 20,457,141	\$ 20,712,605	\$ 20,129,690
Public safety	19,248,638	15,930,994	18,366,014	14,650,121	11,181,451
Physical environment	1,118,655	43,732	44,866	40,784	33,938
Transportation	553,626	530,426	351,144	313,483	297,829
Culture and recreation	1,202,009	1,678,643	1,593,176	1,679,976	1,575,211
Operating grants and contributions	7,122,439	7,368,835	14,700,056	3,371,646	4,718,209
Capital grants and contributions	13,885,144	2,707,025	2,076,119	5,171,273	2,367,151
Total governmental activities program revenues	<u>52,608,088</u>	<u>47,653,096</u>	<u>57,588,516</u>	<u>45,939,888</u>	<u>40,303,479</u>
Business-type activities:					
Charges for services:					
Utility	31,542,855	33,946,822	35,228,573	34,401,872	33,868,521
Sanitation	3,980,771	3,835,940	4,367,157	4,530,033	4,618,938
Stormwater	2,222,999	2,413,050	2,538,085	2,476,036	2,456,094
Pier	239,029	254,500	173,267	-	-
Airpark	1,814,416	1,842,943	1,935,268	1,994,752	1,074,271
Golf course	2,715,116	2,714,559	2,989,740	2,999,136	3,034,441
Operating grants and contributions	-	-	-	-	35,268
Capital grants and contributions	599,567	300,000	410,591	671,911	805,267
Total business-type activities program revenues	<u>43,114,753</u>	<u>45,307,814</u>	<u>47,642,681</u>	<u>47,073,740</u>	<u>45,892,800</u>
Total primary government program revenues	<u>\$ 95,722,841</u>	<u>\$ 92,960,910</u>	<u>\$ 105,231,197</u>	<u>\$ 93,013,628</u>	<u>\$ 86,196,279</u>
Net (Expense) Revenue					
Governmental activities	(42,903,292)	(55,302,516)	(63,231,928)	(65,307,223)	(86,040,230)
Business-type activities	7,323,333	9,484,390	8,991,531	5,497,315	2,446,028
Total primary government net expense	<u>\$ (35,579,959)</u>	<u>\$ (45,818,126)</u>	<u>\$ (54,240,397)</u>	<u>\$ (59,809,908)</u>	<u>\$ (83,594,202)</u>
General Revenues and other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes, levied of general purposes	\$ 32,227,515	\$ 38,204,731	\$ 43,482,560	\$ 48,799,437	\$ 46,615,842
Sales and use taxes	1,748,357	1,760,344	2,036,007	1,986,157	1,989,190
Business tax receipts	1,654,316	1,786,869	1,781,229	1,861,598	1,878,968
Utility taxes	7,781,933	9,032,695	8,966,542	9,318,447	9,087,211
Communication service taxes	5,405,724	5,298,126	5,258,898	5,188,605	6,345,750
Pari-mutuel taxes	-	-	-	884,443	2,053,356
Tax increment fees-Community Redevelmt.Agency	3,398,189	4,317,644	5,742,736	8,287,120	9,142,152
Franchise fees	6,589,987	7,525,435	8,847,598	8,916,247	9,161,456
State revenue sharing	9,538,735	9,024,747	9,389,982	8,940,830	8,299,249
Investment earnings	1,162,064	2,187,611	5,872,788	8,752,035	5,571,020
Gain on disposal of capital assets	151,082	-	5,222,114	193,257	39,875
Miscellaneous revenue	1,336,652	1,069,740	754,716	759,627	704,511
Transfers	1,337,091	1,724,084	1,882,938	1,999,768	(5,581,068)
Total governmental activities	<u>72,331,645</u>	<u>81,932,026</u>	<u>99,238,108</u>	<u>105,887,571</u>	<u>95,307,512</u>
Business-type activities:					
Proceeds from disposal of capital assets	-	-	-	-	100,184
Investment earnings	836,991	987,402	1,996,618	2,635,502	1,690,003
Miscellaneous revenue	-	416,667	425,871	923,521	439,655
Special item	-	-	-	-	340,199
Transfers	(1,337,091)	(1,724,084)	(1,882,938)	(1,999,768)	5,581,068
Total business-type activities	<u>(500,100)</u>	<u>(320,015)</u>	<u>539,551</u>	<u>1,559,255</u>	<u>8,151,109</u>
Total primary government	<u>\$ 71,831,545</u>	<u>\$ 81,612,011</u>	<u>\$ 99,777,659</u>	<u>\$ 107,446,826</u>	<u>\$ 103,458,621</u>
Change in Net Assets					
Governmental activities	\$ 27,774,037	\$ 24,842,641	\$ 34,224,951	\$ 38,718,750	\$ 9,267,282
Business-type activities	6,823,233	9,164,375	9,531,082	7,056,570	10,597,137
Total primary government	<u>\$ 34,597,270</u>	<u>\$ 34,007,016</u>	<u>\$ 43,756,033</u>	<u>\$ 45,775,320</u>	<u>\$ 19,864,419</u>

