

Comprehensive Annual Financial Report

2010

City of Pompano Beach, Florida



Fiscal Year Ended September 30th, 2010

Comprehensive Annual Financial Report

City Of
Pompano Beach,
Florida

Fiscal Year Ended September 30, 2010

Prepared by the
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Tana Ziontz, Department Head Secretary

CITY OF POMPANO BEACH, FLORIDA

Commission-Manager Form of Government

CITY COMMISSION

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

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

APPOINTED OFFICIALS

Dennis Beach
Gordon B. Linn
Mary Chambers
Barbara DeLeon

City Manager
City Attorney
City Clerk
Internal Auditor

CITY OF POMPANO BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2010

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INTRODUCTORY SECTION



City of Pompano Beach, Florida

March 22, 2011

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

Dear Honorable Mayor, City Commissioners and Residents:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Pompano Beach, Florida (the City), for the fiscal year ended September 30, 2010. This report, presented in conformity with accounting principles generally accepted in the United States of America (GAAP), was prepared by the City's Finance Department and audited by an independent firm of certified public accountants, McGladrey and Pullen, LLP, as mandated by Florida Statutes, Chapter 218.39, *Annual Financial Audit Reports*. The audit was conducted in accordance with the rules of the Auditor General of the State of Florida, promulgated pursuant to Florida Statute, Chapter 11.45. The independent auditor has issued an unqualified opinion that this report fairly presents the financial position of the City and complies with applicable reporting standards.

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

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

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

PROFILE OF THE CITY

The City was incorporated in 1947 and covers an area of approximately 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. In addition to general government services, the City also provides community planning and redevelopment, public safety, public works and culture and recreation services to its residents. Furthermore, the City's water and sewer, stormwater, sanitation, golf, pier and airport operations are reported as enterprise funds.

Located in Broward County, Florida, the City is centrally located between Palm Beach and Miami, and is the year round home to 98,711 residents. During the peak season (*September through March*), this number increases to nearly 150,000. As the name implies (Pompano - a species of in-shore tropical game fish) the City is famous for some of the world's best sport fishing and is locally known as the "dive capital" of Broward County. Once a thriving agricultural community, the City has evolved into a warehouse/distribution hub for a wide range of companies that service the over 5 million residents of the South Florida market. The Pompano Beach Air Park is also home to the famous Goodyear Blimp.

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

Due to its tremendous transportation links, the City is now home to over 30 million square feet of industrial/warehouse/distribution space, which includes regional headquarters for companies such as Aetna, Aquathin, Associated Grocers, FedEx Ground and Stimpson Co. The City provides access to both the Florida Turnpike and Interstate 95 and also provides access to both the CSX and FEC railroads.

THE REPORTING ENTITY

The accompanying CAFR includes the financial activities of the City, the primary government, and its component units, which are the Pompano Beach Emergency Medical Services District (EMS), the Herb Skolnick Cultural Arts Foundation, Inc. (the CAF) and the Pompano Beach Community Redevelopment Agency, which includes the Northwest and the East Districts (the Districts). Financial information for the City and these component units is accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board (GASB). The criterion used for including component units consists of identification of legally separate organizations for which elected officials of the City are financially accountable. The criterion also includes identification of organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete and as such, these entities are presented on a blended basis.

EMS is a dependent special district created to provide emergency medical care and transportation to the residents of the City. EMS has been presented as a blended component unit because it is governed by the City Commission. 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.

FACTORS IMPACTING ECONOMIC CONDITION

Commercial - Industrial Market

The Pompano Beach industrial market includes approximately 827 buildings and over 30 million square feet, which constitutes just over 23% of the entire Broward County industrial market. Industry experts state that the industrial sector performed the best of any of Broward's commercial markets in 2010.

Construction of industrial projects has screeched to a halt during the recession as there were no new industrial projects developed in Broward County, let alone Pompano Beach, in 2010. However, the Pompano Beach submarket did lead the way in 2010 in leasing activity with over 1.4 million square feet (MSF) leased. Industry experts expect the leasing activity that kicked in during the second half of 2010 to carry over into 2011.

Industrial vacancy rates are expected to drop into the single digits in 2011, but weak rental rates will likely deter most developers from 'putting shovels in the ground' on new industrial projects next year. As such, any new construction of industrial developments will most likely take place closer to 2012.

Grubb & Ellis listed South Florida's industrial market as one of the nation's 10 strongest outlooks for industrial investments for 2011 in its annual real estate forecast. This forecast was made primarily because of South Florida's well established nexus of trade relations with Latin America and also a more stable domestic economy. International trade for South Florida set records in 2010, even exceeding 2008 levels, which was prior to the U.S. and global recession.

- North Andrews Extension: The missing segment of North Andrews Extension between Copans Road and West Atlantic Boulevard was finished and opened for traffic in December 2008. This new road has improved transportation options for hundreds of acres of industrial property, west of I-95.
 - Widening of North Andrews Avenue from NW 18th Street to Copans Road to four (4) lanes is expected to take place 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.)

Other industrial development projects include:

- Sun Recycling at 2281- 2301 NW 16th Street is upgrading its 38,982 sf facility on 6.95 acres.
- Hypower Facilities on NW 33rd Street is constructing an 11,600 sf office and storage yard on 4.74 acres.
- New Reliant Medical is constructing a new 5,000 sf warehouse on 0.846 acres.

Commercial – Office Market

According to CB Richard Ellis' Fourth Quarter 2010 market report, the Pompano Beach office market includes approximately 17 office buildings totaling 901,974 square feet of space. Unlike

Pompano Beach's industrial product, this constitutes merely 3.4% of the entire Broward County office market and includes no Class A space.

As with industrial construction, office product construction was non-existent throughout Broward County in 2010. The report states; "Historically, vacancy rates need to get below 12% before developers begin construction on office projects. It is likely Broward County may not see any new deliveries of office product through 2014."

The report continues; "For the first time after three consecutive years of recording negative absorption (the change in occupied square feet from one period to the next), overall demand outpaced space being brought back to the market. While reporting positive absorption, it was not enough to have any major impact on vacancy, but it is a positive indicator that the office sector has begun to see the pendulum shift in a more favorable direction. Class A space was the only sector to report negative absorption... This can be attributed to local businesses beginning to lease smaller spaces within the Class B and Class C sectors coupled with a handful of mid-sized tenants choosing savings over quality when they relocated from higher-end office space." Even so, the report shows Pompano Beach having a 24.8% vacancy rate and a 2010 absorption figure of negative 24,168 SF.

Commercial – Retail

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.

- In an effort to be adopted before the previously proposed yet unsuccessful Amendment 4 (Hometown Democracy Amendment) the Isle applied for a future land use plan amendment to change from CR & Regional Activity Center (RAC) to a new RAC with new development levels. Those new development levels are 135 acres of commercial recreation uses, 27 acres of commercial uses, 26 acres of office use, and 1,300 dwelling units on 42 acres (including 250 garden apartments and 1,050 mid-rise apartments) on a total of 223 acres.
- While no plans have been submitted to date, the Isle of Capri Casino hopes that this land use plan amendment will help position the race track and casino for successful future development.

Other commercial developments that are taking place include:

- The Oasis Plaza at 2751 W Atlantic Blvd has expanded and a 2-story 9,800 sf building has been constructed.
- The Palm Aire Country Club Professional offices added 2,346 sf of office space at 555 S Powerline Rd.
- The Beachway Shopping Center at 800 N Federal Highway is in the process of being completely renovated. The 53,981 sf plaza occupies 3.656 acres.
- The Taco Bell at 357 W Atlantic Blvd. underwent a complete overhaul of the 2,224 sf building.
- A 14,690 sf Walgreens is being constructed at 2401W Atlantic Blvd at the N.E. corner of Powerline Road.
- The Amerika Gas Station at 1493 NW 31st Avenue is renovating and upgrading its property on 0.91 acres at MLK Blvd and the Florida Turnpike.

Residential Market

While a number of projects have obtained site plan, rezoning and/or land use plan amendment approvals (listed below) in the City, none broke ground over the past year. As with the other

markets, residential new construction was non-existent in fiscal year 2009-10. This is primarily due to a number of factors including: excess housing units that were constructed during the 'boom' years, high foreclosure rates, tighter credit restrictions and an unemployment rate that is still hovering around 12%.

A housing analyst for Weiss Research in Jupiter, FL, Mike Larson, put it this way in a recent article for CNNMoney.com (Home building permits soar 17%. Blake Ellis, 1/19/2011); "Until you chew through that backlog of inventory, you're not going to have motivation to build more – but that backlog is being worked on." Continuing, "The number of permits (nationally) for future housing construction surged to a seasonally adjusted annual rate of 635,000 last month (December 2010), up 16.7% from the revised rate of 544,000 in November, the Commerce Department said. That was the biggest monthly rise since June 2008 and leaves the total number of permits at the highest level since last March, said Larson. I don't think we're going to see a huge rebound in construction any time soon, but the market is healing slowly."

Local home sales statistics support those conclusions. "Broward County home sales fell 9 percent last year, but analysts say they're encouraged that the housing market will begin to recover in 2011. Broward had 7,997 existing homes trade hands in 2010, compared with 8,816 the year before, the Florida Realtors said Thursday. The median price was \$206,100, up slightly from \$205,700 in 2009. In December, Broward's existing home sales declined 14 percent from a year ago, and median price fell 4 percent to \$203,700 (Sun Sentinel blog, House Keys, 1/20/11)."

Still, despite the doom and gloom mood the recession has the country in, Bloomberg Businessweek, after analyzing historical data provided by the National Association of Realtors (NAR), recently listed the Miami-Fort Lauderdale-Pompano Beach, FL metropolitan statistical area (MSA) as 6th in a top ten listing of 'Biggest Metros with the Best Long- term Real Estate' (Bloomberg Businessweek, on Yahoo.com, 12/30/2010). Historically, prices of U.S. homes have outpaced inflation by a percentage point or two, and analysts still believe in the long term benefits of homeownership.

Proposed Residential projects in the City of Pompano Beach include:

- The Captiva Club site (formerly the Skycrest Mobile Home Park) at 1201 South Dixie Highway was approved for 312 dwelling units on 20.1 acres. Construction has not started.
- Orchid Grove, a townhouse development (on the old Cypress Plaza property) at 649 South Cypress Road, has been rezoned and has had its number of units reduced to 445 (from 481). Approximately half of the units have been constructed.
- The Oceanside (formerly the Atlantic Point or WCI) project, located at East Atlantic Boulevard and SR A1A, consists of 186 housing units and 50,465 square feet of commercial space. The commercial space remains vacant, but the sales of the luxury condominiums have increased over the past year. A new ownership group purchased the properties from WCI Communities.
- Pompano Creek, the site (formerly the Bali Hi Mobile Home Park) at 4411 North Federal Highway, was proposed to be redeveloped for approximately 350 residential units to be marketed to financially well off senior citizens. This project has stalled and currently remains vacant.
- Vintage Park, a proposed development north of the former Bali Hi Mobile Home Park at 4661 North Federal Highway, is proposed for 113 townhomes.
- Palm Aire Resorts, Ltd, Partnership proposes to convert a closed golf course lying north of West Atlantic Boulevard and west of NW 31st Avenue into a

residential development of 907 housing units on 84.88 acres. The application to amend the Future Land Use Plan has been approved.

- Highland Oaks plat (Pompano Beach Living) 912 NW 3rd Ave, 138 townhomes on 10.75 acres.
- Beachside Village at 809 S Ocean Blvd. is a proposed 34 townhome development on 1.93 acres.
- Riverside Condominiums at 407 N Riverside Drive, 42 condominium units on 0.955 acres.
- Atlantic Station at 140 NW 27th Ave. is a 50 apartment unit proposal on 1.78 acres.
- Ocean Garden Condominiums at 1508 N Ocean Blvd is a proposed 21 unit condo development on 0.62 acres adjacent to North Ocean Park.

Property Tax Reform, Other Revenue Sources and Increased Costs

Although no new legislation governing property taxes was passed in the last legislative session, past property tax reform measures continue to impact the City's ability to adjust its property tax revenue stream. In addition, the majority of the City's revenue sources are impacted by the economic downturn, as factors such as high unemployment, foreclosures and curbed consumer spending continue to impact receipts and collections. The combination of revenue declines and increased costs for pension, fuel and insurance, to name a few, created an anticipated shortfall of \$4.6 million for the fiscal year 2011 budget cycle. The City continues to explore opportunities to cut recurring costs by seeking benefit concessions from its employee unions, as well as exploring opportunities for outsourcing or restructuring of existing operations. Through it all, maintaining services for the City's residents remains a paramount objective.

MAJOR INITIATIVES

The City commenced/ completed many significant improvements and programs during the year to meet the needs of the community. The most significant programs/ improvements for the fiscal year ending September 30, 2010 were:

- Community Park improvements involves the demolition of the old municipal stadium and the Four Fields concession area and construction of two new ballfields, two practice fields, a combination football/soccer field next to the existing four fields in Community Park. Construction of a new concession building at the new baseball fields, as well as the Four Fields area, playground area, new parking, and refurbished four fields area is expected to be finished in 2011.
- A new beach fire station will be built on the barrier island on the northern portion of the Oceanside Parking lot at a cost of approximately \$3 million. The project is scheduled to start in February 2011 and should take approximately 1 year to complete.
- A new fire station to serve the annexed areas has been proposed. The site selection process has begun, although a location has not been selected. The estimated cost is \$4.6 million.
- The City will continue to construct reclaimed water distribution lines in the residential area between Intracoastal Waterway and Federal Highway, as well as to schools within the Old Pompano Neighborhood. The City continues to budget \$300,000 annually for the project, as well as submit applications for available grants. The reclaimed water will be used for irrigation of landscaped areas, thus saving the City's drinking water supplies for household use. The City worked with Broward County on a pilot project to determine the

feasibility of using reuse water to abate salt water intrusion, but neither County permits nor variances could be obtained at this time.

- A new stormwater master plan is to be undertaken in the spring of 2011. The latest comprehensive drainage study and model was completed in 1999. Stormwater modeling techniques have improved drastically since then, allowing for better predictions of flooding and water quality analysis. This study will be a tool to develop a new stormwater capital improvement plan. The cost for the study is approximately \$1 million.
- The City outsourced the Code Compliance Services Division, instead of continuing this function under the Broward Sheriff's Office and anticipates saving approximately \$375,000 with the move, annually.
- The City issued a request for letters of interest to redesign/rehabilitate 18 holes at the City's golf courses and design irrigation on 36 holes. The bid was won by the Greg Norman Golf Course Design Company to redesign/rehabilitate the City property and create one signature course, replace irrigation on the Pines Course and modify irrigation on the Palms Course. The project cost is estimated at \$3.4 million. The timeframe for the project is expected to be January 2011 to November 2011.

FINANCIAL POLICIES AND PLANNING

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

The investments of the pension plans are controlled by the pension boards, who have hired professional money managers responsible for managing the assets of those funds.

Budget Projections – Multi-year budget projections based on a budget forecast model are currently being prepared by the City's Budget Office to forecast financial issues beyond the typical next year budget timeframe. This tool will allow the City to adjust expenditure levels to those of available future revenues to prevent financial emergencies.

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 2010.

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

REPORTING ACHIEVEMENT AND ACKNOWLEDGEMENTS

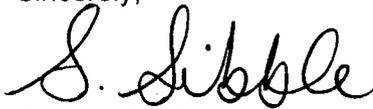
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the year ended September 30, 2009. The City has received the GFOA's prestigious Certificate of Achievement for Excellence in Financial Reporting award for twenty-eight years. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of only one year. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

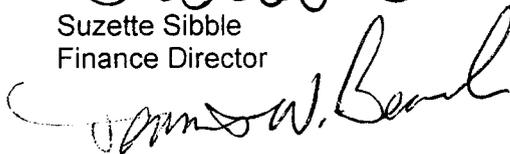
This report, which conforms to all the latest effective standards of local government financial reporting, could not have been prepared without the extraordinary devotion of the Finance Department team. Their dedication merits special attention. Sincere appreciation is extended to them for their efforts in the preparation of this report. Special thanks to the City's Planner, for his contributions in providing a comprehensive profile of the City, as well as providing readers with a summary of economic conditions and major initiatives impacting the City and to the City's Budget Officer for providing insight into economic factors impacting the fiscal year 2011 budget.

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

Sincerely,

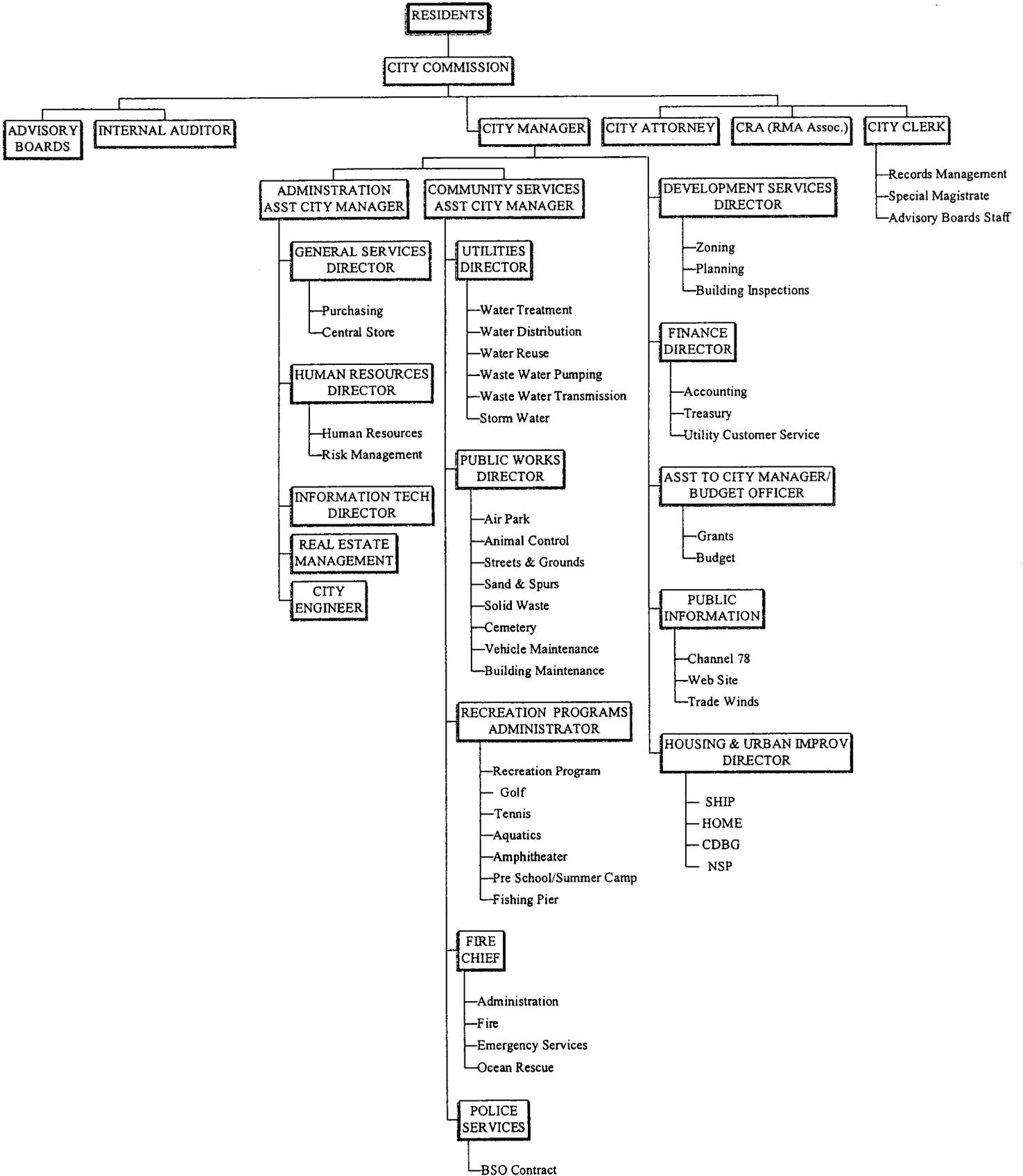


Suzette Sibble
Finance Director



Dennis Beach
City Manager

City of Pompano Beach Organizational Chart



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, 2009

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

FINANCIAL SECTION

Independent Auditor's Report

Honorable Mayor and Members of the City Commission
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, 2010, 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 80% of the total assets and 55% of revenues/additions 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. 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, 2010, and the respective changes in financial position and, cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued under separate cover our report dated March 22, 2011 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, the police and firefighters' retirement system, general employees' retirement system and other post employment benefits schedules of funding progress, and the budgetary comparison schedules – general fund, northwest community redevelopment district fund, east community redevelopment district fund and the emergency medical services fund 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
March 22, 2011

City of Pompano Beach, Florida
Management's Discussion and Analysis for the Fiscal Year Ended September 30, 2010
(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, 2010. 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 xi of this report.

New Accounting Pronouncements Adopted

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued June 2007, was effective for the City beginning with its fiscal year ending September 30, 2010. This Statement established accounting and financial reporting requirements for intangible assets (such as right-of-way easements, utility easements, land use rights, computer software etc.) to reduce inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The City has implemented this accounting pronouncement within the required timeframe.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, was also 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. This statement did not have any current impact on the City's financial statements as the City's investment policy currently prohibits investments in derivative instruments.

GASB Statement No. 58, *Accounting and Financing Reporting for Chapter 9 Bankruptcies*, was effective for the City beginning with its fiscal year ending September 30, 2010. The objective of this statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to re-measure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms (that is, approves) a new payment plan. This statement does not have a current impact on the City's financial statements.

New Accounting Pronouncements Not Yet Adopted

GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, issued February 2009, will be effective for the City beginning with its fiscal year ending September 30, 2011. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The City's management is aware of this requirement and has already begun to assess its impact.

GASB Statement No. 59, *Financial Instruments Omnibus*, is effective for financial statements for periods beginning after June 15, 2010. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this Statement will improve financial reporting by providing more

complete information, by improving consistency of measurements, and by providing clarifications of existing standards.

American Recovery and Reinvestment Act Grant Funding

On Feb. 13, 2009, Congress passed the American Recovery and Reinvestment Act of 2009 (the Recovery Act), which was signed into law on February 17, 2009 by the President of the United States. A direct response to the economic crisis, the Recovery Act has three immediate goals:

- Create new jobs and save existing ones;
- Spur economic activity and invest in long-term growth; and
- Foster unprecedented levels of accountability and transparency in government spending.

The Recovery Act intends to achieve those goals by:

- Providing tax cuts and benefits for millions of working families and businesses;
- Increasing federal funds for education and health care as well as entitlement programs (such as extending unemployment benefits);
- Making \$275 billion available for federal contracts, grants and loans; and
- Requiring recipients of Recovery funds to report quarterly on how they are using the money.

The City has been aggressive in its efforts to take advantage of Recovery Act grant funding and the chart below displays all Recovery Act grants that have been awarded to the City as of September 30, 2010 and fiscal year 2010 expenditure activity related to each program:

Grant Awarding Agency	Grant Name	Award Amount	Fiscal Year 2010 Expenditures
U.S. Department of Housing and Urban Development	Community Development Block Grant-R	\$ 332,012	\$ 318,873
U.S. Department of Housing and Urban Development	Homelessness Prevention and Rapid Re-Housing Program	507,694	165,657
U.S. Department of Energy	Energy Efficiency and Conservation Block Grant	1,038,200	8,802
U.S. Department of Justice (pass through BSO)	Byrne Justice Assistance Grant	571,977	-
TOTAL FUNDS AWARDED & EXPENDED		\$ 2,449,883	\$ 493,332

Residents of the City may access specific reporting data for the City relevant to Recovery Act grant awards by accessing the website created to allow the public to track the use of Recovery Act grant funds, located at <http://www.recovery.gov>. The City will continue to submit grant applications as additional grant opportunities arise.

OVERVIEW OF THE FINANCIAL STATEMENTS

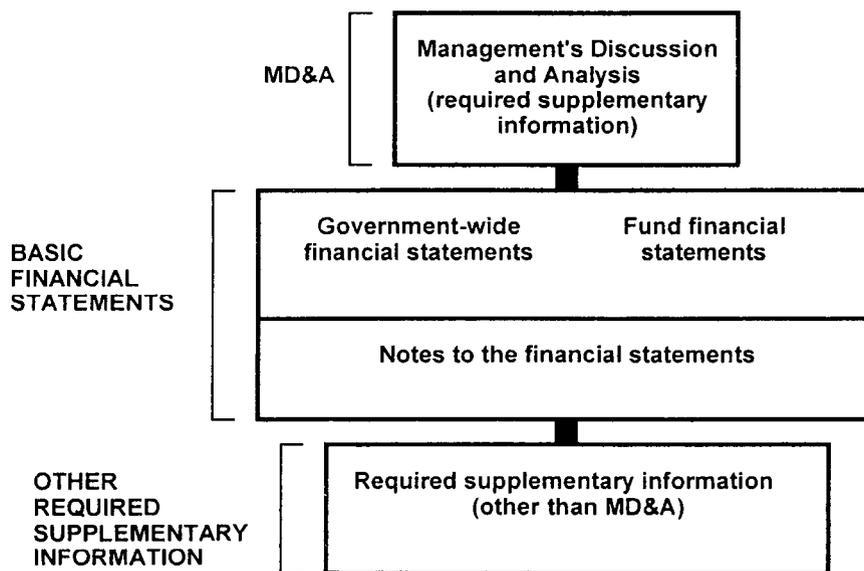
This annual report follows a format consisting of four parts – Management’s Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information, and an optional section that presents combining statements for non-major governmental funds, non-major enterprise funds,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



FINANCIAL HIGHLIGHTS

1. The assets of the City exceeded its liabilities at the close of the fiscal year by \$549.5 million. Of this amount, \$195.5 million (unrestricted net assets) may be used to meet the government’s on-going obligations to citizens and creditors in accordance with the City’s fund designation and fiscal policies. The City’s total net assets increased by \$21.8 million.
2. At the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$201.8 million, representing an increase of \$22.1 million from the previous fiscal year.
 - The General Fund accounted for approximately \$1.2 million of the net increase. This was primarily due to the net effect of greater than anticipated collections related to pari-mutuel revenues, utility taxes, and communication service taxes and less than anticipated collections for building permit fees, as well as an increase in transfers from the community improvement fund balance to the Capital Projects Fund for various projects and less than anticipated expenditures primarily related to the Public Safety (BSO vacancy credits) and Culture and Recreation functions.

- Approximately \$3.3 million of the net increase is the result of activity for the Pompano Beach Community Redevelopment Agency Northwest District, primarily due to the net effect of current year operating activity and the capitalization of property acquisition and related costs to "assets held for resale" during the current fiscal year.
 - The Capital Projects Fund accounted for approximately \$5.7 million of the net increase, primarily due to the transfer of funds from the General Fund for various projects, such as Community Park Phase III Improvements, Mitchell Moore Park Phase II Construction, Palm-Aire Park design and construction, the purchase of three mobile generators and the repair of seawalls throughout the City. Activity related to these projects did not fully get underway by fiscal year end.
 - The Pompano Beach Community Redevelopment Agency's East District accounted for approximately \$11.4 million of the net increase, due primarily to the issuance of \$10 million in tax increment revenue bonds during the fiscal year to finance various redevelopment projects in the East District.
3. At the end of the current fiscal year, unreserved fund balance for the General Fund was \$52.6 million. Approximately \$41.7 million or 79% of this amount has been designated by management for various purposes (such as disaster and operating contingency funds and community improvement funds).

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 20 through 22 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 25 and 28) 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 \$549.5 million at September 30, 2010. The City's net assets increased by \$21.8 million during the current fiscal year. The largest portion of the City's net assets 57% 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 7% or \$38.3 million of net assets is subject to external restrictions for various purposes (e.g. building permitting function, capital projects).