CITY OF POMPANO BEACH, FLORIDA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 6,517,166	\$ 5,645,666	\$ 6,762,314	\$ 8,987,024	\$ 7,160,458	\$ 11,779,092	\$ 16,535,345	\$ 23,630,235	\$ 29,189,048	\$ 32,368,977
Unreserved	12,476,141	14,423,702	19,294,148	20,444,486	29,017,441	23,860,152	26,139,018	38,934,060	57,038,234	56,776,076
Total general fund	\$ 18,993,307	\$ 20,069,368	\$ 26,056,462	\$ 29,431,510	\$ 36,177,899	\$ 35,639,244	\$ 42,674,363	\$ 62,564,295	\$ 86,227,282	\$ 89,145,053
All Other Governmental Funds										
Reserved	\$ 2,799,131	\$ 3,299,973	\$ 4,307,422	\$ 18,176,238	\$ 17,893,404	\$ 19,808,908	\$ 19,425,023	\$ 26,619,823	\$ 29,838,745	\$ 33,502,820
Unreserved, reported in:										
Northwest CRA District funds	2,993,423	4,878,574	5,740,774	1,066,294	2,438,970	2,370,454	5,870,023	14,934,185	18,922,736	23,976,295
Capital projects funds	7,946,316	9,676,745	12,269,880	6,534,613	5,574,885	10,914,581	11,519,371	10,040,185	15,916,597	14,992,002
Emergency Medical Services	3,581	95,043	61,892	112,865	(124,127)	441,589	987,904	1,466,400	1,620,835	1,042,259
Cultural Arts	8,754	11,437	11,393	11,430	13,897	19,535	20,804	21,275	17,390	20,594
East CRA	-	-	-	-	84,218	360,944	836,908	1,702,438	2,527,275	4,082,431
Cemetery	-	-	-	-	820,145	834,606	839,030	842,196	774,696	741,611
Total unreserved all other governmental funds	10,952,074	14,661,799	18,083,939	7,725,202	8,807,988	14,941,709	20,074,040	29,006,679	39,779,529	44,855,192
Total reserved and unreserved all other governmental funds	\$ 13,751,205	\$ 17,961,772	\$ 22,391,361	\$ 25,901,440	\$ 26,701,392	\$ 34,750,617	\$ 39,499,063	\$ 55,626,502	\$ 69,618,274	\$ 78,358,012

Note: Prior to 2002 the City reported the Community Redevelopment Agency and Cemetery Perpetual Care Funds as Expendable Trust funds. Prior years have been restated to include these funds as Special Revenue Governmental funds.

**CITY OF POMPANO BEACH, FLORIDA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

(modified accrual basis of accounting)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
REVENUES										
Taxes	\$ 41,368,880	\$ 42,310,974	\$ 46,920,272	\$ 51,295,617	\$ 53,500,138	\$ 57,151,705	\$ 66,138,975	\$ 74,334,341	\$ 83,380,456	\$ 76,088,289
Fees and fines	1,972,351	1,100,406	1,164,733	1,220,814	1,456,765	1,316,680	1,483,483	1,626,391	1,634,580	1,249,857
Licenses and permits	3,984,025	4,746,572	4,966,916	4,837,896	5,508,441	6,697,531	11,659,102	14,003,496	10,876,963	14,754,212
Intergovernmental	10,878,688	13,022,040	14,982,794	16,777,024	13,713,958	19,332,540	18,672,553	26,690,589	19,946,798	15,920,212
Charges for services	4,542,148	5,712,991	6,579,094	6,415,332	6,468,861	21,849,663	23,816,850	24,355,589	24,020,155	23,553,639
Lot sales	-	-	-	393,855	82,390	-	-	5,162,000	47,990	-
Donations	-	-	-	-	-	376,732	135,426	172,511	114,674	113,756
Interest/Investment earnings	1,963,975	2,610,323	2,830,672	1,377,369	1,039,075	958,222	1,867,541	4,973,723	7,652,444	4,899,108
Cemetery lot sales	-	-	-	-	-	-	-	-	-	125
Recaptured funds	-	-	-	-	-	-	-	-	-	96,025
Program income	-	-	-	-	-	-	-	-	-	15,083
Other revenue	5,645,164	5,047,167	8,209,478	11,740,581	21,409,022	1,409,424	929,370	439,552	652,161	499,470
Total revenues	70,355,231	74,550,473	85,653,959	94,233,322	104,159,566	109,996,350	124,703,300	151,757,892	148,326,221	137,189,776
EXPENDITURES										
Current:										
General government	8,047,997	9,801,898	10,450,931	14,114,446	16,124,325	16,362,455	18,005,326	17,161,074	18,190,035	18,482,902
Public safety	39,708,102	37,588,572	42,641,036	45,180,631	49,345,909	52,680,525	60,373,948	72,290,299	61,188,428	68,611,664
Physical environment	5,884,867	7,091,793	6,841,309	8,533,247	9,082,888	10,008,020	12,022,052	11,587,807	11,478,318	11,689,546
Transportation	1,982,526	1,883,879	2,424,012	2,391,010	2,676,706	2,746,606	2,977,494	3,304,311	3,314,930	3,351,193
Culture and recreation	4,983,524	5,164,700	5,485,455	5,581,794	5,926,296	6,255,238	7,677,184	8,017,727	8,979,252	8,421,423
Debt service:										
Principal	2,178,328	2,247,082	2,825,396	2,509,400	2,604,400	2,526,900	1,744,400	1,280,000	930,000	970,000
Interest and other charges	1,044,083	956,802	857,858	768,107	637,163	530,391	484,358	616,923	1,183,814	987,830
Capital outlay	5,316,176	7,460,182	5,092,141	9,648,717	11,380,642	10,084,618	14,726,995	12,306,298	11,357,692	8,130,010
Total expenditures	69,145,603	72,194,908	76,618,138	88,727,352	97,778,329	101,194,753	118,011,757	126,584,439	116,622,469	120,644,568
Excess (deficiency) of revenues over expenditures	1,209,628	2,355,565	9,035,821	5,505,970	6,381,237	8,801,597	6,691,543	25,193,453	31,703,752	16,545,208
OTHER FINANCING SOURCES (USES)										
Debt proceeds	1,791,904	1,380,096	-	-	-	3,481,153	3,367,938	8,940,980	3,751,960	457,968
Proceeds from sale of capital assets	-	-	-	-	-	(1,562,500)	-	-	199,279	127,347
Transfers in	5,858,057	5,645,120	6,578,007	7,474,205	10,470,487	11,777,020	12,238,344	11,110,057	11,990,652	11,096,477
Transfers out	(3,958,852)	(4,094,153)	(5,197,145)	(6,136,055)	(9,305,383)	(10,251,177)	(10,514,250)	(9,227,119)	(9,990,884)	(16,569,491)
Total other financing sources (uses)	3,691,109	2,931,063	1,380,862	1,338,150	1,165,104	3,444,496	5,092,022	10,823,918	5,951,007	(4,887,699)
Net change in fund balances	\$ 4,900,737	\$ 5,286,628	\$ 10,416,683	\$ 6,844,120	\$ 7,546,341	\$ 12,246,093	\$ 11,783,565	\$ 36,017,371	\$ 37,654,759	\$ 11,657,509
Debt service as a percentage of noncapital expenditures	5.0%	4.9%	5.1%	4.1%	3.8%	3.4%	2.2%	1.7%	2.0%	1.7%