TABLE 1

SUMMARY OF NET ASSETS
SEPTEMBER 30, 2010 and 2009

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 237,506,251	217,037,430	\$ 61,119,275	66,424,760	\$ 298,625,526	283,462,190
Capital assets	212,893,367	206,553,533	132,256,063	131,516,549	345,149,430	338,070,082
Total assets	<u>450,399,618</u>	<u>423,590,963</u>	<u>193,375,338</u>	<u>197,941,309</u>	<u>643,774,956</u>	<u>621,532,272</u>
Long-term liabilities	50,904,842	44,762,724	32,539,726	35,536,467	83,444,568	80,299,191
Other liabilities	6,917,686	8,493,560	3,950,519	5,104,255	10,868,205	13,597,815
Total liabilities	<u>57,822,528</u>	<u>53,256,284</u>	<u>36,490,245</u>	<u>40,640,722</u>	<u>94,312,773</u>	<u>93,897,006</u>
Net assets:						
Invested in capital assets						
net of related debt	212,893,367	205,458,533	102,762,337	99,197,519	315,655,704	304,656,052
Restricted	28,451,297	29,455,841	9,897,046	11,053,695	38,348,343	40,509,536
Unrestricted	151,232,426	135,420,305	44,225,710	47,049,373	195,458,136	182,469,678
Total net assets	<u>\$ 392,577,090</u>	<u>370,334,679</u>	<u>\$ 156,885,093</u>	<u>157,300,587</u>	<u>\$ 549,462,183</u>	<u>527,635,266</u>

At September 30, 2010, 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 \$20.5 million in current and other assets for governmental activities, primarily as a result of proceeds related to a \$10 million tax increment revenue bond issued to finance redevelopment projects in the Pompano Community Redevelopment Agency's East District, as well as current year operations, as discussed on page 9.

There was an increase of \$6.3 million in capital assets. The increase noted was due to the donation of land, building and infrastructure assets to the City, the capitalization of an intangible asset related to the buyout of land deed restrictions at the Airpark from the Federal Aviation Administration, as well as the net effect of current fiscal year construction activity (as discussed in more detail on page 17) and the recognition of current fiscal year depreciation expense.

The increase of \$6.1 million in long-term liabilities is primarily the result of the net effect of the following activity:

- the issuance of \$10 million in tax increment revenue bonds by the Pompano Beach Community Redevelopment Agency (CRA) to finance redevelopment projects in the East District;
- the satisfaction of annual debt service related to the 1993 General Obligation Bonds (\$1.1 million) and the CRA's Northwest District Bonds (\$2.2 million);
- an increase in the recorded liability for other post employment benefits (OPEB) in the current fiscal year (approximately \$1.6 million), the result of the City's policy to fund its OPEB obligation on a pay-as-you go basis, combined with changes in various actuarial assumptions (health cost trend rates and morbidity rate);
- a decrease in the claims and judgments liability (approximately \$.7 million) as actuarially determined, due to a favorable loss development related to certain workers compensation cases as a result of a decrease in incurred losses; and
- a decrease in the compensated absences liability (approximately \$.2 million).

The decrease of \$1.6 million in other liabilities is primarily the result of the net effect of an accrual related to an amount due Broward County (\$.9 million) related to a line of credit that the City drew on to make previous improvements to Atlantic Boulevard, the payout of a bonus to general employees in fiscal year 2009 with no such payout in fiscal year 2010, the accrual of additional payroll costs at the end of fiscal year 2009, compared to fiscal year 2010, due to the payroll split between fiscal years, the timing of vendor payments accrued at fiscal year end, a decrease in unearned revenues compared to prior year, particularly as it relates to grant activities, and an accrual for an amount due the State of Florida (\$.7 million) Department of Emergency Management related to an audit of Hurricane Wilma activities related to debris removal. The City is currently working with a consultant and is in the process of closing out several project worksheets related to this hurricane with the State and anticipates it may be entitled to additional funds, which may offset this return of funds to some degree.

Business-type Activities – The decrease of \$5.3 million in current and other assets is primarily a result of current year's operations, as discussed on pages 10-11.

The increase of \$.7 million in capital assets is primarily due to current fiscal year construction activity (as discussed in more detail on pages 16-17) and the recognition of current fiscal year depreciation expense. The decrease of \$3.0 million 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 \$1.2 million in other liabilities is primarily the result of the refund of previously remitted rental amounts by a tenant at the City's Airpark in the previous fiscal year, with regard to the computation of past annual rental increases, the payout of a bonus to general employees in fiscal year 2009 with no such payout in fiscal year 2010 and the accrual of additional payroll costs at the end of fiscal year 2009, compared to fiscal year 2010, due to the payroll split between fiscal years.

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, 2010.

TABLE 2
CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	Governmental		Business-type		Totals	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$ 34,192,810	34,289,439	\$ 45,627,863	46,883,660	\$ 79,820,673	81,173,099
Operating grants & contribs.	3,021,158	3,384,796	-	-	3,021,158	3,384,796
Capital grants and contribs.	8,016,883	3,736,634	732,036	796,775	8,748,919	4,533,409
General revenues:						
Taxes	80,196,392	75,547,782	-	-	80,196,392	75,547,782
Franchise fees	8,316,234	9,097,345	-	-	8,316,234	9,097,345
State revenue sharing	7,341,044	7,417,427	-	-	7,341,044	7,417,427
Gain from sale of capital assets	3,001	3,626	15,295	6,800	18,296	10,426
Investment earnings	3,584,734	3,518,665	1,129,631	1,099,783	4,714,365	4,618,448
Miscellaneous	850,783	835,460	417,732	417,233	1,268,515	1,252,693
Total revenues	145,523,039	137,831,174	47,922,557	49,204,251	193,445,596	187,035,425
Expenses						
General government	22,614,054	30,976,218	-	-	22,614,054	30,976,218
Public safety	75,248,897	72,982,320	-	-	75,248,897	72,982,320
Physical environment	13,945,306	13,122,352	-	-	13,945,306	13,122,352
Transportation	3,742,998	3,837,107	-	-	3,742,998	3,837,107
Culture and recreation	7,669,285	8,632,761	-	-	7,669,285	8,632,761
Interest costs	1,236,656	932,515	-	-	1,236,656	932,515
Utility	-	-	36,710,226	36,050,530	36,710,226	36,050,530
Sanitation	-	-	3,338,231	3,605,435	3,338,231	3,605,435
Stormwater	-	-	1,955,262	1,891,753	1,955,262	1,891,753
Pier	-	-	230,969	139,979	230,969	139,979
Airpark	-	-	1,461,977	1,399,077	1,461,977	1,399,077
Golf course	-	-	3,464,818	3,469,586	3,464,818	3,469,586
Total expenses	124,457,196	130,483,273	47,161,483	46,556,360	171,618,679	177,039,633
Increase in net assets before special item and transfers	21,065,843	7,347,901	761,074	2,647,891	21,826,917	9,995,792
Transfers	1,176,568	1,205,288	(1,176,568)	(1,205,288)	-	-
Increase (decrease) in net assets	22,242,411	8,553,189	(415,494)	1,442,603	21,826,917	9,995,792
Beginning net assets - 10/01/09	370,334,679	361,781,490	157,300,587	155,857,984	527,635,266	517,639,474
Ending net assets - 09/30/10	\$ 392,577,090	370,334,679	\$ 156,885,093	157,300,587	\$ 549,462,183	527,635,266

Governmental Activities –

Governmental activities increased the City's net assets by \$22.2 million.

Operating grants and contributions decreased by \$.4 million primarily due to less funds received for the SHIP Grant Program, no grant funds received under the COPs Grant Program, less funds received from the State of Florida related to the Fire Premium Tax, per Chapter 175, Florida Statutes, (*Firefighter Pensions*), and the net effect of an adjustment to defer funds received under the SHIP Grant Program at fiscal year end as expenditures had not yet been incurred related to program activity.

Capital grants and contributions increased by \$4.3 million primarily as a result of the net effect of the receipt of additional grant funds related to the Neighborhood Stabilization Program Grant (\$2.6 million), the CDBG-R Grant Program (\$.3 million), the donation of a warehouse to the City (\$2.6 million) and the receipt of no funds related to the CDBG Disaster Recovery Program in the current fiscal year.

The increase of \$4.6 million in taxes is primarily due to an increase in collections for property taxes (\$2.9 million), mainly as a result of an increase in delinquent collections, as well as an increase in the debt service ad valorem assessment in the current fiscal year to satisfy the fiscal year 2010 annual debt service payments for the 1993 General Obligation Bonds, an increase in tax increment payments for the CRA, which is a function of the change in the tax increment, as well as adjustments to millages for the various taxing districts (\$.9 million), as well as increases in utility taxes (\$.4 million) and communication service taxes revenue (\$.4 million). The latter increase is primarily due to an audit performed by the State of Florida resulting in the reallocation of previous distributions inadvertently made to other jurisdictions, to the City.

General government expenses decreased by \$8.4 million primarily as a result of the net effect of an increase in the City's liability for post employment benefits other than pension (i.e. health and dental), as actuarially determined, a decrease in the compensated absences liability (\$.2 million), a decrease in the claims and judgments liability (\$.7 million) as actuarially determined, the payout of a bonus to general employees in fiscal year 2009 with no such payout in fiscal year 2010, the accrual of additional payroll costs at the end of fiscal year 2009, compared to fiscal year 2010, due to the payroll split between fiscal years and the buyout of land deed restrictions at the Airpark from the Federal Aviation Administration, resulting in the recording on an intangible asset in the amount of \$8.7 million. The buyout of the deed restrictions occurred in the prior fiscal year, but the deeds were not officially released until fiscal year 2010.

Public safety expenses increased by \$2.3 million primarily as a result of the net effect of an increase in employer pension contributions (as actuarially determined), the payout of a bonus to employees in the current fiscal year, the accrual of additional payroll costs at the end of fiscal year 2009, compared to fiscal year 2010, due to the payroll split between fiscal years and an increase in contractual amounts paid to BSO for policing services. The City has been approved for U.S. Department of Justice Grant Funds to cover additional officers included in the BSO contract executed in July 2010, but the funds will not be drawn until fiscal year 2011.

Physical environment expenses increased by \$.8 million primarily as a result of an increase in expenses for the CDBG-R and HPRP grants and an increase in internal service charges, primarily related to risk management.

Culture and recreation expenses decreased by \$1.0 million primarily as a result of the net effect of the transfer of several employees to the Public Works Department, to facilitate the grounds maintenance function, the streamlining of operations resulting in a decrease in part time/temporary wages, the payout of a bonus to general employees in fiscal year 2009 with no such payout in fiscal year 2010, and the accrual of additional payroll costs at the end of fiscal year 2009, compared to fiscal year 2010, due to the payroll split between fiscal years.

Business-type Activities - The business-type activities decreased the City's net assets by \$.4 million. The operating activity for the Utility Fund resulted in \$1.7 million decrease in net assets, while primarily activity related to the Sanitation and Stormwater Funds served to offset the decrease produced by the Utility Fund.

Charges for services reported in business-type activities decreased by \$1.3 million in comparison to the prior year primarily as a result of a decrease in the Utility Fund. The decrease in the Utility Fund is the result of the removal of an 18% surcharge from water rates during March 2010, as well as

continued water restrictions impacting consumption levels. In September 2010 the City enacted a two tier rate increase, in an effort to restore system revenues to sustainable levels, to be effective September 2010 and January 2011.

Utility operating expenses increased by \$1.3 million primarily as a result of the net effect of an increase in wastewater disposal and hazardous disposal charges from Broward County, the payout of a bonus to general employees in fiscal year 2009 with no such payout in fiscal year 2010 and the accrual of additional payroll costs at the end of fiscal year 2009, compared to fiscal year 2010, due to the payroll split between fiscal years.

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.

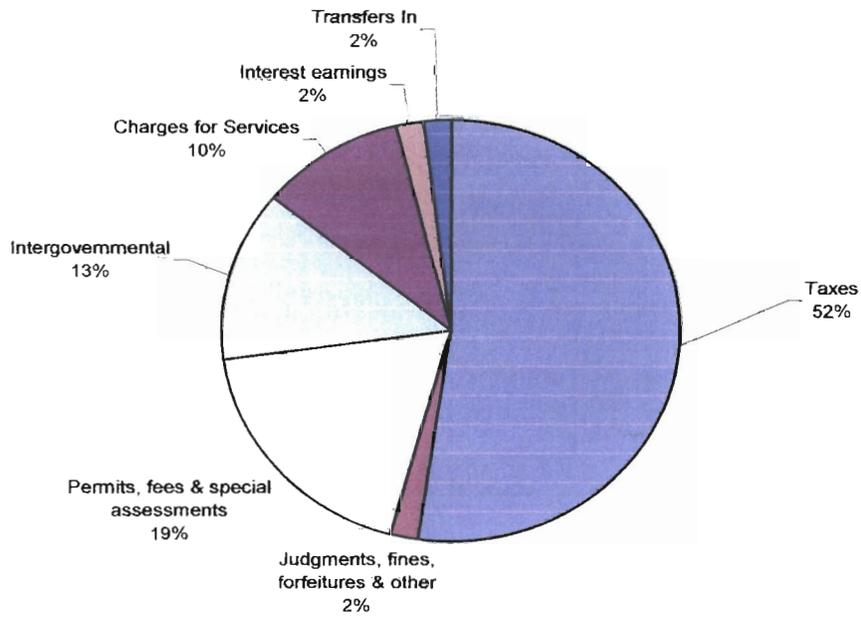
Governmental Funds

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.

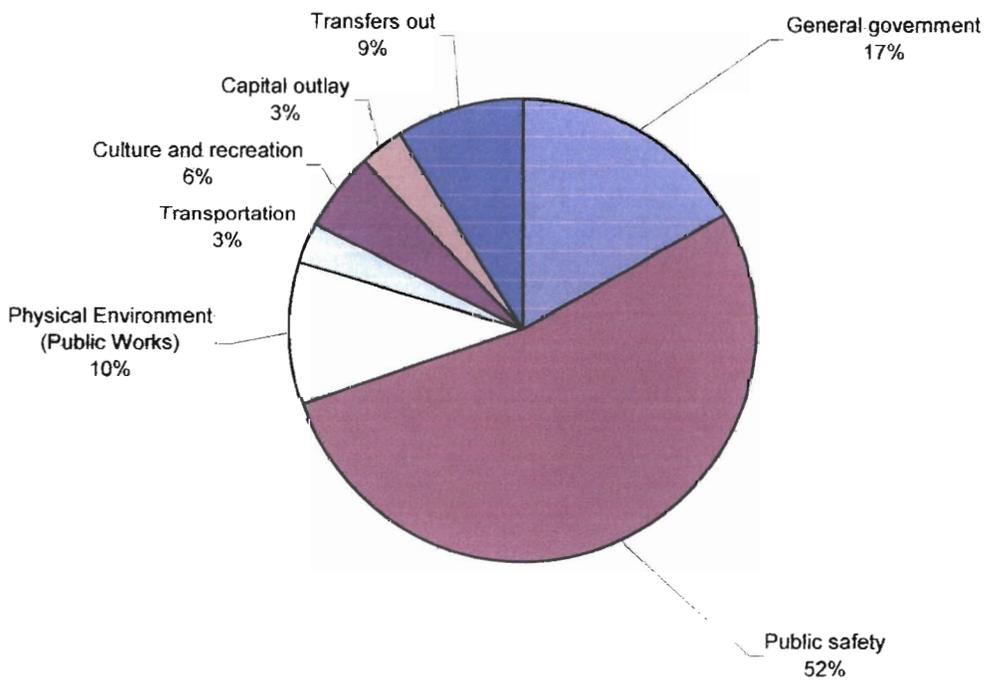
The General Fund

The General Fund is the chief operating fund of the City. The following pie charts depict the breakdown of actual receipts by revenue source and expenditures, by function, for the fiscal year ended September 30, 2010:

Revenues Received By Source



Actual Expenditures By Function



At the end of the current fiscal year, unreserved fund balance for the General Fund was \$52.6 million, while total fund balance was \$97.6 million. The fund balance for the City's General Fund increased by \$1.2 million during the current fiscal year.

Compared to the prior fiscal year, there was an increase of \$2.7 million in tax revenue, primarily due to an increase in pari-mutuel revenues and an increase in utility taxes and communication service taxes. The increase in communication service taxes was primarily the result of an audit performed by the Florida Department of Revenue, resulting in the reallocation of prior collections to applicable jurisdictions.

The increase of \$2.2 million in intergovernmental revenue is primarily due to the net effect of an increase in revenues for the Neighborhood Stabilization Program (\$2.6 million) and CDBG-R Grants (\$.3 million) and a reduction in funds received from the State of Florida related to the Fire Premium Tax, per Chapter 175, Florida Statutes, (*Firefighter Pensions*), a function of the number of property insurance policies written within the City.

The decrease of \$.6 million in charges for services is primarily due to a renegotiation of the City's contract with the Broward Sheriff's Office (BSO) which removed the requirement for BSO to separately remit building rent for the City's public safety building occupied by BSO.

The increase of \$2.1 million in general government expenditures is primarily the result of an accrual for an amount due Broward County related to a draw against a line of credit for improvements to Atlantic Boulevard (\$.9 million) and an increase (\$.7 million) in the NW and East CRA District's tax increment (a function of the increase in the tax increment from the base year and adjustments to each taxing district's operating millage rate).

The increase of \$1.7 million in public safety expenditures is primarily the result an increase in employer pension contributions for firefighters, a bonus paid out to firefighters and contractual amounts paid to BSO for policing services. The City has been awarded a grant from the U.S. Department of Justice to assist in offsetting costs associated with the provision of additional officers under the BSO contract, but will not be bale to draw on the funds until fiscal year 2011.

The increase of \$1.4 million in physical environment expenditures is primarily the result of an increase in expenditures related to the CDBG-R and HPRP Grants and an increase in risk management internal service charges.

The \$.7 million decrease in culture and recreation expenditures is primarily due to a reduction in part time/temporary expenditures due to a reorganization and streamlining of operations, the reclassification of positions to the Public Works function for grounds maintenance, as well as the payout of a bonus to employees in the prior fiscal year, with no such bonus paid out in fiscal year 2010.

The \$.8 million increase in capital outlay is primarily the result of the purchase of vehicles by the Fire Department and environmental remediation costs related to the N.E. Library site.

The increase of \$5.4 million in transfers out is primarily due to an increase in the transfer of funds to the EMS Fund to fund operations, the transfer of funds to the Golf Fund for fence replacement and the purchase of two slope mowers and an increase in transfers to the Capital Projects Fund for Community Park Phase III Improvements, Mitchell Moore Park Phase II Construction, Palm-Aire Park design and construction, the purchase of three mobile generators and the repair of seawalls throughout the City.

The Northwest Community Redevelopment Agency Northwest District Fund

The fund balance of the Northwest Community Redevelopment Agency Fund increased by \$3.3 million during the current fiscal year. This is the result of timing of collection of tax increment revenues and the expenditure of funds for redevelopment projects.

The East Community Redevelopment Agency East District Fund

The fund balance of the East Community Redevelopment Agency Fund increased by \$11.4 million primarily due to the issuance of tax increment revenue redevelopment bonds in the current fiscal year to finance projects in the East District.

Emergency Management Service Fund

The fund balance for the EMS Fund increased by \$.6 million. There was an increase of \$1.0 million in transfers in during the current fiscal year, offset by an increase in operating expenditures of \$.5 million. EMS expenditures increased by \$.5 million primarily as a result of the net effect of an increase in employer pension contributions (as actuarially determined), the payout of a bonus to employees in the current fiscal year, the accrual of additional payroll costs at the end of fiscal year 2009, compared to fiscal year 2010, due to the payroll split between fiscal years & increased capital outlay expenditures due to the purchase of a vehicle.

Capital Projects Fund

The fund balance of the Capital Projects Fund increased by \$5.7 million during the current fiscal year primarily due to the transfer of funds from the General Fund for various projects, such as Community Park Phase III Improvements, Mitchell Moore Park Phase II Construction, Palm-Aire Park design and construction, the purchase of three mobile generators and the repair of seawalls throughout the City. Activity related to these projects did not significantly get underway by fiscal year end.

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 \$1.3 million decrease in operating revenue for proprietary funds, is primarily the result of the removal of an 18% surcharge from water rates during March 2010, as well as continued water restrictions impacting consumption levels. In September 2010 the City enacted a two tier rate increase in an effort to restore system revenues to sustainable levels, to be effective September 2010 and January 2011.

The approximately \$1.4 million increase in operating expenses in proprietary funds was primarily the result of the net effect of an increase in wastewater disposal and hazardous disposal charges from Broward County, the payout of a bonus to general employees in fiscal year 2009 with no such payout in fiscal year 2010 and the accrual of additional payroll costs at the end of fiscal year 2009, compared to fiscal year 2010, due to the payroll split between fiscal years.

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 \$16.5 million.

Permits, fees and special assessments revenue budget increased by approximately \$10.5 million, primarily due to a change in the chart of accounts by the State of Florida Department of Financial Services, which resulted in a re-class from the "charges for services" category. This resulted in a comparable decrease in the original budget for the "charges for services" revenue category.

Intergovernmental revenue budget increased by \$5.7 million in order to roll over budgeted funds for the Neighborhood Stabilization Program (NSP) Grant from the U.S. Department of Housing and Urban Development (HUD) and the budgeting of funds awarded from HUD for the CBBG-R Grant and the Homeless Prevention and Rapid Re-Housing Grant.

The increase of \$5.5 million in the budget for general government expenditures is primarily the result of the budgeting for various grant funds during the currently fiscal year, as discussed above.

The finance expenditure budget increased by \$.4 million, primarily to fund the City's community bus program during the current fiscal year.

The increase of approximately \$1.0 million in the development services expenditure budget is primarily related to the appropriation of funds to digitize microfilm for the Building Permitting function, as well as the rolling of encumbrances at fiscal year end for professional services for the Planning and Zoning Division, related to outstanding commitments.

The decrease of \$.7 million in the Police expenditure budget is the result of the liquidation of an encumbrance at fiscal year end related to the policing services contract with BSO due to adjustments for vacancy credits during the fiscal year.

The increase of \$.4 million in the public works expenditure budget is primarily due to additional funds budgeted related to the City's street lighting maintenance agreement with Florida Department of Transportation (FDOT), as well as additional funds required for repair and maintenance expenditures for the building maintenance division, on behalf of various City departments.

The increase of approximately \$2.5 million in the non-departmental expenditure budget is primarily due to an increase in the budget for the tax increment payments for the Northwest and East Districts of the Pompano Beach Community Redevelopment Agency, the budgeting of funds for an amount due Broward County related to a draw on a line of credit for improvements to Atlantic Boulevard, consultant costs to perform an assessment of City facilities and a pension plan study, and a payment to the State of Florida Department of Emergency Management related to an audit of Hurricane Wilma activities related to debris removal. The City is currently working with a consultant and is in the process of closing out several project worksheets related to this hurricane with the State and anticipates it may be entitled to additional funds, which may serve to somewhat offset this return of funds to the State.

The increase of \$1.7 million in the capital outlay budget primarily relates to the appropriation of funds necessary for environmental remediation costs at the N.E. Library site, closing/commission costs associated with the donation of a warehouse to the City and the purchase of computer equipment by the Building Inspections Division.

The transfers-out budget increased by \$5.1 million (from working capital reserves) primarily to fund a fence and two slope mowers at the golf course, Phase III improvements at Community Park, Seawall Repairs at Indian Mound, construction at Mitchell Moore Park and design and constructions costs for Palm-Aire Park.

Final budget compared to actual – Tax revenues were \$2.2 million higher than the final budget primarily due to greater than anticipated collections from pari-mutuel revenues, utility taxes and communication service taxes.

Permits, fees and special assessments revenue was \$1.1 million lower than the final budget primarily due to less than anticipated collections for building permits due to the continued stagnation in the construction and housing rehab. market and less than anticipated collections for electric franchise tax, primarily attributable to a rebate to customers by FPL.

Intergovernmental revenue was \$2.3 million lower than the final budget. This is primarily the result of the budgeting of grant funds from the U.S. Department of Housing and Urban Development, related to the Neighborhood Stabilization Program grant, for which program activities did not fully get underway by fiscal year end, as well as the budgeting for grant funds related to a Justice Assistance Grant pass through from Broward County for which the funds will be received in fiscal year 2011.

Investment earnings were \$.6 million higher than the final budget due to unrealized gains on investments recorded at fiscal year end, as required per Government Accounting Standards No. 31, which requires investments to be recorded at fair market value.

General government expenditures were \$4.7 million less than the final budget. This is primarily the result of the budgeting for grant funds related to the NSP, Justice Assistance, HPRP and CDBG Disaster Recovery Grant Programs in the current fiscal year, with grant activities still underway at fiscal year end. In addition, the City budgeted for \$2.5 million in NSP expenditures for which even though the funds were expended, the expenditures were capitalized to "assets held for resale" at fiscal year end to reflect houses acquired to be rehabed and resold.

Police expenditures were \$.5 million less than the final budget primarily due to the application of the vacancy credit for the City's contract with BSO.

Culture and recreation expenditures were \$.6 million less than the final budget due to less than anticipated expenditures for part time/temporary help and vacancies in the Recreation Activities Division.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2010, amounts to \$345,149,430 (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, 2010**

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	\$ 57,531,009	\$ 46,889,879	\$ 277,365	\$ 277,365	\$ 57,808,374	\$ 47,167,244
Construction in Progress	12,694,614	14,574,119	11,404,894	20,324,304	24,099,508	34,898,423
Buildings	15,468,373	14,901,195	33,020,518	34,543,779	48,488,891	49,444,974
Infrastructure	76,221,356	78,487,185	55,866,142	52,404,827	132,087,498	130,892,012
Improvements	44,073,925	44,458,216	28,464,621	20,811,526	72,538,546	65,269,742
Machinery & Equipment	6,904,090	7,242,939	3,222,523	3,154,748	10,126,613	10,397,687
TOTALS	\$ 212,893,367	\$ 206,553,533	\$ 132,256,063	\$ 131,516,549	\$ 345,149,430	\$ 338,070,082

Major capital assets events during the fiscal year included:

- Land increased by approximately \$10.6 million in governmental activities primarily as a result of the buyout of land deed restrictions at the Airpark from the Federal Aviation Administration (\$8.7 million) resulting in an intangible asset, as well as the donation of a warehouse to the City (\$1.0 million).
- Capital projects under construction in governmental activities had a net decrease of approximately \$1.9 million primarily as a result of several projects being underway in the current fiscal year, primarily Seawall Repairs, Bridge Repair & Maintenance, Public Safety Building Improvements and Road Resurfacing, as well as the completion and capitalization of Public Safety Building Improvements, Road Resurfacing and General Government Building Improvement projects in the current fiscal year.
- Buildings for governmental activities increased by approximately \$.6 million, as a result of net effect of the donation of a warehouse to the City (\$1.6 million) and the recognition of current fiscal year depreciation expense.
- Infrastructure for governmental activities decreased by approximately \$2.3 million, primarily due to the net effect of the recognition of current fiscal year depreciation expense and the completion and capitalization of the Road Resurfacing Project.
- Capital projects in business-type activities decreased by approximately \$8.9 million due to the net effect of ongoing activity for several projects, as well as the completion and capitalization of several projects during the fiscal year. Major projects for which construction continues include Water Treatment Plant Security, Sewer Gravity Mains, Lift Stations 2-4 & 11-12, Force Mains Replacement and Airpark Sewer Extension. Projects were also completed and capitalized to improvements such as Sanitary Sewer Manhole Rehab., Sewer Gravity Mains, Water Treatment Plant Improvements, Lift Stations 2-4 & 11-12, Membrane Electrical Replacement, Water Main Replacements, Force Mains Replacements and Airpark Sewer Extension.
- Buildings for business-type activities decreased by approximately \$1.5 million. This is primarily the result of the recognition of current fiscal year depreciation expense.
- Infrastructure for business-type activities increased by approximately \$3.5 million due to the net effect of the recognition of current fiscal year depreciation expense and the completion and capitalization of the Lift Station 2-4 & 11-12, Water Main Replacement and Airpark Taxiway projects.
- The increase of approximately \$7.7 million in improvements for business-type activities is primarily the result of the net effect of the recognition of current fiscal year depreciation expense, as well as the completion and capitalization of the Sanitary Sewer Manhole Rehab., Sewer Gravity Mains, Water Treatment Plant Improvements, Lift Stations 2-4 & 11-12, Membrane Electrical Replacement, Water Main Replacements, Force Mains Replacements and Airpark Sewer Extension projects.

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 \$58,077,344 outstanding compared to \$54,324,506 last year, a 7% increase.

TABLE 4 - OUTSTANDING DEBT
September 30, 2010

	Governmental		Business-type		Totals	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
General obligation	\$ -	\$ 1,095,000	\$ -	\$ -	\$ -	\$ 1,095,000
Revenue bonds	-	-	30,239,506	33,229,506	30,239,506	33,229,506
Tax increment bonds	27,837,838	20,000,000	-	-	27,837,838	20,000,000
TOTAL	\$ 27,837,838	\$ 21,095,000	\$ 30,239,506	\$ 33,229,506	\$ 58,077,344	\$ 54,324,506

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

The City's water and sewer bonds are insured by National Public Finance Guarantee Corporation (National). At September 30, 2010, National was assigned an A rating by Standard and Poor's and a rating of Baa1 by Moody's.

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

On December 9, 2008, the City Commission authorized the issuance of special facility airport revenue bonds in an aggregate principal amount not to exceed \$8,000,000, for the purpose of making a loan of funds to Sheltair Pompano Beach, LLC (Sheltair) in order to finance the costs of the acquisition, renovation, construction and equipping of certain general aviation facilities located at the Pompano Beach Airpark, to be leased by Sheltair. The bonds were subsequently issued on December 22, 2008. The bonds are limited obligations of the City payable from lease payments required to be made by Sheltair. The City is not obligated to pay the principal or interest of the bonds except from payments made by Sheltair, and neither the faith and credit nor the taxing power of the City is pledged to the payment of the principal and interest on the bonds. At September 30, 2010, total principal and interest outstanding related to this debt issue was \$7,802,545 and \$5,963,696, respectively.

Additional information on the City's long-term debt can be found in the notes to the financial statements, Note II (F).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET 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 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.

Local governments have a significant impact on South Florida's economy. Municipal governments, as well as the state, have to fill in the financial hole as aid from the federal government's stimulus package start to wind down. As a result, the state and local governments are increasing taxes and incorporating spending cuts into their budgets, including trimming payrolls in efforts to balance their FY 2011 budgets. This fiscal drag is attributing to the rate of growth of Florida's gross domestic product. In fact, the impact of budget tightening is greater, as the GDP data does not break out the effects of tax increases on growth. Moreover, local government spending is likely to continue being a

drag on economic growth, without forthcoming stimulus aid, as local government revenues lag economic cycles.

Current economic growth is characterized by mixed conditions or deceleration in overall activity. While travel and tourist activity pointed to consistent gains, activity in residential real estate markets declined further. More specifically, South Florida's real estate market has been getting worse over the past year. Broward County posted 683 sales of existing homes in August 2010, down 5 percent from July and 16 percent from a year ago. Home sales demand remains weak following the expiration of two federal homebuyer tax credits this summer. Initially, generous federal tax incentives had a strong impact that led to temporary acceleration of sales and value appreciation. However, early indications for the next fiscal year show an actual decrease in property values, as housing inventories continue to increase as do the number of foreclosures.

Budget preparation efforts continued to be impacted by property tax reform. State Statute requires the City to rollback its tax rate and adjust for changes in per capita personal income, which is -1.89% for FY 2011. While no new legislation was passed this session that affects the City's FY 2011 Budget, Constitutional Amendments will be placed on the ballot in November 2011 that, if passed, will have a negative impact on City finances and operations for the following fiscal year and beyond. The combination of a tax base decrease from \$11 billion to \$9.3 billion dollars and the Commissions desire to provide tax relief to residents, resulted in a millage of 4.9077, which is a decrease of 6.9 percent from what the statutory guidelines allow for an operating millage rate. Based on the corresponding decrease, the gross impact on the City will be a \$3 million dollars loss in revenue, which the City will offset through reserves.

In addition to property tax reform and budget adjustments, other economic factors affecting the City's FY 2011 Budget include:

- Slight increase in Building permits issued but overall moderate decrease in revenue due to decrease in major construction projects.
- The commercial construction industry in South Florida remains relatively weak due to elevated vacancies and declining commercial rents.
- Local unemployment rate has increased to 12.8 percent; with Miami-Fort Lauderdale-Pompano Beach metropolitan area experiencing the largest unemployment rate increase in the country of 1.7% from August 2009.

Based on the preceding discussion, local economic conditions are not expected to improve for calendar year 2011. 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.



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BASIC FINANCIAL STATEMENTS

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 26,215,243	\$ 5,553,699	\$ 31,768,942
Restricted cash and cash equivalents	10,378,047	1,903,228	12,281,275
Restricted investments	28,395,848	10,169,488	38,565,336
Unrestricted investments	127,552,180	35,296,312	162,848,492
Interest receivable	985,935	304,912	1,290,847
Accounts receivables (net)	6,003,833	4,174,519	10,178,352
Internal balances	(2,876,182)	2,876,182	-
Due from other governments	3,767,487	310,672	4,078,159
Inventories	1,267,775	368,934	1,636,709
Prepays	11,168	2,110	13,278
Other assets	255,170	-	255,170
Unamortized bond costs	27,737	159,219	186,956
Assets held for resale & redevelopment	34,350,069	-	34,350,069
Net pension asset	1,171,941	-	1,171,941
Capital assets:			
Land and construction in progress	70,225,623	11,682,259	81,907,882
Other capital assets net of accumulated depreciation	142,667,744	120,573,804	263,241,548
Total capital assets net of accumulated depreciation	212,893,367	132,256,063	345,149,430
Total assets	450,399,618	193,375,338	643,774,956
LIABILITIES			
Accounts payable	1,799,438	1,603,686	3,403,124
Accrued expenses	898,933	171,163	1,070,096
Due to other governments	1,552,802	-	1,552,802
Customer deposits payable	5,546	-	5,546
Accrued interest payable	213,402	-	213,402
Unearned revenue	1,354,385	-	1,354,385
Liabilities payable from restricted assets:			
Customer deposits payable	-	1,000,009	1,000,009
Accounts payable	-	82,481	82,481
Accrued interest payable	-	315,627	315,627
Long term obligations	-	777,553	777,553
Noncurrent liabilities:			
Due within one year:			
Long-term obligations	2,462,162	2,332,447	4,794,609
Unearned revenue	-	416,667	416,667
Claims and judgments	1,793,617	-	1,793,617
Compensated absences	284,821	17,145	301,966
Due in more than one year:			
Long-term obligations	25,375,676	26,519,738	51,895,414
Unearned revenue	-	1,249,999	1,249,999
Claims and judgments	12,630,383	-	12,630,383
Compensated absences	4,618,239	984,601	5,602,840
Net OPEB obligation	4,833,124	1,019,129	5,852,253
Total liabilities	57,822,528	36,490,245	93,997,146
NET ASSETS			
Invested in capital assets, net of related debt	212,893,367	102,762,337	315,655,704
Restricted for:			
Renewal and replacement/rate stabilization	-	3,213,723	3,213,723
Debt service	1,051,405	-	1,051,405
Capital projects	-	6,683,323	6,683,323
Transportation	763,009	-	763,009
Building permit function	26,636,883	-	26,636,883
Unrestricted	151,232,426	44,225,710	195,458,136
Total net assets	\$ 392,577,090	\$ 156,885,093	\$ 549,462,183

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, 2010

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 22,614,054	\$ 12,007,347	\$ 21,686	\$ 2,854,902
Public safety	75,248,897	19,978,399	2,106,846	-
Physical environment	13,945,306	70,676	808,375	5,161,981
Transportation	3,742,998	452,867	-	-
Culture and recreation	7,669,285	1,683,521	84,251	-
Interest on long-term debt	1,236,656	-	-	-
Total governmental activities	<u>124,457,196</u>	<u>34,192,810</u>	<u>3,021,158</u>	<u>8,016,883</u>
Business-type activities:				
Utility	36,710,226	34,324,271	-	239,352
Sanitation	3,338,231	5,287,117	-	-
Stormwater	1,955,262	2,468,001	-	63,816
Pier	230,969	29,552	-	-
Airpark	1,461,977	946,942	-	428,868
Golf course	3,464,818	2,571,980	-	-
Total business-type activities	<u>47,161,483</u>	<u>45,627,863</u>	<u>-</u>	<u>732,036</u>
Total government	<u>\$ 171,618,679</u>	<u>\$ 79,820,673</u>	<u>\$ 3,021,158</u>	<u>\$ 8,748,919</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 on sale of capital assets
- Investment earnings
- Miscellaneous revenue

Transfers

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

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$ (7,730,119)	\$ -	\$ (7,730,119)
(53,163,652)	-	(53,163,652)
(7,904,274)	-	(7,904,274)
(3,290,131)	-	(3,290,131)
(5,901,513)	-	(5,901,513)
(1,236,656)	-	(1,236,656)
<u>(79,226,345)</u>	<u>-</u>	<u>(79,226,345)</u>
-	(2,146,603)	(2,146,603)
-	1,948,886	1,948,886
-	576,555	576,555
-	(201,417)	(201,417)
-	(86,167)	(86,167)
-	(892,838)	(892,838)
-	(801,584)	(801,584)
<u>(79,226,345)</u>	<u>(801,584)</u>	<u>(80,027,929)</u>
49,080,745	-	49,080,745
1,868,720	-	1,868,720
1,883,460	-	1,883,460
9,366,079	-	9,366,079
5,711,305	-	5,711,305
1,881,081	-	1,881,081
10,405,002	-	10,405,002
8,316,234	-	8,316,234
7,341,044	-	7,341,044
3,001	15,295	18,296
3,584,734	1,129,631	4,714,365
850,783	417,732	1,268,515
1,176,568	(1,176,568)	-
<u>101,468,756</u>	<u>386,090</u>	<u>101,854,846</u>
22,242,411	(415,494)	21,826,917
370,334,679	157,300,587	527,635,266
<u>\$ 392,577,090</u>	<u>\$ 156,885,093</u>	<u>\$ 549,462,183</u>

CITY OF POMPANO BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	<u>General</u>	<u>Northwest Community Redevelopment District</u>	<u>East Community Redevelopment District</u>
ASSETS			
Cash and cash equivalents	\$ 11,398,863	\$ 6,800,857	\$ 1,818,029
Restricted cash and cash equivalents	-	-	9,890,628
Restricted investments	27,470,396	-	-
Unrestricted investments	56,481,490	20,812,326	5,120,987
Interest receivable	652,933	-	-
Accounts receivables, net	2,921,617	-	-
Assets held for resale & redevelopment	2,486,725	31,863,344	-
Due from other funds	530,000	-	-
Due from other governments	3,314,574	-	-
Inventories	278,548	-	-
Prepays	5,863	5,305	-
Other assets	27,996	218,248	-
Total assets	<u>\$ 105,569,005</u>	<u>\$ 59,700,080</u>	<u>\$ 16,829,644</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 564,952	\$ 298,564	\$ 110,513
Accrued expenditures	682,075	-	-
Due to other governments	1,552,802	-	-
Advances from other funds	2,916,666	-	-
Deposits	-	5,500	-
Unearned/Deferred revenue	2,211,584	4,500	-
Total liabilities	<u>7,928,079</u>	<u>308,564</u>	<u>110,513</u>
Fund balances:			
Reserved for:			
Inventories and prepaids	284,411	5,305	-
Encumbrances	2,460,315	315,676	984,255
Other assets	-	218,248	-
Assets held for resale & redevelopment	2,486,725	31,863,344	-
Community redevelopment	-	-	9,890,628
Local option gas tax - transportation	763,009	-	-
Nautical Flea Market/Tricentennial/EMS	38,505	-	-
Beach area parking/tree canopy landscape	513,745	-	-
Disaster relief	402,210	-	-
Building permit function	26,636,883	-	-
Community Improvements/Community Dev.	11,428,193	-	-
Debt Service	-	-	-
Unreserved:			
Designated for subsequent years' expenditures	3,195,062	-	-
Designated as an operating contingency	17,935,578	-	-
Designated for disaster recovery	19,841,541	-	-
Designated for Unrealized Gains in Investments	755,543	-	-
Undesignated, reported in:			
General Fund	10,899,206	-	-
Special Revenue Funds	-	26,988,943	5,844,248
Capital Projects	-	-	-
Total fund balances	<u>97,640,926</u>	<u>59,391,516</u>	<u>16,719,131</u>
Total liabilities and fund balances	<u>\$ 105,569,005</u>	<u>\$ 59,700,080</u>	<u>\$ 16,829,644</u>

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

Emergency Medical Svc. District	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 208,862	\$ 2,833,064	\$ 95,612	\$ 23,155,287
-	-	487,419	10,378,047
-	-	925,452	28,395,848
1,568,696	20,761,326	700,645	105,445,470
15,421	145,441	6,857	820,652
2,930,842	151,374	-	6,003,833
-	-	-	34,350,069
-	-	-	530,000
21,411	407,970	4,294	3,748,249
143,857	-	-	422,405
-	-	-	11,168
-	8,926	-	255,170
<u>\$ 4,889,089</u>	<u>\$ 24,308,101</u>	<u>\$ 2,220,279</u>	<u>\$ 213,516,198</u>

\$ 70,368	\$ 361,839	\$ 8	\$ 1,406,244
168,452	3,261	1,127	854,915
-	-	-	1,552,802
-	-	-	2,916,666
-	46	-	5,546
2,326,386	68,962	360,331	4,971,763
<u>2,565,206</u>	<u>434,108</u>	<u>361,466</u>	<u>11,707,936</u>

143,857	-	-	433,573
550,505	6,118,586	-	10,429,337
-	8,926	-	227,174
-	-	-	34,350,069
-	-	-	9,890,628
-	-	-	763,009
-	-	-	38,505
-	-	-	513,745
-	-	-	402,210
-	-	-	26,636,883
-	-	-	11,428,193
-	-	1,054,294	1,054,294
-	-	-	3,195,062
-	-	-	17,935,578
-	-	-	19,841,541
14,004	185,343	8,437	963,327
-	-	-	10,899,206
1,615,517	-	796,082	35,244,790
-	17,561,138	-	17,561,138
<u>2,323,883</u>	<u>23,873,993</u>	<u>1,858,813</u>	<u>201,808,262</u>
<u>\$ 4,889,089</u>	<u>\$ 24,308,101</u>	<u>\$ 2,220,279</u>	<u>\$ 213,516,198</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, 2010

Fund Balances - total governmental funds \$ 201,808,262

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	298,561,676	
Less accumulated depreciation	<u>(86,155,304)</u>	212,406,372

Net pension asset is not a financial resource and therefore is not reported in the governmental funds. 1,171,941

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. (4,589,065)

Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenues in the governmental funds financial statements:

EMS transport fees		2,326,386
Franchise payment		459,996
FEMA-Hurricane Wilma		367,613
Neighborhood Stabilization Grant		11,802
Energy Efficiency Block Grant		8,802
CDBG/Home/HPRP Grants		174,708
Contract Reimbursement-FPL Electric Bill		11,449
Communication service taxes		256,623

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

Tax increment bonds	(27,837,838)	
Accrued interest payable	(213,402)	
Compensated absences	(4,637,030)	
Pollution remediation obligation-CRA	<u>(251,634)</u>	(32,939,904)

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. 27,737

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:

	26,683,552	
	<u>(15,649,668)</u>	11,033,884

Adjustment for Internal Service Funds look-back 40,484

Net assets of governmental activities \$ 392,577,090

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, 2010

	General	Northwest Community Redevelopment District	East Community Redevelopment District
REVENUES			
Taxes	\$ 61,532,724	\$ 7,964,025	2,440,977
Judgments, fines and forfeitures	1,353,607	-	-
Permits, fees and special assessments	22,005,457	-	-
Intergovernmental	15,275,795	-	-
Charges for services	12,150,030	57,434	-
Donations	21,686	-	-
Interest earnings	2,406,282	(18,635)	12,704
Cemetery lot sales	-	-	-
Other revenue	644,755	34,661	-
Total revenues	<u>115,390,336</u>	<u>8,037,485</u>	<u>2,453,681</u>
EXPENDITURES			
Current:			
General government	19,472,054	1,758,546	555,273
Public safety	61,834,181	-	-
Physical environment	11,487,465	-	-
Transportation	3,145,210	-	-
Culture and recreation	6,760,559	-	-
Debt service:			
Principal	-	2,162,162	-
Interest and other charges	-	837,462	287,033
Capital outlay	3,282,490	24,626	7,291
Total expenditures	<u>105,981,959</u>	<u>4,782,796</u>	<u>849,597</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,408,377</u>	<u>3,254,689</u>	<u>1,604,084</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	82,446	-	-
Proceeds from debt issuance	-	-	10,000,000
Transfers in	2,208,325	-	-
Transfers out	(10,469,043)	-	(188,444)
Total other financing sources (uses)	<u>(8,178,272)</u>	<u>-</u>	<u>9,811,556</u>
Net change in fund balances	1,230,105	3,254,689	11,415,640
Fund balances—beginning	<u>96,410,821</u>	<u>56,136,827</u>	<u>5,303,491</u>
Fund balances—ending	<u>\$ 97,640,926</u>	<u>\$ 59,391,516</u>	<u>\$ 16,719,131</u>

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

Emergency Medical Services District	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 5,265,970	\$ 2,260,451	\$ 1,054,514	\$ 80,518,661
-	-	-	1,353,607
-	13,075	-	22,018,532
20,836	3,476,269	808,376	19,581,276
3,552,790	-	3,950	15,764,204
411	-	1,218	23,315
69,856	509,024	32,397	3,011,628
-	-	21,775	21,775
27	3,848	-	683,291
<u>8,909,890</u>	<u>6,262,667</u>	<u>1,922,230</u>	<u>142,976,289</u>
-	-	500	21,786,373
12,874,480	-	-	74,708,661
-	1,818,813	808,376	14,114,654
-	-	-	3,145,210
-	59,075	-	6,819,634
-	-	1,095,000	3,257,162
-	-	54,750	1,179,245
338,103	3,426,488	-	7,078,998
<u>13,212,583</u>	<u>5,304,376</u>	<u>1,958,626</u>	<u>132,089,937</u>
(4,302,693)	958,291	(36,396)	10,886,352
-	-	-	82,446
-	-	-	10,000,000
4,906,755	4,718,975	-	11,834,055
-	-	-	(10,657,487)
<u>4,906,755</u>	<u>4,718,975</u>	<u>-</u>	<u>11,259,014</u>
604,062	5,677,266	(36,396)	22,145,366
<u>1,719,821</u>	<u>18,196,727</u>	<u>1,895,209</u>	<u>179,662,896</u>
<u>\$ 2,323,883</u>	<u>\$ 23,873,993</u>	<u>\$ 1,858,813</u>	<u>\$ 201,808,262</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, 2010

Net change in fund balances - total governmental funds \$ 22,145,366

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	\$ 7,078,998	
Capital Asset Contribution from other Government	8,725,558	
Less depreciation	<u>(12,212,422)</u>	3,592,134

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	335,999	
Change in deferred revenue-Franchise payment	352,149	
Change in deferred revenue-communication service tax	(322,267)	
Change in net pension asset/obligation	(17,911)	
Change in net OPEB obligation	(1,588,858)	
Loss on sale of capital assets	(122,236)	
Pollution remediation obligation-CRA	(251,634)	
FRDAP Grant	(135,611)	
FEMA-Hurricane Wilma Grant	(46,410)	
FEMA-Tropical Storm Fay Grant	(8,149)	
FEMA - Hazard Mitigation Impact Glass Grant	(1,092,769)	
Donation of infrastructure-developer	135,192	
Donation of infrastructure-Broward County (N. Broward Park)	310,908	
Donation of warehouse	2,400,000	
CDBG/HOME/HPRP Grants	(115,610)	
Energy Efficiency Block Grant	8,802	
Neighborhood Stabilization Program Grant	11,802	
Change in compensated absences liability	248,421	
Change in accrued interest	(57,411)	
Contract reimbursement-FPL Electric Bill	<u>11,449</u>	55,856

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.

Principal payments	3,257,162	
Proceeds from debt issuance	(10,000,000)	
Loan due Broward County	902,121	
Amortization of bond issuance costs	<u>(3,264)</u>	(5,843,981)

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. 2,644,871

Adjustment for Internal Service Funds look-back (351,835)

Change in net assets \$ 22,242,411

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, 2010

	Business-type Activities - Enterprise Funds			Governmental
	Utility	Nonmajor Enterprise Funds	Total Enterprise Funds	Activities - Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,324,025	\$ 1,229,674	\$ 5,553,699	\$ 3,059,956
Restricted cash and cash equivalents	1,093,180	810,048	1,903,228	-
Interest receivable	195,752	109,160	304,912	165,283
Accounts Receivables, net	3,403,399	771,120	4,174,519	-
Due from other governments	165,449	145,223	310,672	19,238
Advances to other funds	-	416,667	416,667	-
Inventories	353,361	15,573	368,934	845,370
Prepaid Expenses	2,110	-	2,110	-
Unamortized bond costs	20,193	-	20,193	-
Total current assets	<u>9,557,469</u>	<u>3,497,465</u>	<u>13,054,934</u>	<u>4,089,847</u>
Noncurrent assets:				
Restricted investments	4,213,732	5,955,756	10,169,488	-
Unrestricted investments	26,287,035	9,009,277	35,296,312	22,106,710
Advances to other funds	-	2,499,999	2,499,999	-
Unamortized bond costs	139,026	-	139,026	-
Capital assets:				
Land	216,373	60,992	277,365	-
Construction in progress	9,587,394	1,817,500	11,404,894	-
Buildings	47,635,353	3,273,874	50,909,227	254,536
Infrastructure	105,664,802	17,131,382	122,796,184	-
Improvements	27,764,519	12,229,651	39,994,170	423,838
Machinery and equipment	10,591,829	3,312,283	13,904,112	5,289,862
Less accumulated depreciation	(92,082,606)	(14,947,283)	(107,029,889)	(5,481,241)
Total capital assets (net of accumulated depreciation)	<u>109,377,664</u>	<u>22,878,399</u>	<u>132,256,063</u>	<u>486,995</u>
Total noncurrent assets	<u>140,017,457</u>	<u>40,343,431</u>	<u>180,360,888</u>	<u>22,593,705</u>
Total assets	<u>149,574,926</u>	<u>43,840,896</u>	<u>193,415,822</u>	<u>26,683,552</u>
LIABILITIES				
Current liabilities, unrestricted:				
Accounts payable	1,493,119	110,567	1,603,686	141,561
Accrued expenses	144,020	27,143	171,163	44,018
Due to other funds	-	-	-	530,000
Unearned revenue	-	416,667	416,667	-
Compensated absences	9,249	17,145	26,394	59,523
Claims and judgments	-	-	-	1,793,617
Current portion of long term debt	2,332,447	-	2,332,447	-
Total current liabilities, unrestricted	<u>3,978,835</u>	<u>571,522</u>	<u>4,550,357</u>	<u>2,568,719</u>
Current liabilities payable from restricted assets:				
Accounts payable	-	82,481	82,481	-
Customer deposits payable	1,000,009	-	1,000,009	-
Accrued interest payable	315,627	-	315,627	-
Current portion of long term debt	777,553	-	777,553	-
Total current liabilities payable from restricted assets	<u>2,093,189</u>	<u>82,481</u>	<u>2,175,670</u>	<u>-</u>
Total current liabilities	<u>6,072,024</u>	<u>654,003</u>	<u>6,726,027</u>	<u>2,568,719</u>
Noncurrent liabilities:				
Unearned revenue	-	1,249,999	1,249,999	-
Compensated absences	838,731	136,621	975,352	206,507
Net OPEB Obligation	804,472	214,657	1,019,129	244,059
Claims and judgments	-	-	-	12,630,383
Revenue bonds payable	26,519,738	-	26,519,738	-
Total noncurrent liabilities	<u>28,162,941</u>	<u>1,601,277</u>	<u>29,764,218</u>	<u>13,080,949</u>
Total liabilities	<u>34,234,965</u>	<u>2,255,280</u>	<u>36,490,245</u>	<u>15,649,668</u>
NET ASSETS				
Invested in capital assets, net of related debt	79,883,938	22,878,399	102,762,337	486,995
Restricted:				
Renewal & replacement/rate stabilization	3,213,723	-	3,213,723	-
Capital Projects	-	6,683,323	6,683,323	-
Unrestricted	32,242,300	12,023,894	44,266,194	10,546,889
Total net assets	<u>\$ 115,339,961</u>	<u>\$ 41,585,616</u>	<u>\$ 156,925,577</u>	<u>\$ 11,033,884</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, 2010

Net assets - Enterprise Funds	\$	156,925,577
Adjustment to Enterprise Funds for Internal Service Funds look-back		<u>(40,484)</u>
Net Assets - Business-type Activities	\$	<u>156,885,093</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, 2010

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Utility	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES				
Charges for services	\$ 34,324,271	\$ 11,303,592	\$ 45,627,863	\$ 16,599,706
Contract fee extension	-	416,667	416,667	2,365,724
Miscellaneous	1,065	-	1,065	43,099
Total operating revenues	<u>34,325,336</u>	<u>11,720,259</u>	<u>46,045,595</u>	<u>19,008,529</u>
OPERATING EXPENSES				
Personal services	7,782,414	1,449,110	9,231,524	2,378,340
Other current expenses	21,275,126	7,417,257	28,692,383	14,405,920
Depreciation and amortization	6,529,080	1,638,274	8,167,354	156,675
Total operating expenses	<u>35,586,620</u>	<u>10,504,641</u>	<u>46,091,261</u>	<u>16,940,935</u>
Operating income (loss)	<u>(1,261,284)</u>	<u>1,215,618</u>	<u>(45,666)</u>	<u>2,067,594</u>
NONOPERATING REVENUES				
(EXPENSES)				
Interest and investment revenue	735,526	394,105	1,129,631	573,106
Miscellaneous revenue	-	5,819	5,819	4,171
Gain on sale of capital assets	9,476	-	9,476	-
Miscellaneous expense	(212)	-	(212)	-
Interest expense and fiscal agent fees	(1,421,845)	-	(1,421,845)	-
Total nonoperating revenue (expenses)	<u>(677,055)</u>	<u>399,924</u>	<u>(277,131)</u>	<u>577,277</u>
Income (loss) before contributions and transfers	<u>(1,938,339)</u>	<u>1,615,542</u>	<u>(322,797)</u>	<u>2,644,871</u>
Capital grants and contributions	239,352	492,684	732,036	-
Transfers in	-	843,313	843,313	-
Transfers out	-	(2,019,881)	(2,019,881)	-
Change in net assets	<u>(1,698,987)</u>	<u>931,658</u>	<u>(767,329)</u>	<u>2,644,871</u>
Total net assets—beginning	<u>117,038,948</u>	<u>40,653,958</u>	<u>157,692,906</u>	<u>8,389,013</u>
Total net assets—ending	<u>\$ 115,339,961</u>	<u>\$ 41,585,616</u>	<u>\$ 156,925,577</u>	<u>\$ 11,033,884</u>

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



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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, 2010

Net change in Net Assets - Enterprise Funds	\$	(767,329)
Adjustment to Enterprise Funds for Internal Service Funds look-back		<u>351,835</u>
Change in Net Assets - Business-type Activities	\$	<u><u>(415,494)</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, 2010

	Business-type Activities - Enterprise Funds			Governmental
	Utility	Nonmajor Enterprise Funds	Total	Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from other funds	\$ 34,407,418	\$ -	\$ 34,407,418	\$ 16,599,706
Receipts from customers	-	12,099,835	12,099,835	2,387,384
Receipts from subrogation	-	-	-	9,801
Payments to suppliers	(20,765,543)	(8,219,705)	(28,985,248)	(12,516,343)
Payments to employees	(8,205,639)	(1,535,415)	(9,741,054)	(2,555,303)
Claims paid	-	-	-	(2,534,617)
Net cash provided (used) by operating activities	5,436,236	2,344,715	7,780,951	1,390,628
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances from other funds	-	191,667	191,667	30,000
Transfers to other funds	-	(2,019,881)	(2,019,881)	-
Transfers from other funds	-	843,313	843,313	-
Interest paid on utility deposits	(3,533)	-	(3,533)	-
Net cash provided (used) by non capital financing activities	(3,533)	(984,901)	(988,434)	30,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(6,263,757)	(2,193,608)	(8,457,365)	(117,304)
Capital grants and contributions	222,349	488,060	710,409	-
Proceeds from the sale of capital assets	9,476	5,819	15,295	4,171
Principal paid on bonds	(2,922,697)	-	(2,922,697)	-
Payments to fiscal agents	(750)	-	(750)	-
Interest paid on bonds	(1,446,977)	-	(1,446,977)	-
Net cash provided (used) by capital and related financing activities	(10,402,356)	(1,699,729)	(12,102,085)	(113,133)
CASH FLOWS FROM INVESTING ACTIVITIES				
Calls/maturities of investments	11,071,148	6,599,471	17,670,619	8,217,582
Purchase of investments	(11,153,177)	(6,727,911)	(17,881,088)	(9,274,712)
Interest earnings	718,014	371,072	1,089,086	527,510
Net cash provided (used) by investing activities	635,985	242,632	878,617	(529,620)
Net increase (decrease) in cash and cash equivalents	(4,333,668)	(97,283)	(4,430,951)	777,875
Cash and cash equivalents, beginning of the year	9,750,873	2,137,005	11,887,878	2,282,081
Cash and cash equivalents, end of the year	5,417,205	2,039,722	7,456,927	3,059,956
Cash and cash equivalents, unrestricted	4,324,025	1,229,674	5,553,699	3,059,956
Cash and cash equivalents, restricted	1,093,180	810,048	1,903,228	-
Cash and cash equivalents, end of the year	\$ 5,417,205	\$ 2,039,722	\$ 7,456,927	\$ 3,059,956
Non-cash transactions (Capital and Related Financing Activities):				
Contribution of capital related assets developers	64,562	333,651	398,213	-
Non-cash transactions (Investing Activities):				
Changes in fair value of investments	272,290	133,598	405,888	197,353
	\$ 336,852	\$ 467,249	\$ 804,101	\$ 197,353