Note: Prior to 2002 the City reported the Community Redevelopment Agency and Cemetery Perpetual Care Funds as Expendable Trust funds. These prior years have been restated to include these funds as Special Revenue Governmental funds.

CITY OF POMPANO BEACH, FLORIDA
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED	TAX ROLL *	REAL PROPERTY **	PERSONAL PROPERTY **	TOTAL ASSESSED VALUE
1999	1998	4,770,322,745	582,021,333	5,352,344,078
2000	1999	5,130,940,792	591,884,904	5,722,825,696
2001	2000	5,874,922,877	635,037,752	6,509,960,629
2002	2001	6,439,990,805	648,294,558	7,088,285,363
2003	2002	7,457,284,340	703,947,884	8,161,232,224
2004	2003	8,623,784,059	696,845,691	9,320,629,750
2005	2004	10,533,147,193	666,070,321	11,199,217,514
2006	2005	12,619,600,909	716,513,099	13,336,114,008
2007	2006	15,809,231,912	708,903,376	16,518,135,288
2008	2007	17,169,012,896	705,574,797	17,874,587,693

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.

<u>ALLOWABLE EXEMPTIONS</u>	<u>TAXABLE VALUE FOR OPERATIONS AND DEBT</u>	<u>TOTAL DIRECT TAX RATE</u>
910,708,433	4,441,635,645	5.6179
934,692,294	4,788,133,402	5.2811
1,078,972,476	5,430,988,153	5.1000
1,285,376,027	5,802,909,336	4.9500
1,708,287,792	6,452,944,432	4.8800
2,166,330,695	7,154,299,055	4.8000
2,740,940,369	8,458,277,145	4.7430
3,510,683,601	9,825,430,407	4.6531
4,706,913,449	11,811,221,839	4.3197
5,021,089,922	12,853,497,771	3.8073

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				DIRECT TOTAL	BROWARD COUNTY	SCHOOL BOARD
		GENERAL FUND	SPECIAL TAX DISTRICT	DEBT SERVICE				
1999	1998	4.6893	0.5000	0.4286	5.6179	7.5710	9.7256	
2000	1999	4.3901	0.5000	0.3910	5.2811	7.5710	9.1283	
2001	2000	4.2504	0.5000	0.3496	5.1000	7.5250	8.9553	
2002	2001	4.1261	0.5000	0.3239	4.9500	7.4005	8.7541	
2003	2002	4.0877	0.5000	0.2923	4.8800	7.3650	8.8825	
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	

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	-	0.1021	0.0470	26.2606
0.6970	2.4895	-	0.0955	0.0440	25.3064
0.6970	2.4803	-	0.1036	0.0410	24.9022
0.6970	2.4803	0.3055	0.0951	0.0385	24.7210
0.6970	2.4803	0.3316	0.1170	0.0385	24.7919
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
0.624	1.6255	0.3572	0.086	0.0345	19.4697



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

Schedule 7

TAXPAYER (Local Exposure Recognition)	2008			1999			
	TAXABLE ASSESSED VALUE	Rank	PERCENT OF TOTAL CITY TAXABLE ASSESSED VALUATION	TAXPAYER (Local Exposure Recognition)	TAXABLE ASSESSED VALUE	Rank	PERCENT OF TOTAL CITY TAXABLE ASSESSED VALUATION
Preserve at Palm-Aire LLC	\$ 25,436,580	1	0.20%	Faison-Pompano Citi Centre LLC	\$ 21,280,000	1	0.48%
416 LLC	23,311,310	2	0.18%	ERP Operating, Ltd	20,859,300	2	0.48%
Palm Vacation Group	19,743,099	3	0.15%	Sun Bank Trust Company	19,156,990	3	0.44%
Associated Grocers LLC (Winne Dixie)	18,608,170	4	0.15%	Pompano Property Corp (Winn/Dixie)	14,975,190	4	0.34%
Cobblestone Apt. Assoc. LLC	16,489,970	5	0.13%	TAWestern LLC	14,838,570	5	0.34%
Faison-Pompano Citi Centre LLC	15,320,500	6	0.12%	GP Stones, Ltd.	14,755,470	6	0.33%
SNH/LTA Properties Trust	15,300,080	7	0.12%	Eastrich #188 Corp	14,530,470	7	0.32%
Regency 288 LLC	15,056,510	8	0.12%	McNab-KC3, Ltd	14,216,270	8	0.32%
St. Andrews Palm Aire Assoc.	13,981,500	9	0.11%	Regency Venture, Ltd	14,189,740	9	0.32%
CC-Pompano Inc	12,999,280	10	0.10%	Palm Court Joint Venture	11,975,230	10	0.27%
Total taxable assessed value of principal taxpayers	\$ 176,246,999		1.38%	Total taxable assessed value of principal taxpayers	\$ 160,777,230		3.66%
Total taxable assessed value of other taxpayers	12,626,715,780		98.62%	Total taxable assessed value of other taxpayers	4,228,856,452		96.34%
Total taxable assessed valuation of all taxpayers	\$ 12,802,962,779		100.00%	Total taxable assessed valuation of all taxpayers	\$ 4,389,633,682		100.00%

Source: Broward County Property Appraiser
 2007 Tax Roll

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

<u>FISCAL YEAR ENDED</u>	<u>TAX ROLL</u>	<u>TOTAL AMENDED TAX LEVY</u>	<u>CURRENT GROSS TAX COLLECTIONS *</u>	<u>PERCENT OF LEVY COLLECTED</u>
1999	1998	24,660,523	24,331,170	98.66
2000	1999	24,896,482	24,734,509	99.35
2001	2000	26,971,094	26,822,229	99.45
2002	2001	29,170,193	28,080,716	96.27
2003	2002	30,784,548	30,354,521	98.60
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

Source: City Finance Department

* Gross taxes exclusive of discounts, penalties and interest.

** Delinquent tax revenues are recognized when received.

<u>DELINQUENT TAX COLLECTIONS **</u>	<u>TOTAL TAX COLLECTIONS</u>	<u>PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY</u>
37,797	24,368,967	98.82
180,773	24,915,282	100.08
111,709	26,933,938	99.86
124,184	28,204,900	96.69
91,519	30,446,040	98.90
123,563	33,317,402	99.70
307,127	39,471,762	100.40
8,412,009	53,190,865	117.50
92,352	50,247,672	99.52
79,932	47,940,375	98.35

CITY OF POMPANO BEACH, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	<u>Governmental Activities</u>				<u>Business-type Activities</u>				Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Tax Incremental Bonds	Certificates of Participation	Capital Leases	Installment Notes	Water and Sewer Bonds	Total Primary Government			
1999	11,875,000	1,326,904	4,520,000	1,023,550	1,718,395	14,365,000	34,829,000	-	468.11	
2000	10,575,000	2,375,000	3,910,000	1,023,040	1,457,996	53,625,000	72,966,000	-	933.18	
2001	9,210,000	2,125,000	3,270,000	1,022,495	637,600	49,800,000	66,065,000	2.79	768.81	
2002	7,785,000	1,875,000	2,595,000	2,562,412	478,200	47,975,000	63,271,000	2.84	733.15	
2003	6,300,000	1,625,000	1,885,000	1,253,850	318,800	46,050,000	57,433,000	2.49	665.24	
2004	4,745,000	3,481,153	1,135,000	955,500	159,400	44,020,000	45,596,000	1.98	522.99	
2005	3,900,000	6,849,091	395,000	649,350	-	41,875,000	53,668,000	2.19	527.65	
2006	3,015,000	15,790,071	-	331,500	-	41,325,000	60,462,000	2.34	598.02	
2007	2,085,000	19,542,031	-	-	-	38,870,000	59,685,000	2.45	590.19	
2008	1,115,000	20,000,000	-	-	-	36,105,000	57,220,000	2.22	571.87	

Note: (-) indicates information not available.