(Continued)

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Utility	Nonmajor Enterprise Funds	Total	
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (1,261,284)	\$1,215,618	(\$45,666)	\$2,067,594
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization expense	6,529,080	1,638,275	8,167,355	156,675
Change in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivables	76,778	796,243	873,021	-
Due from other government	-	-	-	(11,638)
Inventories	15,403	253	15,656	51,604
Other assets and prepaids	(316)	575	259	36,196
Increase (decrease) in liabilities:				
Accounts and other payables	232,318	(859,152)	(626,834)	(60,745)
Accrued expenses	(480,146)	(84,006)	(564,152)	(155,702)
Customer deposits payable	5,304	-	5,304	-
Unearned revenue	-	(416,667)	(416,667)	-
Compensated absences	56,921	(2,299)	54,622	(21,261)
Other Post Employment Benefits (OPEB)	262,178	55,875	318,053	68,905
Estimated claims payable	-	-	-	(741,000)
Net cash provided (used) by operating activities	<u>\$ 5,436,236</u>	<u>\$ 2,344,715</u>	<u>\$ 7,780,951</u>	<u>\$ 1,390,628</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, 2010

	Employee Retirement Plans	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 2,809,500	\$ 477,973
Receivables:		
Accrued interest and dividends	660,113	5,163
Due from brokers	1,747,434	-
Other	163,234	-
Total receivables	<u>2,570,781</u>	<u>5,163</u>
Other assets	2,978	-
Investments:		
U.S. Government obligations	15,125,537	-
Mortgage backed securities	14,801,800	-
Corporate obligations	30,598,940	-
Equity securities	150,411,151	-
Mutual funds and collective trusts	12,238,917	-
Domestic equity funds	11,470,944	-
International equity funds	14,608,305	-
Private equity funds	12,176,358	-
Real estate funds	12,224,650	-
Money market funds	11,943,055	-
Total investments	<u>285,599,657</u>	<u>-</u>
Property & equipment, net of accumulated depreciation	78,479	-
Total assets	<u>291,061,395</u>	<u>483,136</u>
LIABILITIES		
Accounts payable and accrued expenses	375,197	-
Deferred retirement option plan payable	2,635,216	-
Due to brokers	2,137,405	-
Deposits, sales tax and payroll taxes payable	-	483,136
Total liabilities	<u>5,147,818</u>	<u>\$ 483,136</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 285,913,577</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, 2010

	Employee Retirement Plans
ADDITIONS	
Contributions:	
Employer	\$ 7,900,323
Broward County Sheriff's Office	3,238,921
Broward County - Library	28,169
Members	4,703,155
State	1,884,144
Total contributions	<u>17,754,712</u>
Investment income (loss):	
Net appreciation in fair value of investments	20,513,189
Interest and dividends	5,539,601
Commission recapture	1,898
Other	215,465
Total investment income (loss)	<u>26,270,153</u>
Less: investment expenses	1,650,542
deferred retirement option plan earnings	179,604
Net investment income (loss)	<u>24,440,007</u>
Total	<u>42,194,719</u>
DEDUCTIONS	
Participant benefit payments	20,087,567
Refunds of participant contributions	141,396
Administrative expenses	1,253,127
Total	<u>21,482,090</u>
Net increase (decrease)	20,712,629
Net assets held in trust for pension benefits	
Beginning of the year	265,200,948
End of the year	<u>\$ 285,913,577</u>

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



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Notes to the Financial Statements

CITY OF POMPANO BEACH, FLORIDA

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CITY OF POMPANO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2010

(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, 2010**

(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 does not issue separate financial statements;
- 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, 2010

(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, 2010

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 *East 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 fund:

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

The City also has certain funds (SHIP, Cultural Arts Foundation, Cemetery, 1993 G.O. Bonds, Pier, Airpark, 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, 2010

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

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

(E) Cash and Cash Equivalents

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

(F) Investments

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

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

(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 and include, land, buildings, improvements, equipment, infrastructure and intangible assets (such as right-of-way easements, utility easements, land use rights, computer software etc.). Contributed capital assets are recorded at estimated fair value when received. Intangible assets are only recorded when they are identifiable. An intangible asset is considered identifiable when either of the following conditions is met:

1. The asset is separable, that is, the asset is capable of being separated or divided from the government and sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, asset, or liability; or
2. The asset arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Intangible assets that are considered to have an indefinite useful life because there are no legal, contractual, regulatory, technological, or other factor that limits the useful life, are not amortized.

As used in these statements, accumulated depreciation includes amortization of intangibles assets.

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

CITY OF POMPANO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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
Intangibles	5-10 Years
Bridges	50 Years
Roads	15-20 Years
Other Infrastructure	15-50 Years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred net of any interest earned on specific bonds during the construction phase of 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 \$1,350,259. No component of interest expense has been capitalized (reduced by interest earnings) as part of the cost of capital assets under construction in connection with utility facilities construction projects during the current fiscal year, as the City did not incur significant expenses related to qualified projects.

(J) Risk Management

The City is self-insured for automobile liability, general liability, including public official's liability and property damage claims pursuant to Florida Statute Section 768.28 (*Waiver of Sovereign Immunity in Tort Actions; Recovery Limits; Limitation on Attorney Fees; Statute of Limitations; Exclusions; Indemnification; Risk Management Programs*). Per Florida Statute Section 768.28, the City has sovereign immunity up to \$100,000 per person/\$200,000 per occurrence. 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.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

(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.

(M) Employee Benefit Plans and Net Pension Asset

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

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

At September 30, 2010 the City recorded a net pension asset related to the General Employees Retirement Plan and a net pension asset related to the Police and Firefighters' Retirement Plan in its government-wide statement of net assets. The net pension asset is a function of annual required contributions, interest, adjustments to the annual required contribution, annual pension costs and actual employers contributions made to the plan. Please refer to Note (III) for further information.

CITY OF POMPANO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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

(O) Pollution Remediation Obligations

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

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

The City measures pollution remediation obligations using the expected cash flow technique. Estimates of a pollution remediation liability are adjusted when benchmarks are met or when new information indicates changes in estimated outlays due to, for example, changes in the remediation plan or operating conditions. These changes may include the type of equipment, facilities, and services that will be used, price increases or reductions for specific outlay elements such as ongoing monitoring requirements, changes in technology, and changes in legal or regulatory requirements. The City has

CITY OF POMPANO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

adopted a minimum reporting threshold of \$100,000, per obligating event. Therefore only remediation sites with outlays estimated to meet or exceed that amount are reported in the financial statements.

(P) Unearned/Deferred Revenue

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

(Q) Fund Equity/ Net 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 – represent amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, laws/regulations of other governments or constitutional provisions; or (b) resources resulting from enabling legislation.

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.

(R) 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 “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, 2010 restricted net assets for business-type activities related to these accounts was \$3,213,723.

At September 30, 2010, governmental activities in the government-wide statement of net assets reported total restricted net assets of \$28,451,297. Of this amount, \$763,009 relates to amounts collected for the local option gas tax to be used to fund transportation

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
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expenses in accordance with Chapter 336.025 of Florida Statutes, \$1,051,405 relates to excess amounts in the 1993 General Obligation Bond Fund to be utilized for the benefit of taxpayers in fiscal year 2012 and \$26,636,883 relates to amounts collected in excess of operating expenditures related to the building permitting division, which is restricted to be utilized to fund the future operations of that function, in accordance Chapter 553.80 of Florida Statutes.

(S) Accounting Estimates

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

(II) DETAILED NOTES ON ALL FUNDS

(A) Cash and Cash Equivalents and Investments

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

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

CITY OF POMPANO BEACH, FLORIDA

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The following are components of the City's cash, cash equivalents and investments at September 30, 2010:

	Unrestricted		Restricted		Total cash, cash equivalents and investments
	Cash and cash equivalents	Investments	Cash and cash equivalents	Investments	
Governmental activities:					
General	\$ 11,398,863	\$ 56,481,490	\$ -	\$ 27,470,396	\$ 95,350,749
Northwest CRA	6,800,857	20,812,326	-	-	27,613,183
East CRA	1,818,029	5,120,987	9,890,628	-	16,829,644
EMS	208,862	1,568,696	-	-	1,777,558
Capital Projects	2,833,064	20,761,326	-	-	23,594,390
Nonmajor Governmental	95,612	700,645	487,419	925,452	2,209,128
Internal Service Funds	3,059,956	22,106,710	-	-	25,166,666
Total governmental	<u>26,215,243</u>	<u>127,552,180</u>	<u>10,378,047</u>	<u>28,395,848</u>	<u>192,541,318</u>
Business-type activities:					
Utility	4,324,025	26,287,035	1,093,180	4,213,732	35,917,972
Nonmajor Enterprise	1,229,674	9,009,277	810,048	5,955,756	17,004,755
Total business-type	<u>5,553,699</u>	<u>35,296,312</u>	<u>1,903,228</u>	<u>10,169,488</u>	<u>52,922,727</u>
Fiduciary Funds	<u>477,972</u>	<u>-</u>	<u>2,809,500</u>	<u>285,599,657</u>	<u>288,887,129</u>
Total	<u>\$ 32,246,914</u>	<u>\$ 162,848,492</u>	<u>\$ 15,090,775</u>	<u>\$ 324,164,993</u>	<u>\$ 534,351,174</u>

Public Deposits:

At September 30, 2010, the book balance of the City's public deposits was \$21,111,812 and the bank balance was \$22,914,563. Deposits whose balance exceeds the limits of federal depository insurance are collateralized pursuant to *Florida Statutes*, Chapter 280, *Florida Security for Public Deposits Act* (the Act). Under this Act, financial institutions which are qualified as public depositories place with the State Board of Administration ("SBA"), securities which have a market value equal to 50 percent of the average daily balance for each month of all public deposits in excess of applicable deposit insurance. The Public Deposit Security Trust Funds have a procedure to allocate and recover losses in the event of default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. It is the City's practice to ensure that all its public deposits are maintained with a qualified depository and as a result, all City depositories at fiscal year end were designated as qualified public depositories in accordance with Florida Statute.

Investment Authorization:

The City's investment program is established in accordance with the City's investment policy, which was adopted via resolution by the City Commission, and Florida State Statute Chapter 218.415, *Local Government Investment Policies*, which establishes investment plan guidelines for local governments in Florida. The City's investment guidelines permit the investment of City funds in the Florida Local Government Surplus

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Funds Trust Fund, United States Treasury securities, United States Government Agency securities with the full faith and credit of the United States Government, Federal

Instrumentalities (Government Sponsored Enterprises), Corporate Notes, Commercial Paper, Time Deposits (Certificates of Deposit), Repurchase Agreements, Bankers' Acceptances, State and/or Local Government Taxable and/or Tax-Exempt Debt, Money Market Mutual Funds, Intergovernmental Investment Pools and Savings Accounts of financial institutions that are Qualified Public Depositories, in accordance with Florida State Statute Chapter 280.01, *Security for Public Deposits*.

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

The Police and Firefighters' Retirement Plan's investment policy is also governed by Chapter 175, (*Firefighter Pensions*) and 185 (*Municipal Police Pensions*), Florida Statutes. Both Plans also apply the "Prudent Person Rule" when executing investment strategies.

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

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

⁽¹⁾ 10% for treasury strips

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

NA-not applicable

At September 30, 2010 the City held investments in the Florida Municipal Investment Trust (Florida League of Cities), which is a local government investment pool authorized under Section 218.415, Florida Statutes, *Local Government Investment Policies*, for units of local government in Florida. The operation and administration of the Trust is the

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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%

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, Funds of Hedge Funds, and private real estate through institution vehicles or direct ownership.

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

Authorized Investments	Maximum % of Portfolio
Fixed Income Securities	25.0%
Equity Securities	55.0%
Real Estate	7.5%
Private Equity	2.5%
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.

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NOTES TO FINANCIAL STATEMENTS
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Risk Disclosures:

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

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

The City's overnight investments have an effective duration of 1 day. The City's short term and core portfolios have durations of 0.25 years and 1.56 years, respectively. This multiple portfolio strategy seeks to limit the risk associated with losses associated with interest rate movements, while providing required liquidity. The City's investment in the Florida Municipal Investment Trust Local Government Investment Pool had a duration of 1.50 years at September 30, 2010.

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, 2010:

Investment Type	Remaining Maturity (In Years)					
	Fair Value	Less than 1	1 to 2	2 to 3	3 to 4	4 to 5
U.S. Government Securities	\$ 59,849,409	\$ 14,088,711	\$ 10,984,565	\$ 24,979,812	\$ 7,949,096	\$ 1,847,225
U.S. Government Agencies	1,881,591	1,447,729	433,862	-	-	-
U.S. Sponsored Agencies	98,850,821	37,702,056	44,296,151	15,478,533	1,374,081	-
Commercial Paper	3,898,225	3,898,225	-	-	-	-
Corporate Notes	31,966,349	18,584,194	5,596,998	7,093,655	691,502	-
Money Market Mutual Funds	26,009,631	26,009,631	-	-	-	-
Intergovernmental Investment Pool	3,767,433	-	3,767,433	-	-	-
	<u>\$ 226,223,459</u>	<u>\$ 101,730,546</u>	<u>\$ 65,079,009</u>	<u>\$ 47,552,000</u>	<u>\$ 10,014,679</u>	<u>\$ 1,847,225</u>

Breakdown: Government-wide

Investments --	
(subject to interest rate risk)	\$ 226,223,459
Deposits --	
(not subject to interest rate risk)	
Certificates of Deposit	1,200,000
Money Market Savings	10,013,184
Cash & Cash Equivs. (other deposits)	8,505,374
Total Government-wide & Agency Fund	<u>\$ 245,942,017</u>

As a means of limiting its exposure to interest rate risk over time, the General Employees Retirement Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer 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

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NOTES TO FINANCIAL STATEMENTS
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distribution of the plan's debt type investments by remaining maturity at September 30, 2010:

Investment Type	Remaining Maturity (in Years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. Agency Securities	\$ 5,450,915	\$ 15	\$ 510,992	\$ 479,896	\$ 4,460,012
U.S. Treasury Securities	835,423	-	-	-	835,423
Corporate Obligations	14,083,391	286,796	5,797,444	3,225,558	4,773,593
	<u>20,369,729</u>	<u>\$ 286,811</u>	<u>\$ 6,308,436</u>	<u>\$ 3,705,454</u>	<u>\$ 10,069,028</u>
Common Stocks	36,011,237				
Domestic Equity Funds	11,470,944				
International Equity Funds	14,608,305				
Private Equity Funds	12,176,358				
Real Estate Funds	8,682,876				
Total Investments	<u>\$ 103,319,449</u>				

The investment plan for the Police and Firefighters' Retirement Plan limits the Plan's exposure to interest rate risk in both rising and declining interest rate environments considering such factors as credit quality and duration for losses in rising rate environments, and credit quality in declining rate environments. The benchmarks are monitored and changed when warranted by the investment market environment. Debt portfolios are structured and managed to produce returns based on risks inherent in the selected benchmarks. Information about the sensitivity of the fair values of the investments for the plan to market interest rate fluctuations is provided by the following table which shows the distribution of the plan's investments by remaining maturity at September 30, 2010:

Investment Type	Remaining Maturity (in Years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. Government Obligations	\$ 8,839,199	\$ 734,849	\$ 2,155,446	\$ 3,635,978	\$ 2,312,926
Mortgage Backed Securities	14,801,800	45,200	392,658	191,311	14,172,631
Corporate Obligations	16,515,549	328,987	5,895,086	6,858,050	3,433,426
Money Market Funds	11,943,055	11,943,055	-	-	-
	<u>52,099,603</u>	<u>\$ 13,052,091</u>	<u>\$ 8,443,190</u>	<u>\$ 10,685,339</u>	<u>\$ 19,918,983</u>
Equity Securities	114,399,914				
Mutual Funds & Collective Trusts	10,967,533				
Pompano Beach Investors LLC	3,541,774				
Total Investments	<u>\$ 181,008,824</u>				

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Neither the City's nor the Police and Firefighters' Retirement and General Employees Retirement System Plan portfolios had exposure to foreign currency risk at September 30, 2010.

Credit Risk – This is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. One measure of the perceived credit risk of an issuer is the credit rating. The City's

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**NOTES TO FINANCIAL STATEMENTS
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investment policy provides strict guidelines and limits investments to highly rated securities with minimum ratings of AAA for money market funds, AA for corporate notes, A-1 for commercial paper and AAA for U.S. Agencies and U.S. Treasuries. To further minimize credit risk the City's investment policy also provides asset allocation limits for each security type. Issuer limits are also provided for certain investment types.

Corporate notes limits (25%) and commercial paper limits (25%) are established with additional asset allocation limits for the sector (5%) and issuer (2%). The following table discloses composite credit ratings by investment type as rated by Standard and Poor's at September 30, 2010:

Investment Type	Fair Value	Rating at September 30, 2010				
		AAAm	AAA	AAA/V2	A-1/A-1+	AA+/AA-/AA
U.S. Government Securities	\$59,849,409	-	\$59,849,409	-	-	-
U.S. Government Agencies	1,881,591	-	1,881,591	-	-	-
U.S. Sponsored Agencies	98,850,821	-	98,850,821	-	-	-
Commercial Paper	3,898,225	-	-	-	3,898,225	-
Corporate Notes	31,966,349	-	18,362,803	-	-	13,603,546
Money Market Mutual Funds	26,009,631	26,009,631	-	-	-	-
Local Gov't Investment Pool	3,767,433	-	-	3,767,433	-	-
Total Investments with Credit Risk	\$226,223,459	\$26,009,631	\$178,944,624	\$3,767,433	\$3,898,225	\$13,603,546
Certificates of Deposit	1,200,000					
Demand Deposits	18,518,558					
Total City Portfolio	\$245,942,017					

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

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NOTES TO FINANCIAL STATEMENTS
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The following table discloses credit ratings by investment type for the General Employees Retirement Plan at September 30, 2010, as applicable:

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
U.S. government guaranteed*	<u>\$ 6,286,338</u>	<u>30.86%</u>
Quality rating of credit risk debt securities		
AAA	2,475,516	12.15%
AA+	656,338	3.22%
AA	144,194	0.71%
AA-	448,943	2.20%
A	4,444,422	21.82%
A-	2,010,156	9.87%
A+	1,302,392	6.39%
BBB	1,107,098	5.44%
BBB-	48,734	0.24%
BBB+	1,109,086	5.44%
Not rated	<u>336,512</u>	<u>1.65%</u>
Total credit risk debt securities	14,083,391	69.14%
Total fixed income securities	<u>\$ 20,369,729</u>	<u>100.00%</u>

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

The City's Police and Firefighters Retirement Plan also utilize portfolio diversification in order to control credit risk. The Plan's investment policy requires all fixed income investments to hold a credit rating in one of the four highest classifications by a major rating service. Commercial paper, if used, must be of only the highest quality (A-1 or P-1), and the maximum weighting of fixed income securities in BBB ratings is limited to 10% of the fixed income portfolio. The fixed income investments credit ratings for the Plan for the fiscal year ending September 30, 2010 ranged between a rating of AAA and B in accordance with investment policy guidelines.

Concentration of Credit Risk – The investment policy of the City includes limitations on the amount that can be invested in any one issuer as stated in the maximum portfolio percentages stated above. There were no individual investments that represent 5% or more of the City's total investments (excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) at September 30, 2010. 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 (excluding

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**NOTES TO FINANCIAL STATEMENTS
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investments issued or explicitly guaranteed by the U.S government and investments in mutual funds, external investment pools, and other pooled investments) at September 30, 2010. The investment policy of the Police and Firefighters Retirement Plan limits equity investments in the fixed income portion of the portfolio to 10% of a given issuer and limits equity investments in any one company to 10% of the equity portion of each portfolio manager (at market). There were no individual investments that represent 5% or more of plan net assets (excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) at September 30, 2010.

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.

(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:

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Governmental	General	Emergency Medical Svc. District	Capital Projects	Non- Major	Internal Service	Total
Receivables:						
Electric franchise tax	\$ 1,532,020	\$ -	\$ -	\$ -	\$ -	\$ 1,532,020
Electric utility tax	608,299	-	151,374	-	-	759,673
EMS transport fees	-	2,930,842	-	-	-	2,930,842
Utility tax	140,768	-	-	-	-	140,768
Slot machine revenue	162,390	-	-	-	-	162,390
Franchise fees	459,996	-	-	-	-	459,996
Other	18,144	-	-	-	-	18,144
Total governmental receivables	\$ 2,921,617	\$ 2,930,842	\$ 151,374	\$ -	\$ -	\$ 6,003,833
Due from other governments:						
State half cent sales tax	\$ 407,149	\$ -	\$ -	\$ -	\$ -	\$ 407,149
State local option gas tax	85,667	-	-	-	-	85,667
State revenue sharing	177,864	-	-	-	-	177,864
Motor fuel tax	40,863	-	51,252	-	19,238	111,353
Communication service tax	757,887	-	-	-	-	757,887
Broward County court fines	41,407	-	-	-	-	41,407
Broward County - ad valorem taxes	250,868	21,411	-	4,294	-	276,573
Broward Sheriff's office	521,769	-	-	-	-	521,769
Energy Efficiency Block Grant - DOE	8,802	-	-	-	-	8,802
FEMA - Hurricane Wilma Grant	367,613	-	-	-	-	367,613
Neighborhood Stabilization Program - HUD	463,275	-	-	-	-	463,275
Broward County - CDBG-Disaster Recovery	69,600	-	-	-	-	69,600
CDBG/HPRP - HUD	87,268	-	243,595	-	-	330,863
Home - HUD	-	-	113,123	-	-	113,123
Children's Services Council - MOST Grant	15,680	-	-	-	-	15,680
Other	18,862	-	-	-	-	18,862
Total Due from other governments	\$ 3,314,574	\$ 21,411	\$ 407,970	\$ 4,294	\$ 19,238	\$ 3,767,487

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

	Utility	Nonmajor Enterprise	Total
Receivables:			
Water/sewer customer charges	\$ 3,449,669	\$ -	\$ 3,449,669
Solid waste service charges	-	567,862	567,862
Stormwater customer charges	-	488,114	488,114
Less: Allowance for uncollectibles	(46,270)	(284,856)	(331,126)
Total business-type receivables (net)	\$ 3,403,399	\$ 771,120	\$ 4,174,519
Due from other governments:			
Broward County Environmental Protection	\$ 36,413	\$ 99,582	\$ 135,995
Broward County Office of Environmental Services	4,036	-	4,036
Broward County Reimbursement - Drainage Improvements	-	45,641	45,641
Florida Dept. Environmental Protection	125,000	-	125,000
Total due from other governments	\$ 165,449	\$ 145,223	\$ 310,672

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Mortgages

The Northwest Community Redevelopment District (the Northwest District) provided qualified individuals with loans/grants to build new homes at the Canal Point (10 year amortization period), Sabal Chase (30 year amortization period), and Ortanique Estates (30 year amortization period) subdivisions which were reported as community redevelopment expenses/expenditures. In addition, the Northwest District also provided similar grants for various infill housing projects during the current fiscal year. The Northwest District has placed a mortgage lien on these new homes with a covenant that the owner must reside at the property for the respective period of time in order to remain eligible for the grant. The Northwest District's reasonable assumption is that the homeowner will reside at the home for the stipulated period. The Northwest District maintains a memorandum record of the outstanding mortgage amounts related to these grants. These amounts are reduced ratably over the ten year period as it relates to the grants for the Canal Point subdivision and the infill housing projects. Should the homeowner move, sell or refinance, the Northwest District is paid a prorated amount of the initial grant. As it relates to the Sabal Chase and Ortanique Estates grants, these amounts are not amortized over the 30 year period, as they are required to be repaid in full at the end of the 30 year period. During fiscal year 2010, no one defaulted on the terms of the grants and consequently, the Northwest District did not receive any repayments related to these grants. At September 30, 2010 the unamortized amount outstanding related to these grants was \$3,115,421. Due to the uncertainty of collections regarding this amount a receivable has not been recorded.

Assets held for Resale & Redevelopment

The City and the Agency acquires and develops property in economically depressed areas, for the intention of rendering the property suitable for economic development and then reselling it to private-sector purchasers meeting certain criteria. Since these properties are acquired with the express intent of resale and/or redevelopment, they are reported at lower of cost/donated value or net realizable value. Assets donated from the City or other related entities are recorded at the carrying value of the donor entity. Donated assets from other sources are recorded at fair value at the date of donation. The cost basis of assets held for resale 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. These assets 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.

Additionally the City participates in the Neighborhood Stabilization Program (NSP) funded by the United States Department of Housing and Urban Development (HUD). The Housing and Economic Recovery Act signed into law on July 30, 2008 provided Neighborhood Stabilization funds to assist local governments to acquire foreclosed, vacant and abandoned properties to address neighborhood decline. HUD awarded \$4,366,157 in NSP funds to the City to stabilize City neighborhoods through the purchase of foreclosed properties. Through this program, the City purchases foreclosed homes in the Cresthaven and Pompano Highlands neighborhoods with the intention of rehabilitating and selling back to the public. The homes are available for purchase by eligible residents meeting certain income requirements. The cost basis of assets held for resale in this category include all costs incurred by the City to acquire and redevelop or rehabilitate the

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
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homes or properties up to a marketable, safe, and habitable condition. These assets are recorded at the lower of cost or net realizable value.