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

^a 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

<u>Fiscal Year</u>	<u>General Bonded Debt Outstanding</u>		<u>Total</u>	<u>Percentage of Actual Taxable Value^(a) of Property</u>	<u>Per^(b) Capita</u>
	<u>General Obligation Bonds</u>	<u>Amount Available in Fund Balance</u>			
1999	11,875,000	913,445	10,961,555	0.25%	147.33
2000	10,575,000	973,440	9,601,560	0.20%	122.80
2001	9,210,000	1,019,512	8,190,488	0.15%	95.31
2002	7,785,000	998,674	6,786,326	0.12%	78.64
2003	6,300,000	946,702	5,353,298	0.08%	62.01
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

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

^a See schedule 5 for property value data

^b See schedule 14 for population data

CITY OF POMPANO BEACH, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2008

Schedule 11

<u>Governmental 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	\$ (25,450) ^a	100%	\$ (25,450)
Broward County	489,659,216	7%	34,276,145
Subtotal, overlapping debt			34,250,695
City direct debt			(25,450)
Total direct and overlapping debt			34,225,245

Sources: City Finance Department
 Broward County Accounting Division

^a Net of amount in Fund Balance

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	\$ 12,802,962,779
Debt limit (15% of assessed value)	1,920,444,417
Debt applicable to limit:	
General obligation bonds	1,115,000
Less: Amount set aside for repayment of general obligation debt	<u>1,140,450</u>
Total net debt applicable to limit	<u>(25,450)</u>
Legal debt margin	<u>1,920,469,867</u>

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	\$ 658,445,052	\$ 707,139,112	\$ 793,267,483	\$ 857,946,868	\$ 946,246,352	\$ 1,044,350,121	\$ 1,243,367,723	\$ 1,459,289,292	\$ 1,753,230,610	1,920,444,417
Total net debt applicable to limit	<u>10,961,555</u>	<u>9,601,560</u>	<u>8,190,488</u>	<u>6,786,326</u>	<u>5,353,298</u>	<u>3,796,668</u>	<u>2,919,565</u>	<u>1,959,959</u>	<u>949,571</u>	<u>(25,450)</u>
Legal debt margin	<u>\$ 647,483,497</u>	<u>\$ 697,537,552</u>	<u>\$ 785,076,995</u>	<u>\$ 851,160,542</u>	<u>\$ 940,893,054</u>	<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>

Total net debt applicable to the limit as a percentage of debt limit	1.66%	1.36%	1.03%	0.79%	0.57%	0.36%	0.23%	0.13%	0.05%	0.00%
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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	
1999	24,264,951	15,835,878	8,429,073	2,985,000	858,444	3,843,444	2.19
2000	28,058,239	14,943,789	13,114,450	3,150,000	713,102	3,863,102	3.39
2001	27,704,481	15,552,243	12,152,238	3,825,000	3,195,909	7,020,909	1.73
2002	27,201,543	16,550,175	10,651,368	1,825,000	2,626,670	4,451,670	2.39
2003	26,881,087	17,823,999	9,057,088	1,925,000	2,542,032	4,467,032	2.03
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

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.

CITY OF POMPANO BEACH, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Year	Population	Broward County		Median Age	Education Level in Years of Schooling (High School or Higher)	School Enrollment (K-12)	Unemployment Rate
		Personal Income (thousands of dollars)	Per Capita Personal Income				
1999	74,403	*	28,281	*	*	*	*
2000	78,191	23,678	30,706	43.4	79.0	8,282	3.6
2001	85,932	22,292	31,464	41.9	78.4	9,485	4.5
2002	86,300	23,104	32,137	41.8	77.6	9,998	5.8
2003	86,334	23,021	32,650	40.5	81.9	10,023	5.4
2004	87,184	24,493	34,560	45.3	81.7	9,958	4.6
2005	101,712	25,784	37,403	45.5	80.2	12,964	3.7
2006	101,103	24,346	39,743	39.4	81.1	12,777	3.1
2007	101,128	25,745	*	43.1	76.5	12,121	3.6
2008	100,058	*	*	*	*	11,520	*

Sources: City of Pompano Development Services Division via:
 US Census, American Community Survey
 Broward County School Board, 20th Day Report
 Bureau of Economic & Business Research, University of Florida

Note: * Indicates information not available

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

Schedule 15

<u>Employer</u>	2008		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Pompano Beach Racino	1250	1	2.38%
Broward County School Board	1130	2	2.16%
Broward County Correctional	927	3	1.77%
City of Pompano Beach	688	4	1.31%
Gold Coast Distributing	700	5	1.34%
John Knox Village	630	6	1.20%
Publix	612	7	1.17%
American Bldg. Maintenance	550	8	1.05%
Comcast Cable Holdings	500	9	0.95%
Wal-Mart Stores	475	10	0.91%

Note: Data for 2000 is not available. This type data was not previously maintained by City's Development Services Division. It is now an added function going forward.