Assets held for resale and/or redevelopment activity for the year ended September 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Assets held for resale	\$ <u>30,017,404</u>	\$ <u>4,332,665</u>	\$ <u>-</u>	\$ <u>34,350,069</u>

(C) Capital Assets and Construction Commitments

Capital asset activity for the year ended September 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 46,889,879	\$ 10,671,425	\$ 30,295	\$ 57,531,009
Construction in progress	<u>14,574,119</u>	<u>3,614,932</u>	<u>5,494,437</u>	<u>12,694,614</u>
Total capital assets, not being depreciated	<u>61,463,998</u>	<u>14,286,357</u>	<u>5,524,732</u>	<u>70,225,623</u>
Capital assets, being depreciated:				
Buildings	34,775,397	1,660,982	-	36,436,379
Infrastructure	98,701,397	2,761,885	-	101,463,282
Improvements other than buildings	64,952,786	3,161,617	-	68,114,403
Machinery and equipment	<u>26,484,840</u>	<u>2,391,556</u>	<u>586,165</u>	<u>28,290,231</u>
Total capital assets being depreciated	<u>224,914,420</u>	<u>9,976,040</u>	<u>586,165</u>	<u>234,304,295</u>
Less accumulated depreciation for:				
Buildings	19,874,202	1,093,804	-	20,968,006
Infrastructure	20,214,212	5,027,714	-	25,241,926
Improvements other than buildings	20,494,570	3,545,908	-	24,040,478
Machinery and equipment	<u>19,241,901</u>	<u>2,701,671</u>	<u>557,431</u>	<u>21,386,141</u>
Total accumulated depreciation	<u>79,824,885</u>	<u>12,369,097</u>	<u>557,431</u>	<u>91,636,551</u>
Total capital assets being depreciated, net	<u>145,089,535</u>	<u>(2,393,057)</u>	<u>28,734</u>	<u>142,667,744</u>
Governmental activities capital assets, net	\$ <u>206,553,533</u>	\$ <u>11,893,300</u>	\$ <u>5,553,466</u>	\$ <u>212,893,367</u>

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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	16,125,448	5,857,246	12,395,300	9,587,394
Total capital assets, not being depreciated	<u>16,341,821</u>	<u>5,857,246</u>	<u>12,395,300</u>	<u>9,803,767</u>
Capital assets, being depreciated:				
Buildings	47,635,353	-	-	47,635,353
Infrastructure	102,602,540	3,062,262	-	105,664,802
Improvements other than buildings	18,623,609	9,140,911	-	27,764,520
Machinery and equipment	10,021,946	663,201	93,319	10,591,828
Total capital asset being depreciated	<u>178,883,448</u>	<u>12,866,374</u>	<u>93,319</u>	<u>191,656,503</u>
Less accumulated depreciation for:				
Buildings	14,409,900	1,415,607	-	15,825,507
Infrastructure	58,764,165	-	-	58,764,165
Improvements other than buildings	4,654,920	4,365,974	-	9,020,894
Machinery and equipment	7,837,841	727,306	93,107	8,472,040
Total accumulated depreciation	<u>85,666,826</u>	<u>6,508,887</u>	<u>93,107</u>	<u>92,082,606</u>
Utility Fund capital assets, being depreciated, net	<u>93,216,622</u>	<u>6,357,487</u>	<u>212</u>	<u>99,573,897</u>
Utility Fund capital assets, net	<u>\$ 109,558,443</u>	<u>\$ 12,214,733</u>	<u>\$ 12,395,512</u>	<u>\$ 109,377,664</u>
Nonmajor Enterprise Funds:				
Capital assets, not being depreciated:				
Land	\$ 60,992	\$ -	\$ -	\$ 60,992
Construction in progress	4,198,856	1,728,902	4,110,258	1,817,500
Total capital assets, not being depreciated	<u>4,259,848</u>	<u>1,728,902</u>	<u>4,110,258</u>	<u>1,878,492</u>
Capital assets, being depreciated:				
Buildings	3,273,874	-	-	3,273,874
Infrastructure	16,479,651	651,731	-	17,131,382
Improvements other than buildings	8,437,473	3,792,178	-	12,229,651
Machinery and equipment	3,101,359	496,014	285,090	3,312,283
Total capital assets being depreciated	<u>31,292,357</u>	<u>4,939,923</u>	<u>285,090</u>	<u>35,947,190</u>
Less accumulated depreciation for:				
Buildings	1,955,548	107,654	-	2,063,202
Infrastructure	7,913,199	252,678	-	8,165,877
Improvements other than buildings	1,594,636	914,020	-	2,508,656
Machinery and equipment	2,130,716	363,922	285,090	2,209,548
Total accumulated depreciation	<u>13,594,099</u>	<u>1,638,274</u>	<u>285,090</u>	<u>14,947,283</u>
Nonmajor Enterprise Fund capital assets, being depreciated, net	<u>17,698,258</u>	<u>3,301,649</u>	<u>-</u>	<u>20,999,907</u>
Nonmajor Enterprise Funds capital assets, net	<u>21,958,106</u>	<u>5,030,551</u>	<u>4,110,258</u>	<u>22,878,399</u>
Business-type activities capital assets, net	<u>\$ 131,516,549</u>	<u>\$ 17,245,284</u>	<u>\$ 16,505,770</u>	<u>\$ 132,256,063</u>

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

Governmental activities:		
General government	\$	8,919,631
Public safety		1,426,505
Transportation		597,788
Physical environment		432,209
Culture and recreation		<u>992,964</u>
Total depreciation expense - governmental activities	\$	<u><u>12,369,097</u></u>
 Business-type activities:		
Utilities	\$	6,508,887
Pier		73,435
Airpark		406,238
Golf		355,571
Sanitation		68,292
Stormwater		<u>734,738</u>
Total depreciation expense - business-type activities	\$	<u><u>8,147,161</u></u>

The City has active construction projects as of September 30, 2010. Significant projects that were ongoing as of September 30, 2010 for governmental activities were as follows:

<u>Project</u>	Expended through September 30, 2010	Committed
Mitchell Moore Park Improvements	\$ 833,289	\$ 846,326
Community Park Improvements	7,865,845	2,319,821
Seawall Repairs	608,316	551,653
Emergency Power Enhancements	<u>83,531</u>	<u>754,091</u>
	\$ <u><u>9,390,981</u></u>	\$ <u><u>4,471,891</u></u>

Significant projects that were ongoing as of September 30, 2010 for business-type activities were as follows:

	Expended through September 30, 2010	Committed
Water Treatment Plant Security	\$ 2,936,800	\$ 1,203,871
Lift Station 21 Rehab.	735,878	3,819,956
Water Plant Generator Rehab.	6,800	311,580
	\$ <u><u>3,679,478</u></u>	\$ <u><u>5,335,407</u></u>

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(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>	General	Northwest	EMS	Capital	Non Major	Total
	Fund	CRA	Fund	Projects	Governmental Funds	
Occupational Licenses	\$ 989,554	\$ -	\$ -	\$ -	\$ -	\$ 989,554
Communication Service Tax	256,623	-	-	-	-	256,623
Franchise Fee	459,996	-	-	-	-	459,996
EMS Transport Fees	-	-	2,326,386	-	-	2,326,386
Prepaid Rent	-	4,500	-	-	-	4,500
SHIP Grant Funds	-	-	-	-	360,331	360,331
FEMA-Hurricane Wilma Grant	367,613	-	-	-	-	367,613
Broward Sheriff's Office - Electric Reimb.	11,449	-	-	-	-	11,449
Broward Cnty CDBG-Disaster Recov. Grant	69,600	-	-	-	-	69,600
Energy Efficiency Block Grant - DOE	8,802	-	-	-	-	8,802
Neighborhood Stabilization Program	11,802	-	-	-	-	11,802
HUD-CDBG/HOME/HPRP Grants	36,145	-	-	68,962	-	105,107
Total Governmental Activities	\$ 2,211,584	\$ 4,500	\$ 2,326,386	\$ 68,962	\$ 360,331	\$ 4,971,763

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	\$ 1,666,666

(E) Interfund Loans and Transfers

The composition of interfund balances as of September 30, 2010, 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	\$ 2,916,666

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 2011, 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>
2011	416,667
2012	833,333
2013	833,333
2014	833,333
	<u>\$ 2,916,666</u>

Due to/from other funds:

<u>Receivable</u>	<u>Payable</u>	Amount
General Fund	Internal Service Fund	\$ 530,000 (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 \$2,876,182), which includes the advance between the General and Sanitation Fund, a short term loan from the General Fund to the Sanitation Fund and the internal service fund look-back adjustment to enterprise funds.

Transfers in/out are as follows:

	<u>Transfers in:</u>						Total
	<u>General Fund</u>	<u>EMS</u>	<u>Capital Projects Fund</u>	<u>Subtotal Gov'mtl. Activities</u>	<u>Nonmajor Enterprise Funds</u>	<u>Subtotal Business Type Activities</u>	
General Fund	\$ -	\$ 4,906,755	\$ 4,718,975	\$ 9,625,730	\$ 843,313	\$ 843,313	\$ 10,469,043
Capital Projects	-	-	-	-	-	-	-
East District Fund	188,444	-	-	188,444	-	-	188,444
Nonmajor Enterprise Funds	2,019,881	-	-	2,019,881	-	-	2,019,881
Total transfers out	\$ 2,208,325	\$ 4,906,755	\$ 4,718,975	\$ 11,834,055	\$ 843,313	\$ 843,313	\$ 12,677,368

The transfer from the General Fund to the Emergency Management Services (EMS) Fund was required to support operating costs. Transfers from the General Fund to the Capital Projects Fund were related to a variety of projects, primarily Community Park Phase III Improvements, completion of the Mitchell Moore Phase II Construction, Palm-Aire Park design and construction, the purchase of three mobile generators, and repair of seawalls at various locations throughout the City. Transfers from the General Fund to the Golf Fund were primarily to purchase equipment and secure grounds. The transfer from the East District Fund to the General Fund related to capital improvements made to City infrastructure assets.

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Transfers from the non-major enterprise funds to the General Fund was primarily for an administrative charge to garbage 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.

(F) Pollution Remediation Obligations

With the passage of Governmental Accounting Standards Board Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (GASB 49) the City is required to reasonably estimate and report a pollution remediation liability when any of the following obligating events has occurred:

- Pollution poses an imminent danger to the public and the City is compelled to take action, The City is found in violation of a pollution related permit or license;
- The City is named, or has evidence that it will be named as a responsible party by a regulator;
- The City is named, or has evidence that it will be named in a lawsuit to enforce a cleanup; or
- The City commences or legally obligates itself to conduct remediation activities.

The City has recorded a pollution remediation liability at September 30, 2010 utilizing the expected cash flow technique. Under this technique, the City estimated a reasonable range of potential outlays and multiplied those outlays by their probability of occurring. This liability could change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation efforts.

The following pollution remediation obligation has been recorded at September 30, 2010, related to property acquired by the Pompano Beach Community Redevelopment Agency (the CRA):

	Governmental Activities
Environmental remediation liability, beginning of year	\$ -
Expected additional future outlays, increasing liability estimates	251,634
Fiscal year 2010 outlays for environmental remediation	-
Reduction in liability estimates	-
Estimated recoveries from third parties or tax credits	-
Environmental remediation liability, end of year	\$ 251,634

The CRA owns the site associated with the former BT Oil gas station located at 324 N.W. 2nd Avenue, as well as the area surrounding the former gas station within the confines of the vacant parcel located between N.W. 2nd Avenue and N.W. 3rd Avenue. Based on the level of pollution present, state law requires the CRA to undertake pollution remediation efforts, as the CRA owns the property and currently has plans to redevelop it. Initial site assessments indicate petroleum hydrocarbons trapped in soils beneath the groundwater interface.

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Sphere Environmental Services, LLC has been contracted to assess the affected area and incorporate the findings into a Site Assessment Report for submittal to the Florida Department of Environmental Protection and Broward County Environmental Protection and Growth Management Department. The CRA anticipates that seven wells will need to be installed to inject chemicals to address the petroleum hydrocarbons. It should be noted that the scope of this project is subject to change once the study is completed.

(G) 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, 2010.

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. At September 30, 2010, the City had satisfied its obligation related to this debt issue. Principal and interest paid for the current fiscal year and total ad valorem taxes collected and interest earned on these funds were \$1,149,750 and \$1,086,734, respectively.
- On December 16, 2003, the Pompano Beach Community Redevelopment Agency (the Agency) authorized the issuance of Tax Increment Bond – Series 2003A in an original principal amount not to exceed \$10,000,000, with Wachovia Bank, National Association (the Bank) being the registered holder of the bond. On December 22, 2003, the Agency also entered into a non-revolving line of credit agreement (line of credit) with the Bank, not to exceed \$10,000,000, which represents the Bank's obligation to fund advances of principal of the Series 2003A Bond. The Series 2003A Bond represent the Agency's obligation to reimburse the Bank for up to \$10,000,000 of drawings made under the line of credit. The line of credit is secured by a senior lien on all tax increment revenues generated within the Agency's Northwest District's Redevelopment Area boundaries on a parity with the lien of the Agency's Series 2004A Bond as discussed below. At September 30, 2010 the Agency had \$8,918,919 outstanding related to this line of credit. Proceeds of these draws were used to finance the current refunding of the Agency's Special Obligation Bonds – Series 1999, the cost of redevelopment projects in the Northwest District Redevelopment Area and costs of issuance. Interest on the 2003A Bond is at a fixed rate of 4.39%, with a final maturity date of November 1, 2018. Principal and interest on the Series 2003A Bond is due and payable quarterly.
- On January 21, 2004, the Agency authorized the issuance of Tax Increment Bonds – Series 2004A in an original principal amount not to exceed \$10,000,000, with Wachovia Bank, National Association (the Bank) being the registered holder of the Series 2004A Bond. On January 21, 2004, the Agency also entered into a non-revolving line of credit agreement (line of credit) with Wachovia Bank, National Association (the Bank), in an amount not to exceed \$10,000,000, representing the Bank's obligation to fund advances of principal of the Series 2004A Bond. The Series

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2004A Bond represents the Agency's obligation to reimburse the Bank for up to \$10,000,000 of drawings made under the line of credit. The line of credit is secured by a senior lien on all tax increment revenues generated within the Agency's Northwest District Redevelopment Area boundaries, on a parity with the Agency's Series 2003A Bond, as discussed above. At September 30, 2010 the Agency had \$8,918,919 outstanding related to this line of credit. Proceeds of these draws were used to finance the cost of redevelopment projects in the Northwest District Redevelopment Area. Interest on the Series 2004A Bond is at a fixed rate of 4.39%, with a final maturity date of November 1, 2018. Principal and interest on the Series 2004A Bond is due and payable quarterly.

For the Series 2003A & 2004A bonds, principal and interest paid for the current fiscal year and total tax increment revenues were \$2,999,624 and \$7,964,025, respectively. At September 30, 2010, total principal and interest remaining on the bonds held by the Bank is \$21,165,933 payable through November 2018.

- On February 16, 2010 the City Commission and Pompano Beach Community Redevelopment Agency Board authorized the issuance of tax increment revenue bonds, series 2010A in the original aggregate principal amount of \$10,000,000 and tax increment revenue bonds, Series 2010B in an original aggregate principal amount not to exceed \$5,000,000 and/or taxable tax increment revenue bonds, Series 2010C in an original aggregate principal amount not to exceed \$5,000,000 (provided, however, the aggregate principal amount of the Series 2010B bonds and 2010C bonds that may ever be issued and outstanding shall not exceed \$5,000,000). The bonds were issued on February 17, 2010. The principal purpose of the bond issuance was to finance a portion of the costs of the Community Redevelopment Plan for the East Pompano District Area. Proceeds associated with the 2010A Series bonds were drawn at closing. The 2010A bonds were issued at a fixed rate of 5.13%, with a twenty-year repayment term. At September 30, 2010, the City had \$10,000,000 outstanding related to this obligation. For the current fiscal year, interest paid and total tax increment revenues were \$233,700 and \$2,440,977, respectively. At September 30, 2010, total principal and interest remaining on the bonds is \$15,967,473 payable through February 2030.

The Series 2010B/C bonds can either be issued as taxable, tax-exempt or a combination of both and will carry a twenty-year repayment term. The rate on the 2010B bonds will be fixed at the 10 year Libor swap rate, plus a spread of 1.46% upon funds being advanced to the Agency. The rate on the 2010C bonds will be fixed at the 10 year Libor swap rate, plus a spread of 4.60%, upon funds being advanced to the Agency. The Agency has until December 31, 2010 to initiate a one time draw on either the Series 2010B or 2010C bonds, or a combination of both. It is estimated that the annual debt service associated with the 2010 Series bonds will be approximately \$1.4 million, with total interest cost associated with the issue estimated to not exceed \$11.2 million.

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Conduit Debt

On December 9, 2008, the City Commission authorized the issuance of special facility airport revenue bonds in an aggregate principal amount not to exceed \$8,000,000, for the purpose of making a loan of funds to Sheltair Pompano Beach, LLC (Sheltair) in order to finance the costs of the acquisition, renovation, construction and equipping of certain general aviation facilities located at the Pompano Beach Airpark, to be leased by Sheltair. The bonds were subsequently issued on December 22, 2008. The bonds are limited obligations of the City payable from lease payments required to be made by Sheltair. The City is not obligated to pay the principal or interest of the bonds except from payments made by Sheltair, and neither the faith and credit nor the taxing power of the City is pledged to the payment of the principal and interest on the bonds. At September 30, 2010, total principal and interest outstanding related to this debt issue was \$7,802,545 and \$5,963,696, 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

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

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payable solely from water and sewer customer net revenues and are payable through 2020. Interest on the Series 2006A bonds range from 3.60% to 3.94% through July 1, 2013, the scheduled maturity of the bonds. Interest on the Series 2006B bonds range from 3.74% to 4.58% through July 1, 2020, the scheduled maturity of the bonds.

Principal and interest payments on the Series 2006 bonds are due semi-annually through maturity. Annual principal and interest payments on the Series 2006 bonds are expected to require less than 41 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$37,389,556. Principal and interest paid for the current fiscal year and total water and sewer customer net revenues were \$4,369,674 and \$10,765,324 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	\$ 1,095,000	\$ -	\$ 1,095,000	\$ -	\$ -
Tax increment bonds-East District	-	10,000,000	-	10,000,000	300,000
Tax increment bonds-NW District	20,000,000	-	2,162,162	17,837,838	2,162,162
Total bonds payable	21,095,000	10,000,000	3,257,162	27,837,838	2,462,162
Claims and judgments	15,165,000	1,052,617	1,793,617	14,424,000	2,144,411
Net OPEB Obligation	3,175,361	2,186,751	528,988	4,833,124	-
Compensated absences	5,172,740	4,001,241	4,270,920	4,903,061	284,821
Governmental activity Long-term liabilities	<u>\$ 44,608,101</u>	<u>\$ 17,240,609</u>	<u>\$ 9,850,687</u>	<u>\$ 51,998,023</u>	<u>\$ 4,891,394</u>
Business-type activities:					
Bonds payable:					
Water & Sewer revenue bonds	\$ 33,229,506	\$ -	\$ 2,990,000	\$ 30,239,506	\$ 3,110,000
Less: Deferred amounts	(581,554)	-	54,138	(527,416)	(54,138)
Less: bond discount	(95,528)	-	13,176	(82,352)	(13,176)
Total bonds payable	32,552,424	-	3,057,314	29,629,738	3,042,686
Net OPEB Obligation	701,076	395,513	77,460	1,019,129	-
Compensated absences	947,121	733,033	678,408	1,001,746	26,394
Business-type activity Long-term liabilities	<u>34,200,621</u>	<u>1,128,546</u>	<u>3,813,182</u>	<u>31,650,613</u>	<u>3,069,080</u>
Total long-term liabilities	<u>\$ 78,808,722</u>	<u>\$ 18,369,155</u>	<u>\$ 13,663,869</u>	<u>\$ 83,648,636</u>	<u>\$ 7,960,474</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, while OPEB liabilities are liquidated by the Risk Management Health Internal Service Fund.

Bond indentures for the water and sewer bonds contain provisions relating to annual debt service payments, restricted account transactions, minimum sinking fund requirements, and minimum revenue levels. The City believes that it is in compliance with all bond provisions and maintained reserves totaling \$4,442,915 at September 30, 2010.

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The City Charter limits the amount of net general obligation bonded debt to 15% of the assessed property valuation. At September 30, 2010, the statutory limit for the City was approximately \$1.6 billion, providing a legal debt margin of approximately \$1.6 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, 2010 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 at September 30, 2010 are as follows:

	Governmental Activities						Total Governmental Activities
	Northwest (NW) CRA District			East CRA District			
	Principal	Interest	Subtotal NW District	Principal	Interest	Subtotal East District	
2011 \$	2,162,162	\$ 747,486	\$ 2,909,648	\$ 300,000	\$ 505,305	\$ 805,305	\$ 3,714,953
2012	2,162,162	652,568	2,814,730	315,000	489,529	804,529	3,619,259
2013	2,162,162	557,649	2,719,811	330,000	472,985	802,985	3,522,796
2014	2,162,162	462,730	2,624,892	345,000	455,673	800,673	3,425,565
2015	2,162,162	367,811	2,529,973	365,000	437,460	802,460	3,332,433
2016-2020	7,027,028	539,851	7,566,879	2,125,000	1,878,992	4,003,992	11,570,871
2021-2025	-	-	-	2,720,000	1,260,699	3,980,699	3,980,699
2026-2030	-	-	-	3,500,000	466,830	3,966,830	3,966,830
	<u>\$ 17,837,838</u>	<u>\$ 3,328,095</u>	<u>\$ 21,165,933</u>	<u>\$ 10,000,000</u>	<u>\$ 5,967,473</u>	<u>\$ 15,967,473</u>	<u>\$ 37,133,406</u>

	Business-type Activities		
	Principal	Interest	Total
2011 \$	3,109,506	\$ 1,262,506	\$ 4,372,012
2012	3,225,000	1,140,119	4,365,119
2013	3,370,000	1,013,206	4,383,206
2014	2,590,000	876,219	3,466,219
2015	2,695,000	772,619	3,467,619
2016-2020	15,250,000	2,084,888	17,334,888
	<u>\$ 30,239,506</u>	<u>\$ 7,149,557</u>	<u>\$ 37,389,063</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, 2010 the City had \$159,219 in unamortized issuance costs outstanding related to the 2006 Water and Sewer Revenue Bonds and \$27,737 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

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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 \$527,416 and the unamortized discount was \$82,352 at September 30, 2010. These amounts are reported as an addition/deduction from the bond liability of \$30,239,506 at September 30, 2010.

(H) 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 63 years and is adjusted for changes in the Consumer Price Index every three years.

The lease payments are as follows:

<u>Fiscal Year Ending</u>	<u>Governmental Activities</u>
2011	\$ 128,211
2012	128,211
2013	128,211
2014	128,211
2015	128,211
2016-2020	641,055
2021-2025	641,055
2026-2030	641,055
2031-2035	641,055
2036-2040	641,055
2041-2045	641,055
2046-2050	641,055
2051-2055	641,055
2056-2060	641,055
2061-2065	641,055
2066-2070	641,055
2071-2074	384,633
Total lease payments	<u>\$ 8,077,293</u>

(I) Property Taxes

The City levies property taxes each October 1, which becomes a lien on real and personal property located in the City. Property taxes are based on the assessed values determined by the Broward County Property Appraiser as of the prior January 1. The current year's levy is based on assessed property values totaling approximately \$10.9 billion. Taxes are collected directly by Broward County and remitted to the City as collected.

The State of Florida permits the City to levy taxes up to 10 mills of assessed property valuation for the General Fund. The City levied taxes at 4.0652 mills for the General Fund, 0.1011 mills for the Debt Service Fund and .5000 mills for the EMS District for the fiscal year ended September 30, 2010.

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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, 2010 were approximately 93.6% of the total tax levy.

(J) Other Commitments

On July 27, 2010, the City of Pompano Beach entered into a contract with the Broward County Sheriff's Office ("BSO") through September 30, 2014, for policing services in Pompano Beach. For the period from the effective date of the agreement through September 30, 2011, the annualized consideration amount payable by the City to BSO for policing services is \$37,250,000. However, if cost increases for BSO occur between the effective date and September 30, 2011, the initial contract sum is subject to mutually agreeable adjustments between the City and BSO.

(K) Post Employment Benefits Other Than Pensions

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

Funding Policy - The City is financing the post employee benefits on a pay-as-you go basis. For fiscal year 2010, 64 retirees received health care benefits. Annual required implied contributions amounted to \$2,744,123 for the current fiscal year, towards which the City made an implied contribution of \$606,448. Retiree contributions totaled \$907,557 for the fiscal year ended September 30, 2010. At September 30, 2010 the City recorded a net OPEB obligation of \$4,833,124 for governmental activities and \$1,019,129 for business-type activities in its government-wide statement of net assets. The Utility Fund reported a net OPEB obligation of \$804,472, while the non-major enterprise funds reported \$214,657. Internal Service Funds reported a net OPEB obligation of \$244,059. 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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Annual Required Contribution	\$	2,744,123
Interest on Net OPEB Obligation		193,821
Adjustment to Annual Required Contribution		<u>(355,680)</u>
Annual OPEB Cost (Expense)		2,582,264
Implied Employer Contribution		(606,448)
Increase in Net OPEB Obligation		1,975,816
Net OPEB Obligation-beginning of year		<u>3,876,437</u>
Net OPEB Obligation-end of year	\$	<u><u>5,852,253</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, 2010 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, 2010	\$ 2,582,264	23%	\$ 5,852,253
September 30, 2009	\$ 2,538,683	23%	\$ 3,876,437

Funded Status and Funding Progress - As of September 30, 2010, the actuarial accrued liability for benefits was \$17,522,636 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$17,522,636. The covered payroll (annual payroll of active employees covered by the plan) was \$39,035,302, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 45 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, 2009 the Projected Unit Credit method (PUC) was used to determine all liabilities, with the liability for each active employee assumed to accrue over his working lifetime based on elapsed time from his date of hire until retirement. The unfunded actuarial accrued liability is being amortized over a fifteen year open period, utilizing the level dollar payment method.

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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% per annum was utilized (includes inflation at 3% 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:

2010/11-9.50%
2011/12-9.00%
2012/13-8.50%
2013/14-8.00%
2014/15-7.50%
2015/16-7.00%
2016/17-6.50%
2017/18-6.00%
2018/19 & later-5.00%

Implied Subsidy

The implied subsidy for a 65-year old retiree for the period July 1, 2009 through June 30, 2010 is assumed to be \$3,600 per year under the HMO plan and \$4,550 per year PPO plan. Upon the attainment of medicare eligibility, the subsidy is assumed to disappear.

Age Related Morbidity

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

Retiree Contributions

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

Cost of Living Increases

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

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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 60 years, based on actual retirees data.

(III) OTHER INFORMATION

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

1. Summary of Significant Accounting Policies

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

Method used to value investments – Investments are reported at fair value. Short-term investments which consist of money market funds are reported at cost, which is fair value. Securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates. Real estate investments are reported at its fair value based on an appraisal of underlying property. The PFRS has investments in Funds of Hedge Funds which hold in a variety of different investment vehicles that do not have readily available market quotations. The Plan's fair value is based on its proportionate share of the value

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of the Funds of Hedge Funds as determined by the fund managers. That value is based on what the hedge fund can reasonably expect to receive for their interest in the various investment vehicles based on input from fund managers, independent valuation consultants and independent auditors. Net appreciation (depreciation) in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost. Interest and dividends are recorded as earned. Purchases and sales of investments are recorded on a trade date basis. Dividends are recorded on the ex-dividend date.

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

2. Plan Description and Contribution Information

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

Plan description – The Pompano Beach Police and Firefighters' Retirement System ("PFRS") was established by ordinance of the City of Pompano Beach, Florida ("City") on August 15, 1972 (effective October 1972), to account for the financial activity of the Pompano Beach Police and Firefighters' Retirement Plan ("Plan"). The PFRS is a single-employer defined benefit pension plan, which is administered by a nine member Board of Trustees comprised of three members appointed by the City Commission, three members elected by/from the Firefighter members, and three members elected by/from the Police members. The Board of Trustees has the sole and exclusive responsibility for the administration and operation of the PFRS.

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

The PFRS provides retirement, death and disability benefits for its members. Benefit provisions are established and may be amended by the City, in conjunction with the Broward County Police Benevolent Association and the Pompano Beach Professional Firefighters Local 1549. A member may retire with normal benefits after reaching age 47 and accumulating 20 or more years of

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credited service, or age 55 and accumulating 10 or more years of credited service, or age 47 regardless of credited service for those members of the Plan on August 15, 1972. Normal retirement benefits are stipulated in Section Pursuant to Ordinance 2008-54, a police officer with 25 years of accredited service may elect to purchase unreduced normal retirement benefits regardless of age. Normal retirement benefits are stipulated in Section 34.055 of the City's Code of Ordinances and are contingent upon a member's employment classification, separation date, length of service and average monthly earnings. In general, normal retirement benefits are the member's average earnings times the number of years of service multiplied by a factor ranging from 2.0% to 4.0%. Members with 20 or more years of service may receive an early retirement benefit at age 47 or an immediate benefit at a reduced amount. Members who have attained age 50 and have completed 10 years of service are also eligible for an early retirement benefit.

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

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

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. As of September 30, 2010, the balance in the Drop account was \$13,692,797. These amounts are included in the total investment balance presented on the statement of plan assets.

Effective June 22, 2010, the PFRS allowed participants (Police officers only) to borrow from their DROP account. The loan limit is up to 50% of participant's account balance, subject to a minimum of \$5,000 and a maximum of \$50,000. The interest rate charged is the "prime rate" in effect on the day of loan application and the repayment schedule and maturity date may not exceed five years. At September 30, 2010, the balance of DROP loans outstanding was \$148,000.

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,

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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 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, 2010, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	276
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	42
Active plan members	<u>243</u>
Total	<u>561</u>

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

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

In accordance with Florida Statutes, additional premium tax revenues received by the PFRS are reserved to provide future minimum or extra benefits and may not be used to reduce or offset the contribution requirements of the City. As of the October 1, 2010 actuarial valuation, the cumulative balance of additional premium tax revenues reserved to provide future benefit improvements total \$3,602,091 of which \$215,163 pertains to the police members (Chapter 185 funds) and \$3,386,928 pertains to the firefighter members (Chapter 175 funds).

3. Due to Brokers

Pending trades payable amounting to \$1,829,510 at September 30, 2010 account for amounts due to the PFRS's broker for investment purchases made with trade dates prior to the fiscal year end and settlement dates after the fiscal year end. The trades were settled by receiving or liquidating cash equivalents.