Source: City of Pompano Beach Development Services Division via:
Harris Selectory Data Base

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION / PROGRAM
 LAST TEN FISCAL YEARS

<u>Function / Program</u>	<u>Full-time Equivalent Employees as of September 30</u>									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General government:										
City Commission	5	5	5	5	5	5	6	6	6	6
City Manager	4	4	4	4	4	4	4	4	4	4
Advisory Board	2	2	2	2	2	2	2	2	3	3
Public Information Ofc.	0	3	4	4	4	4	4	4	4	4
City Attorney	6	3	6	6	6	6	6	6	6	6
City Clerk	4	4	4	4	4	4	4	4	4	4
Human Resources	6	6	6	5	5	5	5	5	5	5
Internal Audit	3	3	3	3	3	3	3	3	3	3
Internal Services	77	34	34	34	34	34	34	34	34	34
Economic Development	0	0	0	0	0	0	0	0	1	1
Finance	21	20	20	20	20	20	20	20	21	21
Fire & EMS	154	154	179	179	179	193	194	194	199	199
Development Services	55	43	47	48	51	51	54	58	68	68
Office of Housing & Urban Improvement	5	6	6	6	6	6	6	7	6	6
Public Works	109	110	121	121	121	126	138	138	141	141
Parks and Recreation	59	59	59	60	60	64	77	79	79	83
Utilities	113	117	117	116	116	117	118	118	118	118
Stormwater	0	0	6	8	8	8	8	8	8	8
Airpark	5	5	5	5	5	5	5	5	5	5
Golf	9	9	9	9	9	9	9	9	9	9
Solid Waste	0	0	0	0	1	1	1	2	2	2
Total	637	587	637	639	643	667	698	706	726	730

Source: City Budget Office

CITY OF POMPANO BEACH, FLORIDA
OPERATING INDICATORS BY FUNCTION / PROGRAM

LAST TEN FISCAL YEARS

Function / Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety:										
Fire										
Emergency responses	*	12,027	13,830	14,755	15,957	16,352	18,190	17,571	18,031	17,962
Fires extinguished	*	446	462	407	390	451	495	571	432	415
Inspections	*	2,958	1,676	2,970	3,465	2,198	2,402	1,683	1,458	3,168
Uniformed employees	146	154	167	167	169	175	182	179	184	179
Non-uniformed employees	8	8	7	7	10	10	10	11	10	11
Building permits										
Permits issued	10,332	10,716	11,254	11,299	11,439	11,936	13,731	18,636	15,293	13,606
Estimated value	110,367,492	159,962,319	136,739,223	121,005,128	183,698,237	203,172,562	223,113,120	343,233,533	265,172,789	164,751,110
City Clerk										
No. of registered voters	42,300	43,020	48,592	50,023	52,876	52,126	57,904	55,199	52,378	52,921
No. of ballots cast	2,246	5,916	1,700	5,333	3,208	10,701	3,556	2,507	1,702	4,364
Districts voting	2 & 4	1 & 3	4	1, 3 & 5	2 & 4	1, 3, 5 & Mayor-at-Large	2 & 4	1	2 & 3	1 & 3
Recreation Centers-Attendance										
Emma Lou Olson	77,284	87,630	83,476	83,311	79,826	79,178	68,729	61,436	67,307	70,804
McNair	76,601	90,631	103,490	96,492	94,297	71,015	81,261	80,382	107,127	110,278
Mitchell/Moore	101,290	89,509	105,312	100,468	84,625	98,772	78,811	66,909	63,312	62,105
Skolnick	*	*	*	*	*	18,355	48,655	63,523	62,257	74,409
Pompano Highlands	*	*	*	*	*	1,234	18,808	19,445	23,398	25,323
North Broward	*	*	*	*	*	3,021	76,436	46,531	51,742	109,570
E. Pat Larkins	*	*	*	*	*	*	*	34,538	40,815	32,994
Utility:										
Municipal Water System										
Active water accounts	17,447	17,389	17,554	17,731	17,777	17,882	18,149	18,143	18,334	18,182
New Active Accounts	238	34	43	177	46	105	267	47	170	107
Active reclaimed water accts. *	*	*	*	*	11	17	19	19	193	84
Metered sales (billion gallons)	5,985	5,823	5,299	5,554	5,756	6,067	5,883	6	5,214	4,640
Avg gals.(1,000) billed per day	14,344	16,364	15,335	15,958	14,816	15,117	17,151	14,257	12,984	12,718
Reclaimed water (million gals.)†	*	*	*	*	360,965	505,131	483,836	425,628	491.4	487
Water main breaks	136	136	184	184	241	105	150	229	156	152
Plant capacity million gals./day	40	40	40	40	40	50	50	50	50	50
Municipal Sewer System										
Active accounts	14,776	14,788	15,162	15,319	15,319	15,358	15,549	15,543	15,825	15,787
General Government:										
Tax Rates										
Utility Services:										
Electric	10	10	10	10	10	10	10	10	10	10
Water	6	6	6	6	6	6	6	6	6	6
Communication Service	7	7	7	6	5	5	5	5	7	7
Gas	10	10	10	10	10	10	10	10	10	10
Franchises:										
Electric	6	6	6	6	6	6	6	6	5.9	5.9
Communication Service	1	1	1	*	*	*	*	*	*	*
Gas	6	6	6	6	6	6	6	6	6	6
Cable Television	4	5	5	*	*	*	*	*	*	*