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

1. Summary of Significant Accounting Policies

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

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

Investments – Plan investments are reported at fair value. Quoted market prices, when available, have been used to value investments. The fair value of quoted investments is based on the closing sales price or bid price as reported by recognized security exchanges. The market values for securities that have no

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quoted market price represent estimated fair value. Many factors are considered in arriving at that value. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2010 and 2009. In general, corporate debt securities have been valued at quoted market prices or, if not available, values are based on yields currently available on comparable securities of issuers with similar credit ratings. The fair value of real estate investment securities is based on appraisals plus fiscal year-to-date capital expenditures.

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

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

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a result, certain code enforcement officers were employed by the BSO. Participating code enforcement officers were given the option to either remain in the Plan or switch to the BSO's retirement plan.

The GERS is administered by a board of seven trustees comprised of three persons elected directly by the members, three persons who are not members appointed by the City Commission and one person elected by the other six trustees.

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

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

Participants

Participants are all general employees with full-time status, elected officials and appointees and senior managers of the City of Pompano Beach who have met the requirements of the City's merit system.

Membership

As of October 1, 2010, 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><u>352</u></u>
Current Employees:	
Vested	255
Nonvested	<u>229</u>
	<u><u>484</u></u>

Pension Benefits

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

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
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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 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.

Cost of Living Adjustment (COLA)

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

Funding Requirements and Funding Status of Plan

Member Contributions:

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

City Contributions:

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

County Contributions:

The County is to contribute such amounts as determined by the actuary to cover

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
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Broward Sheriff's Office employees.

Investments

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

(C) Other Pension Information

1. Contribution Rates and Actual Contributions

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, 2010:

	<u>Police and Firefighters'</u>	<u>General Employees</u>
Contributions:		
Contribution rates:		
City:		
General Employees	-	15.33%
Police	42.74%	-
Fire	31.19%	-
Plan members:		
General Employees	-	10.00%
Police	8.60%	-
Fire	11.60%	-
Annual pension costs	\$	\$
Contributions made:		
Employer	\$ 6,828,542	\$ 4,338,870
Plan members	1,827,041	2,868,571
State	1,884,144 ⁽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

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
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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, 2010 the Plan received \$1,884,144 for the Police and Firefighters Plan. This amount is recorded as intergovernmental revenue and public safety expenditures (on behalf payments) in the City's General Fund and as operating grants and contributions and public safety expenses for governmental activities in the government-wide financial statements.

The maximum allowable credit for fiscal year 2010 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, 2010 excess premium taxes amounted to \$352,927 (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:

	<u>Police and Firefighters</u>			<u>General Employees</u>		
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Annual Pension Cost	\$ 6,592,613	\$ 6,371,882	\$ 6,859,098	\$ 3,405,301	\$ 3,694,196	\$ 4,326,225
Percentage of annual pension cost contributed	99.2%	99.2%	99.6%	100.3%	100.3%	100.3%
Net Pension Asset (Obligation) at the end of the year	\$ 754,990	\$ 704,665	\$ 674,109	\$ 472,514	\$ 485,187	\$ 497,832

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, 2010 is as follows:

	<u>Police and Firefighters</u>	<u>General Employees</u>
Annual required contribution ("ARC")	\$ 6,828,542	\$ 4,337,004
Interest on NPO/(NPA)	(59,897)	(38,815)
Adjustment to ARC	(90,453)	(28,036)
Annual pension cost	6,859,098	4,326,225
Actual contributions	6,828,542	4,338,870
NPA (NPO) at beginning of year	704,665	485,187
Increase (decrease) in NPA (NPO)	(30,556)	12,645
NPA (NPO) at end of year	674,109	497,832

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

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, 2010	October 1, 2010
Actuarial cost method	Entry Age	Entry Age
Amortization method and remaining amortization period	Level percent - closed (Firefighters) Level dollar - closed (Police) 30 years	Level percent closed 30 years
Asset valuation method	5 year Smoothed Market	5 year Smoothed Market
Actuarial assumptions:		
Investment rate of return*	8.10% net of investment expenses	8.00% net of investment expenses
Projected salary increases	Service weighted rates from 4.00%-17.00%	4.25%-7.5% varying by service*
Cost of living adjustments	2.00% (starts 5 years after retirement)	2.00%
* Includes inflation at	3.50%	3.50%

4. Funded Status and Funding Progress - Pension Plans

As of September 30, 2010, the actuarial accrued liability for benefits was \$169,995,000 and the actuarial value of assets was \$126,103,000, resulting in an unfunded actuarial accrued liability of \$43,892,000 and a funded ratio of 74.2%, for the General Employees' Retirement Plan. The covered payroll (annual payroll of active employees covered by the plan) was \$26,597,000, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 165%. As of September 30, 2010, the actuarial accrued liability for benefits was \$242,462,552 and the actuarial value of assets was \$169,136,485 resulting in an unfunded actuarial accrued liability of \$73,326,067 and a funded ratio of 69.8%, for the Police and Firefighters' Retirement Plan. The covered payroll (annual payroll of active employees covered by the plan) was \$16,804,153, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 436.4%.

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

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

Plan Description 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, 2010,

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
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there was 1 plan member. Contribution Plan provisions and contribution requirements are established and may be amended by City Commission Ordinance. The International City Management Association Retirement Corporation acts as agent for the City in administering the Contribution Plan. The DCRS does not issue a stand alone financial report.

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

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

The City does not incur an actuarial liability related to the sponsorship of the DCRS. For the fiscal year ended September 30, 2010, employer contributions totaled \$7,964 and employee contributions totaled \$0. Financial information for the DCRS at and as of September 30, 2010 is shown below:

ASSETS

Investments, at fair value:

Mutual funds	\$ 1,271,384
Total assets	<u>1,271,384</u>

NET ASSETS

Held in trust for pension benefits	<u>\$ 1,271,384</u>
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ADDITIONS

Members contributions	7,543
Investment income	60,625
Total additions	<u>\$ 68,168</u>

DEDUCTIONS

Participant benefit payments	-
Total deductions	-
Net increase	68,168

Net assets held in trust for pension benefits

Beginning of the year	1,203,216
End of the year	<u>\$ 1,271,384</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 2010. There have been no settlements in excess of insurance coverage for the past three years.

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**NOTES TO FINANCIAL STATEMENTS
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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, 2010 reflect management's loss estimate of \$15,165,000, which includes reported claims and claims incurred but not reported (IBNR). Changes in the fund's estimated claims payable amount in fiscal years 2007, 2008 and 2010 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>
2009	\$ 13,365,000	4,295,205	2,495,205	15,165,000
2010	\$ 15,165,000	1,052,617	1,793,617	14,424,000

(F) Contingencies/Risks/Uncertainties

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

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

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

(G) New Accounting Pronouncements Not Yet Adopted

GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, issued February 2009, will be effective for the City beginning with its fiscal year ending September 30, 2011. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
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that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The City's management is aware of this requirement and has already begun to assess its impact.

GASB Statement No. 59, *Financial Instruments Omnibus*, is effective for financial statements for periods beginning after June 15, 2010. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this Statement will improve financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards. Applying the reporting provisions of Statement 31 for interest-earning investment contracts to unallocated insurance contracts improves consistency of investment measurements that are reported by pension and other post-employment benefit plans. Emphasizing the applicability of SEC requirements to 2a7-like external investment pools provides practitioners with improved guidance. Limiting interest rate risk disclosures for investments in mutual funds, external investment pools, and other pooled investments to debt investment pools provides better guidance regarding the applicability of interest rate risk disclosures. Finally, addressing the applicability of Statement 53 to certain financial instruments refines which financial instruments are within the scope of that Statement.

(H) Subsequent Events

Conduit Debt

On December 14, 2010 the City Commission authorized the issuance of Health Facilities Revenue Refunding Bonds, Series 2010, in an amount not exceeding \$30 million, for the purpose of loaning the proceeds to John Knox of Village, Inc. (the Village), as borrower, to be applied to (I) refund and defease all of the Broward County Health Facilities Authority Revenue and Revenue Refunding bonds, Series 2002, outstanding as of the date of issuance of the Series 2010 Bonds, and (II) pay costs of issuance of the Series 2010 Bonds. The 2010 Series bonds were subsequently issued on December 30, 2010 in the amount of \$29,045,000. The bonds are limited obligations of the City payable from the loan payments due from the Village. The City is not obligated to pay the principal or interest on the bonds except from the loan payments made by the Village, and neither the faith and credit nor the taxing power of the City is pledged to the payment of the principal and interest on the bonds.

In addition, on January 25, 2011 the City Commission further authorized the issuance of Health Facilities Revenue and Revenue Refunding Bonds, Series 2011, in an amount not exceeding \$30,000,000, for the purpose of again loaning the proceeds to the Village, as borrower, to be applied to (i) refund a portion of the City's outstanding Health Facilities Revenue Refunding Bonds (John Knox Village of Florida, Inc. Project), Series 2010 if the Borrower determines it is in its best interests to accomplish such refunding, (ii) pay, or reimburse the payment of, the costs of the acquisition, construction, improvement, and/or equipping of certain capital improvements included in the Borrower's capital plan as

CITY OF POMPANO BEACH, FLORIDA

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adopted from time to time, including upgrades to its irrigation system, disaster recovery system, and emergency response system; acquisition of transportation carts; site lighting and signage improvements; sidewalks and fencing; implementation of an electronic tracking system in its long-term care facility; renovations and upgrades to its independent living facilities and assisted living facility; upgrades to open space and common dining areas; development costs for a potential new long-term care center; acquisition of an existing assisted living facility; and acquisition of land to be used for future activities of the Borrower, as the foregoing may be modified in accordance with the Series 2011 Loan Agreement (collectively, the "Series 2011 Project"), (iii) fund necessary reserves related to the Series 2011 Bonds, and (iv) pay costs of issuance of the Series 2011 Bonds. It is expected that the Series 2011 bonds will be issued in March 2011.

Both the 2010 and 2011 Series bonds are limited obligations of the City payable from the loan payments due from the Village. The City is not obligated to pay the principal or interest on the bonds except from the loan payments made by the Village, and neither the faith and credit nor the taxing power of the City is pledged to the payment of the principal and interest on the bonds.

Equipment Lease

At the January 12, 2010 City Commission meeting, the City Commission authorized the execution of a project development agreement with Siemens Industry, Inc. (Siemens) for a technical energy audit (the audit) of City facilities. The audit recommended the implementation of a total of sixteen (16) Facility Improvement Measures (FIMs), the objective of which was to reduce energy and operational savings for the City, as well as enhance revenues and efficiency of operations for the City's water metering system. On November 9, 2010, the City Commission approved a contract with Siemens for the implementation of the FIMs.

The contract with Siemens stipulates a maximum twelve (12) year term, which also includes monitoring, maintenance and other elements. Under the contract, Siemens provided a corporate guarantee for a level of energy consumption, energy demand, water consumption, water meter performance and operations and maintenance savings. The total cost of the FIMs is estimated to be approximately \$14.3 million and the payback term without interest associated with the financing is estimated to be an average of approximately 9 years for all FIMs. Capitalized interest costs included, the total payback is just under 13 years (1 year construction period and approximately 12 year payback period).

The proposed projects related to each FIM is being financed from two funding streams. Approximately \$850,000 from a federal grant, secured as part of an Energy Conservation Stimulus Program, will be utilized to finance the Central Energy Plant for City Hall/City Commission Chambers. The balance of the projects are to be funded utilizing a tax-exempt municipal lease. On November 9, 2010, the City entered into a tax-exempt lease-purchase financing arrangement in the amount of \$13,500,000 with Chase Equipment Finance, Inc., as lessor, for the City to acquire certain equipment to facilitate the City's Savings. Projects consist of new water meters (with automatic meter reading capability) and related installation, lighting fixtures, ballasts, lamps and occupancy sensors City-wide, high efficiency service pump motors for the water treatment plant, jockey pumps

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**NOTES TO FINANCIAL STATEMENTS
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with variable frequency drives, motors and starters for the reuse plant, water conservation measures City-wide (plumbing fixtures, valves aerators and shower heads), energy management systems City-wide (programmable thermostats), HVAC chiller and accessories for City Hall and the City Commission Chambers, a fire alarm system for City Hall and the City Commission Chambers, ionization water treatment systems for the aquatic centers, golf cart charging optimization time clock and electrical paneling, new vending and ice machine controls City-wide and a new rooftop air-conditioning unit for the Emma Lou Olsen Civic Center lobby area.

The resulting lease payment is subject to annual appropriation by the City Commission. The first lease payment is due on November 12, 2011, with the final payment, subject to continued appropriation, being due on August 12, 2023. The annual lease payment, inclusive of principal and interest will be \$337,395. Over the life of the lease, total interest will amount to \$2,694,950, at an annual interest rate of 2.72%. It is anticipated that projected energy and operational energy savings, as well as enhanced water meter performance will serve to cover the related lease payments.



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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF POMPANO BEACH, FLORIDA
Required Supplementary Information - Unaudited
September 30, 2010

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, 2010	\$ 169,136	\$ 242,463	\$ 73,327	69.8%	\$ 16,804	436.4%
October 1, 2009	\$ 165,046	\$ 229,557	\$ 64,511	71.9%	\$ 18,187	354.7%
October 1, 2008	\$ 164,826	\$ 216,871	\$ 52,045	76.0%	\$ 18,938	274.8%

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, 2010	\$ 126,103	\$ 169,995	\$ 43,892	74.2%	\$ 26,597	165.0%
October 1, 2009	\$ 118,955	\$ 161,585	\$ 42,630	73.6%	\$ 27,477	155.1%
October 1, 2008	\$ 124,869	\$ 152,425	\$ 27,556	81.9%	\$ 27,478	100.3%

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, 2009	\$ -	\$ 16,354	\$ 16,354	0.0%	\$ 39,035	41.9%
July 1, 2007	\$ -	\$ 6,290	\$ 6,290	0.0%	\$ 37,173	16.9%

Note: The City was first required to report this information for the fiscal year ended September 30, 2007. 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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 59,161,544	\$ 59,365,654	\$ 61,532,724	\$ 2,167,070
Judgments, fines and forfeitures	1,170,000	1,170,000	1,353,607	183,607
Permits, fees and special assessments	12,575,807	23,122,496	22,005,457	(1,117,039)
Intergovernmental	9,956,550	15,670,555	13,391,651	(2,278,904)
Charges for services	22,689,492	12,166,442	12,150,030	(16,412)
Donations	55,000	55,000	21,686	(33,314)
Investment earnings	1,842,617	1,842,617	2,406,282	563,665
Other	370,534	553,932	644,755	90,823
Total revenues	<u>107,821,544</u>	<u>113,946,696</u>	<u>113,506,192</u>	<u>(440,504)</u>
EXPENDITURES				
Current:				
General government	8,629,832	14,116,547	9,412,854	4,703,693
Finance	1,928,886	2,356,675	2,246,675	110,000
Development services	6,154,136	7,161,747	7,011,020	150,727
Police	38,845,740	38,183,774	37,654,113	529,661
Fire department	17,845,614	18,129,198	17,973,534	155,664
Public works	13,631,715	14,000,872	13,900,872	100,000
Non departmental	5,271,087	7,836,095	7,783,391	52,704
Culture and recreation	7,175,245	7,406,161	6,818,771	587,390
Capital outlay	1,994,623	3,688,493	3,568,456	120,037
Total expenditures	<u>101,476,878</u>	<u>112,879,562</u>	<u>106,369,686</u>	<u>6,509,876</u>
Excess of revenues over expenditures	<u>6,344,666</u>	<u>1,067,134</u>	<u>7,136,506</u>	<u>6,069,372</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	3,000	3,000	82,446	79,446
Transfers in	2,019,881	2,019,881	2,019,881	-
Transfers out	(5,350,460)	(10,469,043)	(10,469,043)	-
Total other financing sources (uses)	<u>(3,327,579)</u>	<u>(8,446,162)</u>	<u>(8,366,716)</u>	<u>79,446</u>
Net change in fund balances	<u>\$ 3,017,087</u>	<u>\$ (7,379,028)</u>	<u>(1,230,210)</u>	<u>\$ 6,148,818</u>
FUND BALANCE - BEGINNING			<u>96,410,821</u>	
FUND BALANCE - ENDING			<u>\$ 95,180,611</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, 2010

	<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	\$ 8,176,848	\$ 8,176,848	\$ 7,964,025	\$ (212,823)
Charges for Services	7,925	7,925	57,434	49,509
Investment earnings	100,000	100,000	(18,635)	(118,635)
Other	23,571	23,571	34,661	11,090
Total revenues	<u>8,308,344</u>	<u>8,308,344</u>	<u>8,037,485</u>	<u>(270,859)</u>
EXPENDITURES				
Current:				
General government	5,813,547	5,788,521	1,965,499	3,823,022
Capital outlay	18,855,081	18,895,500	133,349	18,762,151
Debt service:				
Principal	2,162,162	2,162,162	2,162,162	-
Interest and other charges	842,406	842,406	837,462	4,944
Total expenditures	<u>27,673,196</u>	<u>27,688,589</u>	<u>5,098,472</u>	<u>22,590,117</u>
Excess of revenues over(under) expenditures	<u>\$ (19,364,852)</u>	<u>\$ (19,380,245)</u>	2,939,013	<u>\$ 22,319,258</u>
FUND BALANCE - BEGINNING			56,136,827	
FUND BALANCE - ENDING			<u>\$ 59,075,840</u>	

The above schedule reflects certain adjustments to actual expenditures to present data on a basis comparable to the adopted budget. See notes to required supplementary information.

CITY OF POMPANO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (UNAUDITED) - BUDGETARY BASIS
EAST COMMUNITY REDEVELOPMENT DISTRICT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,445,370	\$ 2,440,977	\$ 2,440,977	\$ -
Investment earnings	20,000	30,000	12,704	(17,296)
Total revenues	<u>2,465,370</u>	<u>2,470,977</u>	<u>2,453,681</u>	<u>(17,296)</u>
EXPENDITURES				
Current:				
General government	1,070,281	2,806,948	726,703	2,080,245
Debt service:				
Interest and other charges	-	287,033	287,033	-
Capital outlay	5,000,000	16,853,968	820,116	16,033,852
Total expenditures	<u>6,070,281</u>	<u>19,947,949</u>	<u>1,833,852</u>	<u>18,114,097</u>
Excess of revenues over (under) expenditures	<u>(3,604,911)</u>	<u>(17,476,972)</u>	<u>619,829</u>	<u>18,096,801</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from debt issuance	-	15,000,000	10,000,000	\$ (5,000,000)
Transfers out	-	(188,444)	(188,444)	-
Total other financing sources (uses)	<u>-</u>	<u>14,811,556</u>	<u>9,811,556</u>	<u>(5,000,000)</u>
Net change in fund balances	<u>\$ (3,604,911)</u>	<u>\$ (2,665,416)</u>	<u>\$ 10,431,385</u>	<u>\$ 13,096,801</u>
FUND BALANCE - BEGINNING			5,303,491	
FUND BALANCE - ENDING			<u>\$ 15,734,876</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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 5,645,960	\$ 5,645,960	\$ 5,265,970	\$ (379,990)
Intergovernmental	-	73,800	20,836	(52,964)
Charges for services	3,140,625	3,140,625	3,552,790	412,165
Donations	-	495	411	(84)
Investment earnings	50,000	50,000	69,856	19,856
Other revenue	-	-	27	27
Total revenues	<u>8,836,585</u>	<u>8,910,880</u>	<u>8,909,890</u>	<u>(990)</u>
EXPENDITURES				
Current:				
Public safety	13,010,776	13,031,979	12,973,172	58,807
Capital outlay	352,200	881,330	789,916	91,414
Total expenditures	<u>13,362,976</u>	<u>13,913,309</u>	<u>13,763,088</u>	<u>150,221</u>
Excess of revenues over (under) expenditures	<u>(4,526,391)</u>	<u>(5,002,429)</u>	<u>(4,853,198)</u>	<u>149,231</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>4,906,755</u>	<u>4,906,755</u>	<u>4,906,755</u>	<u>-</u>
Total other financing sources (uses)	<u>4,906,755</u>	<u>4,906,755</u>	<u>4,906,755</u>	<u>-</u>
Net change in fund balances	<u>\$ 380,364</u>	<u>\$ (95,674)</u>	53,557	<u>\$ 149,231</u>
FUND BALANCE - BEGINNING			<u>1,719,821</u>	
FUND BALANCE - ENDING			<u>\$ 1,773,378</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, 2010

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 \$13,591,435 including \$12,627,343 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.

CITY OF POMPANO BEACH, FLORIDA

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

SEPTEMBER 30, 2010

Adjustments necessary to convert the general fund and the major special revenue fund results of operations and change in fund balances at September 30, 2010 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	\$ 117,681,107	\$ 116,451,002	\$ 1,230,105
State contribution for Fire and Police Pension Funds	(1,884,144)	(1,884,144)	-
Encumbrances	-	2,460,315	(2,460,315)
Budgetary Basis	<u>\$ 115,796,963</u>	<u>\$ 117,027,173</u>	<u>\$ (1,230,210)</u>
<u>Northwest Community Redevelopment District</u>			
GAAP Basis	\$ 8,037,485	\$ 4,782,796	\$ 3,254,689
Encumbrances	-	315,676	(315,676)
Budgetary Basis	<u>\$ 8,037,485</u>	<u>\$ 5,098,472</u>	<u>\$ 2,939,013</u>
<u>East Community Redevelopment District</u>			
GAAP Basis	\$ 12,453,681	\$ 1,038,041	\$ 11,415,640
Encumbrances	-	984,255	(984,255)
Budgetary Basis	<u>\$ 12,453,681</u>	<u>\$ 2,022,296</u>	<u>\$ 10,431,385</u>
<u>EMS</u>			
GAAP Basis	\$ 13,816,645	\$ 13,212,583	\$ 604,062
Encumbrances	-	550,505	(550,505)
Budgetary Basis	<u>\$ 13,816,645</u>	<u>\$ 13,763,088</u>	<u>\$ 53,557</u>

Excess of Expenditures Over Appropriations

For the year ended September 30, 2010, expenditures did not exceed appropriations in any governmental fund departments (the legal level of budgetary control).



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**COMBINING AND INDIVIDUAL FUND
STATEMENTS**

NONMAJOR GOVERNMENTAL FUNDS

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.

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, 2010

Special Revenue Funds

	SHIP	Cultural Arts Foundation
ASSETS		
Cash and cash equivalents	\$ -	\$ 2,851
Restricted cash and cash equivalents	361,466	-
Restricted investments	-	-
Unrestricted investments	-	19,645
Interest receivable	-	-
Due from other governments	-	-
Total assets	<u>\$ 361,466</u>	<u>\$ 22,496</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	8	-
Accrued expenditures	1,127	-
Unearned revenue	360,331	-
Total liabilities	<u>361,466</u>	<u>-</u>
Fund balances:		
Reserved for:		
Encumbrances	-	-
Community Development	-	-
Debt service	-	-
Unreserved:		
Designated for Unrealized Gains in Investments	-	175
Undesignated	-	22,321
Total fund balances	<u>-</u>	<u>22,496</u>
Total liabilities and fund balances	<u>\$ 361,466</u>	<u>\$ 22,496</u>

Special Revenue Funds

Cemetery	1993 G.O. Bonds	Total Non-major Governmental Funds
\$ 92,761	\$ -	\$ 95,612
-	125,953	487,419
-	925,452	925,452
681,000	-	700,645
-	6,857	6,857
-	4,294	4,294
<u>\$ 773,761</u>	<u>\$ 1,062,556</u>	<u>\$ 2,220,279</u>
-	-	8
-	-	1,127
-	-	360,331
-	-	<u>361,466</u>
-	-	-
-	-	-
-	1,054,294	1,054,294
-	8,262	8,437
773,761	-	796,082
<u>773,761</u>	<u>1,062,556</u>	<u>1,858,813</u>
<u>\$ 773,761</u>	<u>\$ 1,062,556</u>	<u>\$ 2,220,279</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, 2010

Special Revenue Funds

	SHIP	Cultural Arts Foundation
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	808,376	-
Charges for services	-	-
Donations	-	1,218
Interest earnings	-	177
Cemetery lot sales	-	-
Total revenues	808,376	1,395
EXPENDITURES		
Current:		
General government	-	500
Physical environment	808,376	-
Debt service:		
Principal	-	-
Interest and other charges	-	-
Capital outlay	-	-
Total expenditures	808,376	500
Excess (deficiency) of revenues over (under) expenditures	-	895
OTHER FINANCING SOURCES (USES)		
Proceeds from debt issuance		
Transfers in		
Transfers out	-	-
Total other financing sources (uses)	-	-
Net change in fund balances (deficit)	-	895
Fund balances—beginning	-	21,601
Fund balances—ending	\$ -	\$ 22,496

Special Revenue Funds		
Cemetery	1993 G.O. Bonds	Total Non-major Governmental Funds
\$ -	\$ 1,054,514	\$ 1,054,514
-	-	808,376
3,950	-	3,950
-	-	1,218
-	32,220	32,397
21,775	-	21,775
<u>25,725</u>	<u>1,086,734</u>	<u>1,922,230</u>
-	-	500
-	-	808,376
-	1,095,000	1,095,000
-	54,750	54,750
-	-	-
<u>-</u>	<u>1,149,750</u>	<u>1,958,626</u>
<u>25,725</u>	<u>(63,016)</u>	<u>(36,396)</u>
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
25,725	(63,016)	(36,396)
<u>748,036</u>	<u>1,125,572</u>	<u>1,895,209</u>
<u>\$ 773,761</u>	<u>\$ 1,062,556</u>	<u>\$ 1,858,813</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State grants		\$ 1,119,452	\$ 808,376	\$ (311,076)
Total revenues	-	1,119,452	808,376	(311,076)
EXPENDITURES				
Current:				
Physical environment		1,119,452	808,376	311,076
Total expenditures	-	1,119,452	808,376	311,076
Excess of revenues over (under) expenditures	\$ -	\$ -	-	\$ -
FUND BALANCE - BEGINNING			-	
FUND BALANCE -ENDING			\$ -	

CITY OF POMPANO BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CEMETERY FUND - NONMAJOR
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<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	\$ 3,950	\$ 2,950
Cemetery lots	4,000	4,000	21,775	17,775
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>25,725</u>	<u>20,725</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	\$ 5,000	\$ 5,000	25,725	\$ 20,725
FUND BALANCE -BEGINNING			748,036	
FUND BALANCE - ENDING			<u>\$ 773,761</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,068,250	\$ 1,068,250	\$ 1,054,514	\$ (13,736)
Investment earnings	83,000	83,000	32,220	\$ (50,780)
Total revenues	<u>1,151,250</u>	<u>1,151,250</u>	<u>1,086,734</u>	<u>(64,516)</u>
EXPENDITURES				
Debt service:				
Principal	1,095,000	1,095,000	1,095,000	-
Interest and other charges	<u>56,250</u>	<u>56,250</u>	<u>54,750</u>	<u>1,500</u>
Total expenditures	<u>1,151,250</u>	<u>1,151,250</u>	<u>1,149,750</u>	<u>1,500</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(63,016)</u>	<u>\$ (63,016)</u>
FUND BALANCE - BEGINNING			<u>1,125,572</u>	
FUND BALANCE - ENDING			<u>\$ 1,062,556</u>	

NONMAJOR ENTERPRISE FUNDS

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

Airpark Fund - accounts for the administration, operation and maintenance of the City Airpark, as well as activity related to Airpark projects.

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, 2010

	Pier	Airpark	Golf
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 297,604	\$ 15,195	\$ 56,016
Restricted cash and cash equivalents	-	810,048	-
Interest receivable	16,521	45,320	4,070
Accounts receivables, net	-	-	-
Due from other governments	-	-	-
Advances to other funds	-	-	-
Inventories	-	-	5,665
Total current assets	314,125	870,563	65,751
Noncurrent assets:			
Investments	2,189,361	111,108	420,168
Restricted investments	-	5,955,756	-
Advances to other funds	-	-	-
Capital assets:			
Land	60,058	934	-
Construction in progress	-	1,427,060	43,621
Buildings	-	550,271	2,723,603
Infrastructure	2,433,574	3,404,202	5,025,450
Improvements	-	5,216,862	3,285
Machinery and equipment	4,225	456,735	1,099,689
Less accumulated depreciation	(1,147,053)	(4,536,467)	(5,226,827)
Total capital assets (net of accumulated depreciation)	1,350,804	6,519,597	3,668,821
Total noncurrent assets	3,540,165	12,586,461	4,088,989
Total assets	3,854,290	13,457,024	4,154,740
LIABILITIES			
Current liabilities, unrestricted:			
Accounts payable	680	38,015	30,641
Accrued expenses	-	6,981	10,399
Unearned revenue	-	-	-
Compensated absences	-	-	-
Total current liabilities, unrestricted	680	44,996	41,040
Current liabilities payable from restricted assets:			
Accounts payable	-	82,481	-
Total current liabilities payable from restricted assets	-	82,481	-
Noncurrent liabilities:			
Compensated absences	-	46,418	63,721
Net OPEB Obligation	-	47,846	91,828
Unearned revenue	-	-	-
Total noncurrent liabilities	-	94,264	155,549
Total liabilities	680	221,741	196,589
NET ASSETS			
Invested in capital assets, net of related debt	1,350,804	6,519,597	3,668,821
Restricted	-	6,683,323	-
Unrestricted	2,502,806	32,363	289,330
Total net assets	\$ 3,853,610	\$ 13,235,283	\$ 3,958,151

Sanitation	Stormwater	Total
\$ 75,587	\$ 785,272	\$ 1,229,674
-	-	810,048
-	43,249	109,160
561,362	209,758	771,120
99,582	45,641	145,223
416,667	-	416,667
-	9,908	15,573
<u>1,153,198</u>	<u>1,093,828</u>	<u>3,497,465</u>
514,581	5,774,059	9,009,277
-	-	5,955,756
2,499,999	-	2,499,999
-	-	60,992
-	346,819	1,817,500
-	-	3,273,874
-	6,268,156	17,131,382
-	7,009,504	12,229,651
391,475	1,360,159	3,312,283
(180,287)	(3,856,649)	(14,947,283)
<u>211,188</u>	<u>11,127,989</u>	<u>22,878,399</u>
<u>3,225,768</u>	<u>16,902,048</u>	<u>40,343,431</u>
<u>4,378,966</u>	<u>17,995,876</u>	<u>43,840,896</u>
1,033	40,198	110,567
2,299	7,464	27,143
416,667	-	416,667
-	17,145	17,145
<u>419,999</u>	<u>64,807</u>	<u>571,522</u>
-	-	82,481
-	-	82,481
6,817	19,665	136,621
14,075	60,908	214,657
1,249,999	-	1,249,999
<u>1,270,891</u>	<u>80,573</u>	<u>1,601,277</u>
<u>1,690,890</u>	<u>145,380</u>	<u>2,255,280</u>
211,188	11,127,989	22,878,399
-	-	6,683,323
2,476,888	6,722,507	12,023,894
<u>\$ 2,688,076</u>	<u>\$ 17,850,496</u>	<u>\$ 41,585,616</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, 2010

	<u>Pier</u>	<u>Airpark</u>	<u>Golf</u>
OPERATING REVENUES			
Charges for services	\$ 29,552	\$ 946,942	\$ 2,571,980
Contract extension fee	-	-	-
Total operating revenues	<u>29,552</u>	<u>946,942</u>	<u>2,571,980</u>
OPERATING EXPENSES			
Personal services	13,169	372,511	552,800
Other current expenses	144,491	693,549	2,563,653
Depreciation	73,435	406,238	355,571
Total operating expenses	<u>231,095</u>	<u>1,472,298</u>	<u>3,472,024</u>
Operating income (loss)	<u>(201,543)</u>	<u>(525,356)</u>	<u>(900,044)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and investment revenue	57,763	163,189	15,822
Miscellaneous revenue	-	5,819	-
Total nonoperating revenue (expenses)	<u>57,763</u>	<u>169,008</u>	<u>15,822</u>
Income (loss) before contributions and transfers	(143,780)	(356,348)	(884,222)
Capital grants and contributions	-	428,868	-
Transfers in	-	-	843,313
Transfers out	-	-	-
Change in net assets	<u>(143,780)</u>	<u>72,520</u>	<u>(40,909)</u>
Total net assets—beginning	3,997,390	13,162,763	3,999,060
Total net assets—ending	<u>\$ 3,853,610</u>	<u>\$ 13,235,283</u>	<u>\$ 3,958,151</u>

<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
\$ 5,287,117	\$ 2,468,001	\$ 11,303,592
416,667	-	416,667
<u>5,703,784</u>	<u>2,468,001</u>	<u>11,720,259</u>
115,228	395,402	1,449,110
3,169,208	846,356	7,417,257
68,292	734,738	1,638,274
<u>3,352,728</u>	<u>1,976,496</u>	<u>10,504,641</u>
<u>2,351,056</u>	<u>491,505</u>	<u>1,215,618</u>
5,814	151,517	394,105
-	-	5,819
<u>5,814</u>	<u>151,517</u>	<u>399,924</u>
2,356,870	643,022	1,615,542
-	63,816	492,684
-	-	843,313
<u>(1,894,763)</u>	<u>(125,118)</u>	<u>(2,019,881)</u>
462,107	581,720	931,658
2,225,969	17,268,776	40,653,958
<u>\$ 2,688,076</u>	<u>\$ 17,850,496</u>	<u>\$ 41,585,616</u>

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Pier</u>	<u>Airpark</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 29,552	\$ 1,011,901
Payments to suppliers	(144,711)	(1,187,068)
Payments to employees	(13,169)	(387,981)
Net cash provided (used) by operating activities	<u>(128,328)</u>	<u>(563,148)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Advances from other funds	-	-
Transfers to other funds	-	-
Transfers from other funds	-	-
Net cash provided (used) by non capital financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(1,525)	(1,352,421)
Proceeds from the sale of capital assets	-	5,819
Capital grants and contributions	-	488,060
Net cash provided (used) by capital and related financing activities	<u>(1,525)</u>	<u>(858,542)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Calls/maturities of investments	915,595	3,248,718
Purchase of investments	(794,693)	(2,202,146)
Interest income	54,537	159,404
Net cash provided by investing activities	<u>175,439</u>	<u>1,205,976</u>
Net increase (decrease) in cash and cash equivalents	45,586	(215,714)
Cash and cash equivalents at beginning of the year	252,018	1,040,957
Cash and cash equivalents at end of the year	<u>\$ 297,604</u>	<u>\$ 825,243</u>
Cash and cash equivalents, unrestricted	297,604	15,195
Cash and cash equivalents, restricted	-	810,048
Cash and cash equivalents, end of the year	<u>\$ 297,604</u>	<u>\$ 825,243</u>
Non-cash transactions (Capital and Related Financing Activities):		
Contribution of capital related assets from developers	\$ -	\$ 269,835
Non-cash transactions (Investing Activities):		
Changes in fair value of investments	19,545	54,161
	<u>\$ 19,545</u>	<u>\$ 323,996</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (201,543)	\$ (525,356)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	73,436	406,238
Change in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivables	-	64,959
Inventories	-	-
Other assets and prepaids	-	575
Increase (decrease) in liabilities:		
Accounts and other payables	(221)	(506,296)
Accrued expenses	-	(21,240)
Unearned revenue	-	-
Other post employment benefits (OPEB)	-	12,202
Compensated absences	-	5,770
Net cash provided (used) by operating activities	<u>\$ (128,328)</u>	<u>\$ (563,148)</u>

<u>Golf</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
\$ 2,571,980	\$ 6,014,287	\$ 2,472,115	\$ 12,099,835
(2,522,338)	(3,525,848)	(839,740)	(8,219,705)
(574,783)	(122,378)	(437,104)	(1,535,415)
<u>(525,141)</u>	<u>2,366,061</u>	<u>1,195,271</u>	<u>2,344,715</u>
-	191,667	-	191,667
-	(1,894,763)	(125,118)	(2,019,881)
843,313	-	-	843,313
<u>843,313</u>	<u>(1,703,096)</u>	<u>(125,118)</u>	<u>(984,901)</u>
(364,604)	(105,000)	(370,058)	(2,193,608)
-	-	-	5,819
-	-	-	488,060
<u>(364,604)</u>	<u>(105,000)</u>	<u>(370,058)</u>	<u>(1,699,729)</u>
152,512	186,782	2,095,864	6,599,471
(321,960)	(701,363)	(2,707,749)	(6,727,911)
13,702	5,814	137,615	371,072
<u>(155,746)</u>	<u>(508,767)</u>	<u>(474,270)</u>	<u>242,632</u>
(202,178)	49,198	225,825	(97,283)
258,194	26,389	559,447	2,137,005
<u>\$ 56,016</u>	<u>\$ 75,587</u>	<u>\$ 785,272</u>	<u>\$ 2,039,722</u>
56,016	75,587	785,272	1,229,674
-	-	-	810,048
<u>\$ 56,016</u>	<u>\$ 75,587</u>	<u>\$ 785,272</u>	<u>\$ 2,039,722</u>
\$ -	\$ -	\$ 63,816	\$ 333,651
3,751	4,594	51,547	133,598
<u>\$ 3,751</u>	<u>\$ 4,594</u>	<u>\$ 115,363</u>	<u>\$ 467,249</u>
\$ (900,044)	\$ 2,351,056	\$ 491,505	\$ 1,215,618
355,571	68,292	734,738	1,638,275
-	727,170	4,114	796,243
(498)	-	751	253
-	-	-	575
22,408	(362,187)	(12,856)	(859,152)
(29,624)	(6,913)	(26,229)	(84,006)
-	(416,667)	-	(416,667)
19,405	5,547	18,721	55,875
7,641	(237)	(15,473)	(2,299)
<u>\$ (525,141)</u>	<u>\$ 2,366,061</u>	<u>\$ 1,195,271</u>	<u>\$ 2,344,715</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, 2010

	Central Stores	Information Technology	Central Services
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 9,256	\$ 154,051	\$ 115,229
Interest Receivable	-	8,298	6,277
Due from other governments	-	-	-
Inventories	735,655	-	30,189
Total current assets	<u>744,911</u>	<u>162,349</u>	<u>151,695</u>
Noncurrent assets:			
Investments	37,118	1,131,169	846,691
Capital assets:			
Buildings	247,163	-	7,373
Improvements	-	-	-
Machinery and equipment	45,466	4,631,508	15,652
Less accumulated depreciation	(223,673)	(4,394,171)	(4,563)
Total capital assets (net of accumulated depreciation)	<u>68,956</u>	<u>237,337</u>	<u>18,462</u>
Total noncurrent assets	<u>106,074</u>	<u>1,368,506</u>	<u>865,153</u>
Total assets	<u>850,985</u>	<u>1,530,855</u>	<u>1,016,848</u>
LIABILITIES			
Current liabilities:			
Accounts payable	45,759	14,456	16,946
Accrued expenses	4,283	17,397	6,807
Due to other funds	530,000	-	-
Compensated absences	-	-	-
Claims and judgments	-	-	-
Total current liabilities	<u>580,042</u>	<u>31,853</u>	<u>23,753</u>
Noncurrent liabilities:			
Compensated absences	26,247	88,097	41,371
Net OPEB Obligation	7,879	94,154	43,839
Claims and judgments	-	-	-
Total noncurrent liabilities	<u>34,126</u>	<u>182,251</u>	<u>85,210</u>
Total liabilities	<u>614,168</u>	<u>214,104</u>	<u>108,963</u>
NET ASSETS			
Invested in capital assets, net of related debt	68,956	237,337	18,462
Unrestricted	167,861	1,079,414	889,423
Total net assets	<u>\$ 236,817</u>	<u>\$ 1,316,751</u>	<u>\$ 907,885</u>

Risk Management Health	Risk Management General	Vehicle Services	Total
\$ 128,857	\$ 2,549,195	\$ 103,368	\$ 3,059,956
8,381	136,206	6,121	165,283
-	-	19,238	19,238
-	-	79,526	845,370
<u>137,238</u>	<u>2,685,401</u>	<u>208,253</u>	<u>4,089,847</u>
958,273	18,369,796	763,663	22,106,710
-	-	-	254,536
-	-	423,838	423,838
-	4,441	592,795	5,289,862
-	(4,441)	(854,393)	(5,481,241)
-	-	162,240	486,995
<u>958,273</u>	<u>18,369,796</u>	<u>925,903</u>	<u>22,593,705</u>
<u>1,095,511</u>	<u>21,055,197</u>	<u>1,134,156</u>	<u>26,683,552</u>
647	53,769	9,984	141,561
-	6,671	8,860	44,018
-	-	-	530,000
-	-	59,523	59,523
-	1,793,617	-	1,793,617
<u>647</u>	<u>1,854,057</u>	<u>78,367</u>	<u>2,568,719</u>
-	49,314	1,478	206,507
-	34,203	63,984	244,059
-	12,630,383	-	12,630,383
-	12,713,900	65,462	13,080,949
<u>647</u>	<u>14,567,957</u>	<u>143,829</u>	<u>15,649,668</u>
-	-	162,240	486,995
1,094,864	6,487,240	828,087	10,546,889
<u>\$ 1,094,864</u>	<u>\$ 6,487,240</u>	<u>\$ 990,327</u>	<u>\$ 11,033,884</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, 2010

	<u>Central Stores</u>	<u>Information Technology</u>	<u>Central Services</u>
OPERATING REVENUES			
Charges for services—internal	\$ 248,928	\$ 1,700,039	\$ 902,342
Charges for services—other	-	-	1,425
Miscellaneous	-	-	-
Total operating revenues	<u>248,928</u>	<u>1,700,039</u>	<u>903,767</u>
OPERATING EXPENSES			
Personal services	153,466	933,203	352,829
Other current expenses	124,527	840,776	518,930
Depreciation	9,398	72,320	5,890
Total operating expenses	<u>287,391</u>	<u>1,846,299</u>	<u>877,649</u>
Operating income (loss)	<u>(38,463)</u>	<u>(146,260)</u>	<u>26,118</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income (loss)	(6,556)	30,183	22,095
Miscellaneous revenue	732	438	3,001
Total nonoperating revenues (expenses)	<u>(5,824)</u>	<u>30,621</u>	<u>25,096</u>
Income (loss)	(44,287)	(115,639)	51,214
Net assets—beginning	281,104	1,432,390	856,671
Net assets (deficit)—ending	<u>\$ 236,817</u>	<u>\$ 1,316,751</u>	<u>\$ 907,885</u>

<u>Risk Management Health</u>	<u>Risk Management General</u>	<u>Vehicle Services</u>	<u>Total</u>
\$ 6,255,838	\$ 4,859,366	\$ 2,633,193	\$ 16,599,706
2,364,299	-	-	2,365,724
1,812	7,989	33,298	43,099
<u>8,621,949</u>	<u>4,867,355</u>	<u>2,666,491</u>	<u>19,008,529</u>
-	356,087	582,755	2,378,340
8,580,238	2,471,710	1,869,739	14,405,920
-	-	69,067	156,675
<u>8,580,238</u>	<u>2,827,797</u>	<u>2,521,561</u>	<u>16,940,935</u>
<u>41,711</u>	<u>2,039,558</u>	<u>144,930</u>	<u>2,067,594</u>
26,933	479,913	20,538	573,106
-	-	-	4,171
<u>26,933</u>	<u>479,913</u>	<u>20,538</u>	<u>577,277</u>
68,644	2,519,471	165,468	2,644,871
1,026,220	3,967,769	824,859	8,389,013
<u>\$ 1,094,864</u>	<u>\$ 6,487,240</u>	<u>\$ 990,327</u>	<u>\$ 11,033,884</u>

CITY OF POMPANO BEACH, FLORIDA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Central Stores	Information Technology Systems	Central Services
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from other funds	\$ 248,928	\$ 1,700,039	\$ 902,342
Receipts from customers	-	-	1,425
Receipts from subrogation	-	-	-
Payments to suppliers	(100,142)	(814,951)	(499,952)
Payments to employees	(161,504)	(982,245)	(368,799)
Claims paid	-	-	-
Net cash provided (used) by operating activities	<u>(12,718)</u>	<u>(97,157)</u>	<u>35,016</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances from (to) other funds	30,000	-	-
Net cash provided (used) by noncapital financing activities	<u>30,000</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of surplus materials/capital assets	732	438	3,001
Acquisition of capital assets	-	(117,304)	-
Net cash provided (used) by capital and related financing activities	<u>732</u>	<u>(116,866)</u>	<u>3,001</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Calls/maturities of investments	13,473	603,895	307,331
Purchase of investments	(50,591)	(410,591)	(356,396)
Interest income (loss)	(6,556)	29,566	20,490
Net cash provided (used) by investing activities	<u>(43,674)</u>	<u>222,870</u>	<u>(28,575)</u>
Net cash provided (used) by investing activities	<u>(43,674)</u>	<u>222,870</u>	<u>(28,575)</u>
Net increase (decrease) in cash and cash equivalents	(25,660)	8,847	9,442
Cash and cash equivalents at beginning of the year	34,916	145,204	105,787
Cash and cash equivalents at end of the year	<u>\$ 9,256</u>	<u>\$ 154,051</u>	<u>\$ 115,229</u>
Non-cash transactions (Investing Activities):			
Changes in fair value of investments	<u>\$ 331</u>	<u>\$ 10,098</u>	<u>\$ 7,559</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (38,463)	\$ (146,260)	\$ 26,118
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Cash flows reported in other categories:			
Depreciation expense	9,398	72,320	5,890
Change in assets and liabilities:			
Due from other government	-	-	-
Inventories	20,868	-	8,728
Prepays	-	-	-
Estimated claims payable	-	-	-
Accounts and other payables	4,366	(6,556)	(2,491)
Accrued expenses	(8,710)	(57,277)	(20,795)
Other post employment benefits (OPEB)	(849)	32,381	12,741
Compensated absences	672	8,235	4,825
Net cash provided (used) by operating activities	<u>\$ (12,718)</u>	<u>\$ (97,157)</u>	<u>\$ 35,016</u>

Risk Management Health	Risk Management General	Vehicle Services	Total
\$ 6,255,838	\$ 4,859,366	\$ 2,633,193	\$ 16,599,706
2,364,299	-	21,660	2,387,384
1,812	7,989	-	9,801
(8,543,600)	(700,746)	(1,856,952)	(12,516,343)
-	(368,950)	(673,805)	(2,555,303)
-	(2,534,617)	-	(2,534,617)
<u>78,349</u>	<u>1,263,042</u>	<u>124,096</u>	<u>1,390,628</u>
-	-	-	30,000
-	-	-	30,000
-	-	-	4,171
-	-	-	(117,304)
-	-	-	(113,133)
347,833	6,667,856	277,194	8,217,582
(415,794)	(7,693,671)	(347,669)	(9,274,712)
22,359	443,335	18,316	527,510
<u>(45,602)</u>	<u>(582,480)</u>	<u>(52,159)</u>	<u>(529,620)</u>
<u>(45,602)</u>	<u>(582,480)</u>	<u>(52,159)</u>	<u>(529,620)</u>
32,747	680,562	71,937	777,875
96,110	1,868,633	31,431	2,282,081
<u>\$ 128,857</u>	<u>\$ 2,549,195</u>	<u>\$ 103,368</u>	<u>\$ 3,059,956</u>
<u>\$ 8,555</u>	<u>\$ 163,993</u>	<u>\$ 6,817</u>	<u>\$ 197,353</u>
\$ 41,711	\$ 2,039,558	\$ 144,930	\$ 2,067,594
-	-	69,067	156,675
-	-	(11,638)	(11,638)
-	-	22,008	51,604
36,196	-	-	36,196
-	(741,000)	-	(741,000)
442	(25,313)	(31,193)	(60,745)
-	(23,859)	(45,061)	(155,702)
-	2,660	21,972	68,905
-	10,996	(45,989)	(21,261)
<u>\$ 78,349</u>	<u>\$ 1,263,042</u>	<u>\$ 124,096</u>	<u>\$ 1,390,628</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, 2010

	General Employees' Retirement System	Police and Firefighters' Retirement System	Defined Contribution Retirement System	Total
ASSETS				
Cash and cash equivalents	\$ 2,774,008	\$ 35,492	\$ -	\$ 2,809,500
Receivables:				
Accrued interest and dividends	233,786	426,327	-	660,113
Due from brokers	200,502	1,546,932	-	1,747,434
Other	-	163,234	-	163,234
Total receivables	<u>434,288</u>	<u>2,136,493</u>	<u>-</u>	<u>2,570,781</u>
Other assets	2,978	-	-	2,978
Investments:				
U.S. Government obligations	6,286,338	8,839,199	-	15,125,537
Mortgage backed securities	-	14,801,800	-	14,801,800
Corporate obligations	14,083,391	16,515,549	-	30,598,940
Equity securities	36,011,237	114,399,914	-	150,411,151
Mutual funds and collective trusts	-	10,967,533	1,271,384	12,238,917
Domestic equity funds	11,470,944	-	-	11,470,944
International equity funds	14,608,305	-	-	14,608,305
Private equity funds	12,176,358	-	-	12,176,358
Real estate funds	8,682,876	3,541,774	-	12,224,650
Money market funds	-	11,943,055	-	11,943,055
Total investments	<u>103,319,449</u>	<u>181,008,824</u>	<u>1,271,384</u>	<u>285,599,657</u>
Property & equipment, net of accumulated depreciation	10,986	67,493	-	78,479
Total assets	<u>106,541,709</u>	<u>183,248,302</u>	<u>1,271,384</u>	<u>291,061,395</u>
LIABILITIES				
Accounts payable and accrued expenses	115,475	259,722	-	375,197
Deferred retirement option plan payable	2,635,216	-	-	2,635,216
Due to brokers	307,895	1,829,510	-	2,137,405
Total liabilities	<u>3,058,586</u>	<u>2,089,232</u>	<u>-</u>	<u>5,147,818</u>
NET ASSETS				
Held in trust for pension benefits	<u>\$ 103,483,123</u>	<u>\$ 181,159,070</u>	<u>\$ 1,271,384</u>	<u>\$ 285,913,577</u>

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	General Employees' Retirement System	Police and Firefighters' Retirement System	Defined Contribution Retirement System	Total
ADDITIONS				
Contributions:				
Employer	\$ 3,993,018	\$ 3,907,305	\$ -	\$ 7,900,323
Broward County Sheriff's Office	317,683	2,921,238	-	3,238,921
Broward County - Library	28,169	-	-	28,169
Members	2,868,571	1,827,041	7,543	4,703,155
State	1,884,144	1,884,144	-	1,884,144
Total contributions	<u>7,207,441</u>	<u>10,539,728</u>	<u>7,543</u>	<u>17,754,712</u>
Investment income (loss):				
Net appreciation (depreciation) in fair value of investments	6,090,541	14,422,648	-	20,513,189
Interest and dividends	1,996,538	3,482,438	60,625	5,539,601
Commission recapture	1,898	-	-	1,898
Other	26,162	189,303	-	215,465
Total investment income (loss)	<u>8,115,139</u>	<u>18,094,389</u>	<u>60,625</u>	<u>26,270,153</u>
Less: investment expenses	709,777	940,765	-	1,650,542
Deferred retirement option plan participants' earnings	179,604	-	-	179,604
Net investment income (loss)	<u>7,225,758</u>	<u>17,153,624</u>	<u>60,625</u>	<u>24,440,007</u>
Total	<u>14,433,199</u>	<u>27,693,352</u>	<u>68,168</u>	<u>42,194,719</u>
DEDUCTIONS				
Participant benefit payments	7,311,754	12,775,813	-	20,087,567
Refunds of participant contributions	90,299	51,097	-	141,396
Administrative expenses	541,663	711,464	-	1,253,127
Total	<u>7,943,716</u>	<u>13,538,374</u>	<u>-</u>	<u>21,482,090</u>
Net increase (decrease)	6,489,483	14,154,978	68,168	20,712,629
Net assets held in trust for pension benefits				
Beginning of the year	96,993,640	167,004,092	1,203,216	265,200,948
End of the year	<u>\$ 103,483,123</u>	<u>\$ 181,159,070</u>	<u>\$ 1,271,384</u>	<u>\$ 285,913,577</u>

CITY OF POMPANO BEACH, FLORIDA
 GENERAL AGENCY FUND
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	BALANCE OCTOBER 1, 2009	ADDITIONS	DELETIONS	BALANCE SEPTEMBER 30, 2010
Assets:				
Cash and cash equivalents	\$ 482,666	\$ 24,487,174	\$ 24,491,867	\$ 477,973
Accounts receivable	44	168,511	163,392	5,163
Total assets	<u>482,710</u>	<u>24,655,685</u>	<u>24,655,259</u>	<u>483,136</u>
Liabilities:				
Deposits, sales tax & payroll payable	482,710	35,136,101	35,135,675	483,136
Total liabilities	<u>\$ 482,710</u>	<u>\$ 35,136,101</u>	<u>\$ 35,135,675</u>	<u>\$ 483,136</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>	120-125
<u>Revenue Capacity</u> <i>These schedules provide additional information about Property Tax, the City's most significant local revenue source.</i>	126-132
<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>	133-137
<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>	138-139
<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>	140-145

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 NINE FISCAL YEARS
(accrual basis of accounting)

	2002	2003	2004	2005	2006
Governmental activities					
Invested in capital assets, net of related debt	\$ 49,778,298	\$ 58,234,658	\$ 76,140,040	\$ 86,322,113	\$ 209,504,464
Restricted	10,025,160	3,194,183	8,186,929	14,156,093	21,539,779
Unrestricted	36,555,048	72,991,053	59,408,211	68,099,615	82,751,215
Total government-type activities net assets	\$ 96,358,506	\$ 134,419,894	\$ 143,735,180	\$ 168,577,821	\$ 313,795,458
Business-type activities					
Invested in capital assets, net of related debt	\$ 67,122,295	\$ 79,050,408	\$ 84,055,172	\$ 88,417,544	\$ 89,791,002
Restricted	6,228,325	4,204,071	2,864,258	4,063,445	4,542,956
Unrestricted	35,075,497	29,014,441	32,589,390	36,192,206	43,870,319
Total business-type activities net assets	\$ 108,426,117	\$ 112,268,920	\$ 119,508,820	\$ 128,673,195	\$ 138,204,277
Primary government					
Invested in capital assets, net of related debt	\$ 116,900,593	\$ 137,285,066	\$ 160,195,212	\$ 174,739,657	\$ 299,295,466
Restricted	16,253,485	7,398,254	11,051,187	18,219,538	26,082,735
Unrestricted	71,630,545	102,005,494	91,997,601	104,291,821	126,621,534
Total primary government net assets	\$ 204,784,623	\$ 246,688,814	\$ 263,244,000	\$ 297,251,016	\$ 451,999,735

Note: Information for fiscal years preceding 2002, when implementation of GASB Statement No. 34 significantly changed the financial reporting model, is not presented since it is not available on a comparable basis.