Source: Various City departments
* Indicates data is not available

CITY OF POMPANO BEACH, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS

Function / Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<i>Area</i>										
Land excluding airport (sq.miles)	20.020	21.200	21.200	21.200	21.200	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	254	286	282	282	309	309	251	251.5	270.5	270.5
Unpaved streets	6	5	15	5	15	15	2.5	2.5	2.5	2.5
Sidewalks	80	80	75	84	75	78	138	139	155	155
Canals and waterways	32	32	32	32	32	32	32	32	32	32
Storm drainage	50	50	50	50	55	55	55	55	69	70
City-owned streetlights	750	500	550	550	550	1019	1364	1300	1400	1400
FP&L owned streetlights	3992	2500	3000	2500	3000	4792	4823	7000	7000	7000
<i>Fire</i>										
Stations	5	5	5	5	5	5	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	32	32	39	36	39	41	48	45	45	46
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)	218	223	220	220	220	231	257.23	257.23	257.23	258.17
Golf course (acres)	307	307	307	307	307	307	307	307	307	307
Recreation centers	3	3	3	3	3	4	6	7	7	7
<i>Municipal Water System</i>										
Water mains (miles)	257	261	262	261	279	273	275	276	281	283
Reuse water mains (miles)	*	*	*	*	4	5	6	8.1	18	20
Fire hydrants	1506	1563	1600	1570	1658	1689	1707	1716	1817	1865
Fire hydrants (reuse water)	*	*	*	*	*	*	2	3	3	4
<i>Municipal Sewer System</i>										
Gravity sewer (miles)	182	185	185	185	187	189	190	191	195	196
Wastewater force main (miles)	58	59	59	59	71	71	71	71	67	68
Wastewater lift stations	72	72	73	71	73	70	73	72	74	75

Sources: Various City departments
* Operation not established

City of Pompano Beach
Insurance Coverage
September 30, 2008

Schedule 19

<u>Type of Coverage</u> <u>Name of Carrier</u> <u>Policy Number</u>	<u>Policy Period</u>		<u>Liability Limits</u> <u>&</u> <u>Retentions</u>
	<u>FROM</u>	<u>TO</u>	
Airpark Liability ACE Property & Cas. Ins. Co. Policy No. AAP N05616943001	02/05/08	02/05/09	\$10,000,000
Building & Contents (City SIR 1st 100K per occ.)* Lexington Ins. Co. Policy Binder No.100363 (excludes Utilities) Max Specialty Ins. Co. Policy No. MAX3XP0000362 Arch Specialty Policy No. ESP0023280-00 Endurance Amer. Spec. Inc.Co. Policy No.CPN10000736500 Landmark Amer. Ins. Policy No. LHD354753	10/01/07	03/01/09	\$10,000,000 (Primary Layer, in xs of \$100,000 AOP, *5% Named Hurricane/Windstorm) \$10,000,000 - (1st Excess), 5M in xs of \$10M 2.5M in xs of \$10M 2.5M in xs of \$10M \$20,000,000 - (2nd Excess, in xs of \$20M, for AOP only, excludes named wind)
Utilities Building & Contents (City SIR 1 st 100K per occ.) Ace American Ins. Co. Policy No. EUTNO 4286650	10/01/07	03/01/09	\$35,000,000 (Primary on all Utilities Dept. Bldg & Cont includes AOP, Wind 5% & B&M.
Group Health Blue Cross/Blue Shield Policy Nos: 98854(PPO)&98854(HMO) (Includes Dental through Florida Combined Life)	10/01/08	09/30/09	Per policy schedules
Boiler & Machinery Zurich American Ins.Co. Policy Binder No. 100360	10/01/07x s	03/01/09	\$50,000,000
Flood American Bankers Inc. Co. Policy Nos: 1011136736 1011136737 1011136738 1011136739 1011136740 1011136741 1011136742	01/04/08	01/04/09	Buildings \$120,900 - \$500,000 Contents \$0 - \$500,000
Excess Liability (City is self-insured for the first \$100/200K/occurrence for GL/AL - \$250K/occurrence for other than 768.28 claims; WC is \$350K/occurrence)* Star Ins. Co. Policy No. CP0267742	10/21/07	03/01/09	General Liability - \$2,000,000 Auto Liability - \$2,000,000 Workers' Comp - Statutory (no limit) Employee Benefits Liability Public Officials Liability (\$2,000,000 limit each)

*The City of Pompano Beach is self-insured, except for the policies mentioned above.

CITY OF POMPANO BEACH, FLORIDA

GENERAL BACKGROUND INFORMATION SEPTEMBER 30, 2008

Schedule 20

The City of Pompano Beach is situated in the northeastern part of Broward County and borders on the Atlantic Ocean. It is approximately 33 miles equidistant from Miami to the south, and West Palm Beach to the north. Pompano Beach is located in the heart of the luxury resort area of Southeast Florida which is comprised of Palm Beach, Broward and Dade Counties. It is predominantly a residential community with its own shops, businesses and light industry. The City is centered in a growing industrial, commercial and tourist area. In addition, it is a focal point of agricultural interest, being an important marketing center for the intensive vegetable farming of the vast neighboring Florida region. With beautiful beaches, many public and commercial attractions and a favorable climate, the area attracts numbers of vacationers, sportsmen, business persons and others.

History

The Pompano Beach area was first settled in 1884 as a farming community. In 1896 the Florida East Coast Railroad sent its first train through the area, and in 1906 the Hillsboro Lighthouse was constructed. The lighthouse and the inlet connecting the Atlantic Ocean with the Intracoastal Waterway were named for the Earl of Hillsboro, who was granted large tracts of land when the area was occupied by the English.

By 1908, the population was large enough to incorporate and the Town of Pompano was formed, taking its name from the popular game fish that abounded in nearby waters. The raising of winter vegetables continued to be the basis of the economy and with the opening of the Pompano State Farmers Market in 1939, the City also became an important wholesale marketing center for farm produce. In 1947, the beach area, which had incorporated in 1945, consolidated with the Town of Pompano to become the City of Pompano Beach.

Climate and Topography

The City is located on the semitropical coastal ridge between the Everglades and the Atlantic Ocean. The terrain is generally flat, with developed land elevations varying from approximately 4 to 22 feet above mean sea level. The subtropical climate provides comfortable living all year round.

The City is warmed by the trade winds of the gulf stream, thus making the winters sunny and pleasant with temperature readings of approximately 66 degrees, and the same trade winds make summers cool and comfortable, with an average temperature reading of about 83 degrees. The average temperature for the year is approximately 74 degrees.

Existing Demographic Characteristics

Pompano Beach has experienced tremendous growth in the period since 1950 when the City's population was 5,682. Pompano's population nearly tripled during the decade of the 1950's. By 1960, the population was 15,992, and the City had grown to the 30th largest city in Florida. Since 1960 the population has grown by approximately 18,000 every decade. This explosive growth continued in the early 1970's when the City was the scene of extensive residential construction, especially of condominium units in the beach area and throughout the City.

CITY OF POMPANO BEACH, FLORIDA

GENERAL BACKGROUND INFORMATION SEPTEMBER 30, 2008

Schedule 20

Although density and planning controls have slowed construction, the City's population has continued to increase at a healthy pace. The Bureau of Economic and Business Research, University of Florida, now estimates that Pompano Beach is the 20th largest city in Florida with a 2008 population of an estimated 100,058.

Existing Transportation Facilities

Pompano Beach is served by a variety of transportation modes, and the City's transportation network is well established.

Water

Port Everglades, the deepest port between Norfolk and New Orleans, is located approximately 12 miles south of Pompano Beach. A foreign trade zone at Port Everglades allows goods to move in and out of such zones without being subject to duty by U.S. Customs until the goods are ready for distribution to American markets. This provision further adds to the Port's ability to serve as an important bridge to the southern hemisphere. The port is the location of a new 150,000 square foot convention center which will offer a combination of cruise options to conventioners. The intercoastal waterway bisects the City.

Highways

A-1-A along the beach shoreline and Federal Highway (U.S. 1) on the mainland are the two main thoroughfares traversing the City from north to south. Atlantic Boulevard is the principal artery in an east/west direction. Long distance north/south travel is served by two expressways: Interstate 95 has three interchanges at Sample Road, Copans Road and Atlantic Boulevard, to serve the City and another interchange in nearby Fort Lauderdale at Cypress Creek Road; Florida's Turnpike (Sunshine State Parkway) serves Pompano Beach at Dr. Martin Luther King Jr. Boulevard and West Atlantic Boulevard with an exit at West Atlantic Boulevard. A secondary exit from the Florida Turnpike is located west of the City limits.

Rail

Amtrack passenger trains and a 66 mile long Tri-County Community Rail System also service the area. Commercial rail service is provided by the Seaboard Coast Line and the Florida East Coast Railway.

Air

Service by major national and international airlines is less than an hour's drive at Miami International, Fort Lauderdale-Hollywood International and Palm Beach International Airports. Limousine service is provided from Miami and Fort Lauderdale Airports to Pompano Beach. Private and charter aircraft use the Pompano Beach Municipal Airpark located within the City limits. The municipal airpark has a control tower with radio navigational equipment and three runways, the longest of which is 4,420 feet. It is lighted for night use.

The Pompano Beach Airpark was deeded to the City of Pompano Beach from the Federal Government after World War II and has operated as a general aviation facility since that time; it is now the winter home of the Goodyear blimp, "Spirit of Innovation". The municipal golf course and other recreational facilities occupy large portions of the airpark property as well as the City's water treatment plant and some of the water wells.