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 211,412,441	\$ 207,930,782	\$ 205,458,533	\$ 212,893,367
Restricted	28,367,532	31,369,262	29,455,841	28,451,297
Unrestricted	<u>112,734,235</u>	<u>122,481,446</u>	<u>135,420,305</u>	<u>151,232,426</u>
Total government-type activities net assets	<u>\$ 352,514,208</u>	<u>\$ 361,781,490</u>	<u>\$ 370,334,679</u>	<u>\$ 392,577,090</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 92,410,002	\$ 97,062,152	\$ 99,197,519	\$ 102,762,337
Restricted	5,272,280	13,573,396	4,476,707	9,897,046
Unrestricted	<u>47,578,565</u>	<u>45,222,436</u>	<u>53,626,361</u>	<u>44,225,710</u>
Total business-type activities net assets	<u>\$ 145,260,847</u>	<u>\$ 155,857,984</u>	<u>\$ 157,300,587</u>	<u>\$ 156,885,093</u>
Primary government				
Invested in capital assets, net of related debt	\$ 303,822,443	\$ 304,992,934	\$ 304,656,052	\$ 315,655,704
Restricted	33,639,812	44,942,658	33,932,548	38,348,343
Unrestricted	<u>160,312,800</u>	<u>167,703,882</u>	<u>189,046,666</u>	<u>195,458,136</u>
Total primary government net assets	<u>\$ 497,775,055</u>	<u>\$ 517,639,474</u>	<u>\$ 527,635,266</u>	<u>\$ 549,462,183</u>

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

	2002	2003	2004	2005	2006
Expenses					
Governmental activities:					
General government	\$ 14,569,730	\$ 10,033,437	19,227,611	\$ 18,188,353	\$ 21,820,752
Public safety	45,426,814	48,602,881	55,534,006	62,213,355	75,536,195
Physical environment	8,951,205	8,741,619	11,346,851	12,598,056	12,039,673
Transportation	2,648,057	2,813,659	3,049,025	3,497,449	3,603,850
Culture and recreation	6,610,909	7,141,814	7,506,086	7,729,885	8,884,491
Interest on long-term debt	1,173,975	571,687	502,117	515,383	716,712
Total governmental activities expenses	79,380,690	77,905,097	97,165,696	104,742,481	122,601,673
Business-type activities:					
Utility	24,476,209	26,036,524	28,250,487	27,693,796	30,272,697
Sanitation	2,951,896	3,006,744	2,648,916	2,743,126	2,992,911
Stormwater	637,175	835,673	968,628	1,122,731	1,105,559
Pier	89,181	97,879	113,674	132,227	102,549
Airpark	620,501	684,474	791,356	778,833	816,978
Golf course	3,140,632	3,047,382	3,435,026	3,352,711	3,360,456
Total business-type activities expenses	31,915,594	33,708,676	36,208,087	35,823,424	38,651,150
Total primary government expenses	\$ 111,296,284	111,613,773	133,373,783	\$ 140,565,905	\$ 161,252,823
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 2,363,391	\$ 2,520,557	9,477,577	\$ 10,036,240	\$ 10,472,216
Public safety	10,244,473	21,649,694	19,248,638	25,288,195	28,350,939
Physical environment	71,809	64,689	1,118,655	43,732	44,866
Transportation	354,730	388,132	553,626	530,426	351,144
Culture and recreation	1,228,862	1,229,084	1,202,009	1,678,643	1,593,176
Operating grants and contributions	2,223,885	-	7,122,439	7,368,835	14,700,056
Capital grants and contributions	3,469,109	-	13,885,144	2,707,025	2,076,119
Total governmental activities program revenues	19,956,259	25,852,156	52,608,088	47,653,096	57,588,516
Business-type activities:					
Charges for services:					
Utility	27,488,925	26,382,469	31,542,855	33,946,822	35,228,573
Sanitation	3,627,583	3,662,287	3,980,771	3,835,940	4,367,157
Stormwater	2,436,290	2,238,820	2,222,999	2,413,050	2,538,085
Pier	358,661	227,302	239,029	254,500	173,267
Airpark	1,803,627	1,762,827	1,814,416	1,842,943	1,935,268
Golf course	2,439,487	3,473,909	2,715,116	2,714,559	2,989,740
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	599,567	300,000	410,591
Total business-type activities program revenues	38,154,573	37,747,614	43,114,753	45,307,814	47,642,681
Total primary government program revenues	\$ 58,110,832	63,599,770	95,722,841	\$ 92,960,910	\$ 105,231,197
Net (Expense) Revenue					
Governmental activities	(59,424,431)	(48,044,524)	(42,903,292)	(55,302,516)	(63,231,928)
Business-type activities	6,238,979	4,217,480	7,323,333	9,484,390	8,991,531
Total primary government net expense	\$ (53,185,452)	(43,827,044)	(35,579,959)	(45,818,126)	(54,240,397)
General Revenues and other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes, levied of general purposes	\$ 27,298,083	\$ 27,673,163	32,227,515	\$ 38,204,731	\$ 43,482,560
Sales and use taxes	1,635,417	1,662,687	1,748,357	1,760,344	2,036,007
Business tax receipts	1,524,662	1,558,098	1,654,316	1,786,869	1,781,229
Utility taxes	7,511,595	7,844,245	7,781,933	9,032,695	8,966,542
Communication service taxes	6,329,407	5,602,373	5,405,724	5,298,126	5,258,898
Pari-mutuel taxes	-	-	-	-	-
Tax increment fees-Community Redevelmt.Agency	2,229,423	2,837,239	3,398,189	4,317,644	5,742,736
Franchise fees	6,291,692	6,071,058	6,589,987	7,525,435	8,847,598
State revenue sharing	6,809,524	6,826,837	9,538,735	9,024,747	9,389,982
Investment earnings	1,675,951	1,241,823	1,162,064	2,187,611	5,872,788
Gain on disposal of capital assets	-	-	151,082	-	5,222,114
Miscellaneous revenue	6,135,958	4,373,285	1,336,652	1,069,740	754,716
Other Revenue	-	-	-	-	-
Special Assessments-Fire/EMS	5,259,588	-	-	-	-
Special item	25,568,850	19,250,000	-	-	-
Transfers	1,338,150	1,165,104	1,337,091	1,724,084	1,882,938
Total governmental activities	\$ 99,608,300	86,105,912	72,331,645	\$ 81,932,026	\$ 99,238,108
Business-type activities:					
Proceeds from disposal of capital assets	-	-	-	-	-
Investment earnings	-	790,427	836,991	987,402	1,996,618
Miscellaneous revenue	-	-	-	416,667	425,871
Special item	-	-	-	-	-
Transfers	(1,338,150)	(1,165,104)	(1,337,091)	(1,724,084)	(1,882,938)
Total business-type activities	(1,338,150)	(374,677)	(500,100)	(320,015)	539,551
Total primary government	\$ 98,270,150	85,731,235	71,831,545	\$ 81,612,011	\$ 99,777,659
Change in Net Assets					
Governmental activities	\$ 40,183,869	\$ 38,061,388	27,774,037	\$ 24,842,641	\$ 34,224,951
Business-type activities	4,900,829	3,842,803	6,823,233	9,164,375	9,531,082
Total primary government	\$ 45,084,698	41,904,191	34,597,270	\$ 34,007,016	\$ 43,756,033

Note: Information for fiscal years preceding 2002, when implementation of GASB Statement No. 34 significantly changed the financial reporting model, is not presented since it is not available on a comparable basis.

Note (1): Certain amounts have been reclassified in prior years due to changes in classification guidelines mandated by the Florida Department of Financial Services, for comparative purposes.

	2007	2008	2009	2010
Expenses				
Governmental activities:				
General government	\$ 25,148,265	\$ 30,134,110	\$ 30,976,218	\$ 22,614,054
Public safety	62,159,383	70,342,631	72,982,320	75,248,897
Physical environment	11,449,782	11,987,508	13,122,352	13,945,306
Transportation	3,638,120	3,811,263	3,837,107	3,742,998
Culture and recreation	9,475,841	9,183,233	8,632,761	7,669,285
Interest on long-term debt	1,237,318	884,964	932,515	1,236,656
Total governmental activities expenses	<u>113,108,709</u>	<u>126,343,709</u>	<u>130,483,273</u>	<u>124,457,196</u>
Business-type activities:				
Utility	31,992,234	33,570,638	36,050,530	36,710,226
Sanitation	3,225,228	3,302,781	3,605,435	3,338,231
Stormwater	1,726,205	1,646,758	1,891,753	1,955,262
Pier	168,163	127,568	139,979	230,969
Airpark	982,881	1,412,469	1,399,077	1,461,977
Golf course	3,481,714	3,386,558	3,469,586	3,464,818
Total business-type activities expenses	<u>41,576,425</u>	<u>43,446,772</u>	<u>46,556,360</u>	<u>47,161,483</u>
Total primary government expenses	<u>\$ 154,685,134</u>	<u>\$ 169,790,481</u>	<u>\$ 177,039,633</u>	<u>\$ 171,618,679</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 11,107,609	\$ 10,751,746	\$ 11,584,971	\$ 12,007,347
Public safety	24,255,117	20,559,395	20,623,910	19,978,399
Physical environment	40,784	33,938	38,491	70,676
Transportation	313,483	297,829	352,597	452,867
Culture and recreation	1,679,976	1,575,211	1,689,470	1,683,521
Operating grants and contributions	3,371,646	4,718,209	3,384,796	3,021,158
Capital grants and contributions	5,171,273	2,367,151	3,736,634	8,016,883
Total governmental activities program revenues	<u>45,939,888</u>	<u>40,303,479</u>	<u>41,410,869</u>	<u>45,230,851</u>
Business-type activities:				
Charges for services:				
Utility	34,401,872	33,868,521	35,633,508	34,324,271
Sanitation	4,530,033	4,618,938	5,026,680	5,287,117
Stormwater	2,476,036	2,456,094	2,529,879	2,468,001
Pier	-	-	-	29,552
Airpark	1,994,752	1,074,271	800,461	946,942
Golf course	2,999,136	3,034,441	2,893,132	2,571,980
Operating grants and contributions	-	35,268	-	-
Capital grants and contributions	671,911	805,267	796,775	732,036
Total business-type activities program revenues	<u>47,073,740</u>	<u>45,892,800</u>	<u>47,680,435</u>	<u>46,359,899</u>
Total primary government program revenues	<u>\$ 93,013,628</u>	<u>\$ 86,196,279</u>	<u>\$ 89,091,304</u>	<u>\$ 91,590,750</u>
Net (Expense) Revenue				
Governmental activities	(65,307,223)	(86,040,230)	(89,072,404)	(79,226,345)
Business-type activities	5,497,315	2,446,028	1,124,075	(801,584)
Total primary government net expense	<u>\$ (59,809,908)</u>	<u>\$ (83,594,202)</u>	<u>\$ (87,948,329)</u>	<u>\$ (80,027,929)</u>
General Revenues and other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes, levied of general purposes	\$ 48,799,437	\$ 46,615,842	\$ 46,139,749	\$ 49,080,745
Sales and use taxes	1,986,157	1,989,190	1,942,087	1,868,720
Business tax receipts	1,861,598	1,878,968	1,852,958	1,883,460
Utility taxes	9,318,447	9,087,211	8,940,920	9,366,079
Communication service taxes	5,188,605	6,345,750	5,349,898	5,711,305
Pari-mutuel taxes	884,443	2,053,356	1,795,128	1,881,081
Tax increment fees-Community Redevelmt. Agency	8,287,120	9,142,152	9,527,042	10,405,002
Franchise fees	8,916,247	9,161,456	9,097,345	8,316,234
State revenue sharing	8,940,830	8,299,249	7,417,427	7,341,044
Investment earnings	8,752,035	5,571,020	3,518,665	3,584,734
Gain on disposal of capital assets	193,257	39,875	3,626	3,001
Miscellaneous revenue	759,627	704,511	835,460	850,783
Other Revenue	-	-	-	-
Special Assessments-Fire/EMS	-	-	-	-
Special item	-	-	-	-
Transfers	1,999,788	(5,581,068)	1,205,288	1,176,568
Total governmental activities	<u>\$ 105,887,571</u>	<u>\$ 95,307,512</u>	<u>\$ 97,625,593</u>	<u>\$ 101,468,756</u>
Business-type activities:				
Proceeds from disposal of capital assets	-	100,184	6,800	15,295
Investment earnings	2,635,502	1,690,003	1,099,783	1,129,631
Miscellaneous revenue	923,521	439,655	417,233	417,732
Special item	-	340,199	-	-
Transfers	(1,999,788)	5,581,068	(1,205,288)	(1,176,568)
Total business-type activities	<u>1,559,235</u>	<u>8,151,109</u>	<u>318,528</u>	<u>386,090</u>
Total primary government	<u>\$ 107,446,826</u>	<u>\$ 103,458,621</u>	<u>\$ 97,944,121</u>	<u>\$ 101,854,846</u>
Change in Net Assets				
Governmental activities	\$ 38,718,750	\$ 9,267,282	\$ 8,553,189	\$ 22,242,411
Business-type activities	7,056,570	10,597,137	1,442,603	(415,494)
Total primary government	<u>\$ 45,775,320</u>	<u>\$ 19,864,419</u>	<u>\$ 9,995,792</u>	<u>\$ 21,826,917</u>

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$ 6,762,314	\$ 8,987,024	\$ 7,160,458	\$ 11,779,092	\$ 16,535,345	\$ 23,630,235	\$ 29,189,048	\$ 32,368,977	\$ 30,732,081	\$ 45,013,996
Unreserved	19,294,148	20,444,486	29,017,441	23,860,152	26,139,018	38,934,060	57,038,234	56,776,076	65,678,740	52,626,930
Total general fund	<u>\$ 26,056,462</u>	<u>\$ 29,431,510</u>	<u>\$ 36,177,899</u>	<u>\$ 35,639,244</u>	<u>\$ 42,674,363</u>	<u>\$ 62,564,295</u>	<u>\$ 86,227,282</u>	<u>\$ 89,145,053</u>	<u>\$ 96,410,821</u>	<u>\$ 97,640,926</u>
All Other Governmental Funds										
Reserved	\$ 4,307,422	\$ 18,176,238	\$ 17,893,404	\$ 19,808,908	\$ 19,425,023	\$ 26,619,823	\$ 29,838,745	\$ 33,502,820	\$ 33,949,258	\$ 51,144,698.00
Unreserved, reported in:										
Northwest CRA District funds	5,740,774	1,066,294	2,438,970	2,370,454	5,870,023	14,934,185	18,922,736	23,976,295	25,870,780	26,988,943
Capital projects funds	12,269,880	6,534,613	5,574,885	10,914,581	11,519,371	10,040,185	15,916,597	14,992,002	16,287,994	17,755,407
Emergency Medical Services	61,892	112,865	(124,127)	441,589	987,904	1,466,400	1,620,835	1,042,259	1,136,142	1,629,521
Cultural Arts	11,393	11,430	13,897	19,535	20,804	21,275	17,390	20,594	21,601	22,496
East CRA	-	-	84,218	360,944	836,908	1,702,438	2,527,275	4,082,431	5,238,264	5,844,248
Cemetery	-	-	820,145	834,606	839,030	842,196	774,696	741,611	748,036	773,761
1993 GO Bonds	-	-	-	-	-	-	-	-	-	8,262
Total unreserved all other governmental funds	<u>18,083,939</u>	<u>7,725,202</u>	<u>8,807,988</u>	<u>\$ 14,941,709</u>	<u>\$ 20,074,040</u>	<u>\$ 29,006,679</u>	<u>\$ 39,779,529</u>	<u>\$ 44,855,192</u>	<u>\$ 49,302,817</u>	<u>\$ 53,022,638</u>
Total reserved and unreserved all other governmental funds	<u>\$ 22,391,361</u>	<u>\$ 25,901,440</u>	<u>\$ 26,701,392</u>	<u>\$ 34,750,617</u>	<u>\$ 39,499,063</u>	<u>\$ 55,626,502</u>	<u>\$ 69,618,274</u>	<u>\$ 78,358,012</u>	<u>\$ 83,252,075</u>	<u>\$ 104,167,336</u>

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)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
REVENUES										
Taxes	\$ 46,920,272	\$ 51,295,617	\$ 53,500,138	\$ 57,151,705	\$ 66,138,975	\$ 74,334,341	\$ 83,380,456	\$ 76,088,289	\$ 76,087,864	\$ 80,518,661
Judgments, fines and forfeitures	1,164,733	1,220,814	1,456,765	1,316,680	1,483,483	1,626,391	1,634,580	1,249,857	1,466,766	1,353,607
Permits, fees and special assessments	4,966,916	4,837,896	5,508,441	15,249,201	20,730,619	23,621,571	20,198,717	23,802,123	22,436,894	22,018,532
Intergovernmental	14,982,794	16,777,024	13,713,958	19,332,540	18,672,553	26,690,589	19,946,798	15,920,212	16,435,158	19,581,276
Charges for services	6,579,094	6,415,332	6,468,861	13,297,993	14,745,333	14,737,214	14,698,401	14,505,728	16,243,058	15,764,204
Lot sales	-	393,855	82,390	-	-	5,162,000	47,990	-	-	-
Donations	-	-	-	376,732	135,426	172,511	114,674	113,756	44,730	23,315
Interest/Investment earnings	2,830,672	1,377,369	1,039,075	958,222	1,867,541	4,973,723	7,652,444	4,899,108	3,032,720	3,011,628
Cemetery lot sales	-	-	-	-	-	-	-	125	3,050	21,775
Recaptured funds	-	-	-	-	-	-	-	96,025	-	-
Program income	-	-	-	-	-	-	-	15,083	-	-
Other revenue	8,209,478	11,740,581	21,409,022	1,409,424	929,370	439,552	652,161	499,470	458,782	683,291
Total revenues	<u>85,653,959</u>	<u>94,233,322</u>	<u>104,159,566</u>	<u>109,996,350</u>	<u>124,703,300</u>	<u>151,757,892</u>	<u>148,326,221</u>	<u>137,189,776</u>	<u>136,209,022</u>	<u>142,976,289</u>
EXPENDITURES										
Current:										
General government	10,450,931	14,114,446	16,124,325	16,362,455	18,005,326	17,161,074	18,190,035	18,482,902	18,962,681	21,786,373
Public safety	42,641,036	45,180,631	49,345,909	52,680,525	60,373,948	72,290,299	61,188,428	68,611,664	72,671,842	74,708,661
Physical environment	6,841,309	8,533,247	9,082,888	10,008,020	12,022,052	11,587,807	11,478,318	11,689,546	12,569,704	14,114,654
Transportation	2,424,012	2,391,010	2,676,706	2,746,606	2,977,494	3,304,311	3,314,930	3,351,193	3,242,550	3,145,210
Culture and recreation	5,485,455	5,581,794	5,926,296	6,255,238	7,677,184	8,017,727	8,979,252	8,421,423	7,493,244	6,819,634
Debt service:										
Principal	2,825,396	2,509,400	2,604,400	2,526,900	1,744,400	1,280,000	930,000	970,000	20,000	3,257,162
Interest and other charges	857,858	768,107	637,163	530,391	484,358	616,923	1,183,814	987,830	889,628	1,179,245
Capital outlay	5,092,141	9,648,717	11,380,642	10,084,618	14,726,995	12,306,298	11,357,692	8,130,010	9,968,462	7,078,998
Total expenditures	<u>76,618,138</u>	<u>88,727,352</u>	<u>97,778,329</u>	<u>101,194,753</u>	<u>118,011,757</u>	<u>126,564,439</u>	<u>116,622,469</u>	<u>120,644,568</u>	<u>125,818,111</u>	<u>132,089,937</u>
Excess (deficiency) of revenues over expenditures	9,035,821	5,505,970	6,381,237	8,801,597	6,691,543	25,193,453	31,703,752	16,545,208	10,390,911	10,886,352
OTHER FINANCING SOURCES (USES)										
Debt proceeds	-	-	-	3,481,153	3,367,938	8,940,980	3,751,960	457,968	-	10,000,000
Proceeds from sale of capital assets	-	-	-	(1,562,500)	-	-	199,279	127,347	457,567	82,446
Transfers in	6,578,007	7,474,205	10,470,487	11,777,020	12,238,344	11,110,057	11,990,652	11,096,477	6,623,660	11,834,055
Transfers out	(5,197,145)	(6,136,055)	(9,305,383)	(10,251,177)	(10,514,260)	(9,227,119)	(9,990,884)	(16,569,491)	(5,312,307)	(10,657,487)
Total other financing sources (uses)	1,380,862	1,338,150	1,165,104	3,444,496	5,092,022	10,823,918	5,951,007	(4,887,699)	1,768,920	11,259,014
Net change in fund balances	<u>\$ 10,416,683</u>	<u>\$ 6,844,120</u>	<u>\$ 7,546,341</u>	<u>\$ 12,246,093</u>	<u>\$ 11,783,565</u>	<u>\$ 36,017,371</u>	<u>\$ 37,654,759</u>	<u>\$ 11,657,509</u>	<u>\$ 12,159,831</u>	<u>\$ 22,145,366</u>
Debt service as a percentage of noncapital expenditures	5.1%	4.1%	3.8%	3.4%	2.2%	1.7%	2.0%	1.7%	0.8%	3.5%

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.

Note (1): Certain amounts have been reclassified in prior years due to changes in classification guidelines mandated by the Florida Department of Financial Services, for compar-

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
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
2009	2008	16,075,321,648	733,624,321	16,808,945,969
2010	2009	14,088,383,450	699,411,335	14,787,794,785

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>
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
4,671,593,954	12,016,115,184	3.9602
4,900,944,575	10,855,079,433	4.6663

CITY OF POMPANO BEACH, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(RATE PER \$1,000 OF ASSESSED VALUE)

City of Pompano Beach							
<u>FISCAL</u> <u>YEAR</u> <u>ENDED</u> <u>SEPT. 30</u>	<u>TAX</u> <u>ROLL</u>	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>TAX</u> <u>DISTRICT</u>	<u>DEBT</u> <u>SERVICE</u>	<u>DIRECT</u> <u>TOTAL</u>	<u>BROWARD</u> <u>COUNTY</u>	<u>SCHOOL</u> <u>BOARD</u>
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
2009	2008	3.4861	0.4718	0.0023	3.9602	5.3145	7.4170
2010	2009	4.0652	0.5000	0.1011	4.6663	5.3889	7.4310

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	2.4895	-	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
0.6240	1.6255	0.3572	0.0860	0.0345	19.4697
0.6240	1.7059	0.3754	0.0860	0.0345	19.5175
0.6240	1.7059	0.4243	0.0860	0.0345	20.3609



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

Schedule 7

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2010				2001			
TAXPAYER (Local Exposure Recognition)	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
PPI Inc Isle of Capri	\$ 51,633,520	1	0.48%	Ocean Ranch Vacation Group	\$ 40,000,000	1	0.76%
Associated Grocers	30,627,800	2	0.28%	Cordia at Palm Aire LLC	25,267,250	2	0.48%
SNH/LTA Properties Trust	23,076,170	3	0.21%	Sharp Sabal Palms LLC	23,311,310	3	0.44%
John Knox Village of Florida	21,737,280	4	0.20%	Palm Vacation Group	19,743,090	4	0.37%
Fort Lauderdale BTS LLC	21,481,000	5	0.20%	Pompano Property Corporation (Winn Dixie)	18,608,170	5	0.35%
Archdiocese of Miami	20,209,290	6	0.19%	GP Stones, Ltd	16,489,970	6	0.31%
Fed McNab LLC	19,913,690	7	0.18%	Heritage Pompano Square (Pompano Fashion Square)	16,480,000	7	0.30%
TAWestern LLC	18,697,810	8	0.17%	McNab-KC3, Ltd	15,645,700	8	0.29%
WalMart Stores East LP	18,077,030	9	0.17%	Regency Venture, Ltd	15,442,530	9	0.29%
St. Andrews Palm Aire Assoc.	17,816,490	10	0.16%	Palm Court Joint Venture	<u>15,300,080</u>	10	<u>0.29%</u>
Total taxable assessed value of principal taxpayers	\$ 243,270,080		2.24%	Total taxable assessed value of principal taxpayers	\$ 206,288,100		3.90%
Total taxable assessed value of other taxpayers	<u>10,611,809,353</u>		<u>97.76%</u>	Total taxable assessed value of other taxpayers	<u>5,082,161,787</u>		<u>96.10%</u>
Total taxable assessed valuation of all taxpayers	\$ <u>10,855,079,433</u>		<u>100.00%</u>	Total taxable assessed valuation of all taxpayers	\$ <u>5,288,449,887</u>		<u>100.00%</u>

Source: Broward County Property Appraiser
 2009 Tax Roll

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

FISCAL YEAR ENDED	TAX ROLL	TOTAL AMENDED TAX LEVY	CURRENT GROSS TAX COLLECTIONS *	PERCENT OF LEVY COLLECTED
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
2009	2008	47,586,219	47,091,073	98.96
2010	2009	50,653,057	47,481,268	93.74

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>
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
303,713	47,394,786	99.60
2,921,686	50,402,954	99.51

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

	<u>Governmental Activities</u>					<u>Business-type Activities</u>			
	<u>General Obligation Bonds</u>	<u>Tax Increment Bonds</u>	<u>Certificates of Participation</u>	<u>Capital Leases</u>	<u>Installment Notes</u>	<u>Water and Sewer Bonds</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income ^a</u>	<u>Per Capita ^a</u>
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
2009	1,095,000	20,000,000	-	-	-	33,229,506	54,324,506	2.42	548.56
2010	-	27,837,838	-	-	-	30,239,506	58,077,344	2.20	588.36

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.

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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>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>	<u>Total</u>		
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
2009	1,095,000	1,125,572	(30,572)	0.00%	-0.31
2010	-	1,062,556	(1,062,556)	-0.01%	-10.76

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, 2010

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	\$ - ^a	100%	\$ -
Broward County	393,274,000	7%	27,529,180
Subtotal, overlapping debt			27,529,180
City direct debt			-
Total direct and overlapping debt			27,529,180

Sources: City Finance Department
 Broward County Accounting Division

^a Net of amount in Fund Balance

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed Value	10,855,079,433
Debt Limit (15% of assessed value)	1,628,261,915
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	<u>1,628,261,915</u>

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 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	\$ 1,802,417,278	\$ 1,628,261,915
Total net debt applicable to limit	<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>	<u>(30,572)</u>	<u>-</u>
Legal debt margin	<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>	<u>\$ 1,802,447,850</u>	<u>\$ 1,628,261,915</u>
Total net debt applicable to the limit as a percentage of debt limit	1.03%	0.79%	0.57%	0.36%	0.23%	0.13%	0.05%	0.00%	0.00%	0.00%

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	
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
2009	35,891,722	23,092,648	12,799,074	2,875,494	1,493,306	4,368,800	2.93
2010	34,840,149	24,074,825	10,765,324	2,990,000	1,380,169	4,370,169	2.46

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 Broward County
		Personal Income (thousands of dollars)	Per Capita Personal Income				
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	41,169	43.1	76.5	12,121	3.6
2008	100,058	22,437	*	43.9	74.8	11,520	5.4
2009	99,031	26,376	*	39.2	87.2	11,629	9.1
2010	98,711	*	*	*	*	11,576	10.7

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>	2010		Percentage of Total City Employment
	<u>Employees</u>	<u>Rank</u>	
Point Blank Solutions	1,100	1	2.05%
PPI, Inc (Isle Capri)	950	2	1.77%
Gold Coast Beverage Distributors	935	3	1.74%
Broward County Correctional	700	4	1.30%
City of Pompano Beach	678	5	1.26%
Flexsol Holding Corp	500	6	0.93%
Southeast Commercial Cleaning	500	7	0.93%
Latite Roofing & Sheet Metal	494	8	0.92%
John Knox Village	480	9	0.89%
Associated Grocers of Florida	450	10	0.84%

Note: Data for 2001 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
South Florida Business Journal 2007 Book of Lists
City of Pompano Beach
Broward By The Numbers 10/2005/US Census 2000

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Function / Program										
General government:										
City Commission	5	5	5	5	6	6	6	6	6	6
City Manager	4	4	4	4	4	4	4	4	5	5
Advisory Board	2	2	2	2	2	2	3	3	2	2
Public Information Ofc.	4	4	4	4	4	4	4	4	4	3
City Attorney	6	6	6	6	6	6	6	6	6	6
City Clerk	4	4	4	4	4	4	4	4	4	4
Human Resources	6	5	5	5	5	5	5	5	5	5
Internal Audit	3	3	3	3	3	3	3	3	3	3
Internal Services	34	34	34	34	34	34	34	34	33	33
Economic Development	0	0	0	0	0	0	1	1	0	
Finance	20	20	20	20	20	20	21	21	31	22
Fire & EMS	179	179	179	193	194	194	199	199	199	217
Development Services	47	48	51	51	54	58	68	68	62	62
Office of Housing & Urban Improvement	6	6	6	6	6	7	6	6	7	5
Public Works	121	121	121	126	138	138	141	141	136	136
Parks and Recreation	59	60	60	64	77	79	79	83	81	56
Utilities	117	116	116	117	118	118	118	118	105	118
Stormwater	6	8	8	8	8	8	8	8	8	8
Airpark	5	5	5	5	5	5	5	5	6	5
Golf	9	9	9	9	9	9	9	9	9	9
Solid Waste	0	0	1	1	1	2	2	2	2	3
Total	637	639	643	667	698	706	726	730	714	708

Source: City Budget Office

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

Schedule 17

LAST TEN FISCAL YEARS

Function / Program	2000	2001	2002	2003	2005	2006	2007	2008	2009	2010
Public Safety:										
<i>Fire</i>										
Emergency responses	12,027	13,830	14,755	15,957	18,190	17,571	18,031	17,962	17,505	17,746
Fires extinguished	446	462	407	390	495	571	432	415	371	346
Inspections	2,958	1,676	2,970	3,465	2,402	1,683	1,458	3,168	5,151	5,284
Uniformed employees	154	167	167	169	182	179	184	179	186	185
Non-uniformed employees	8	7	7	10	10	11	10	11	8	8
<i>Building permits</i>										
Permits issued	10,716	11,254	11,299	11,439	13,731	18,636	15,293	13,606	12,473	13,715
Estimated value	159,962,319	136,739,223	121,005,128	183,698,237	223,113,120	343,233,533	265,172,789	164,751,110	107,274,620	87,718,162
<i>City Clerk</i>										
No. of registered voters	43,020	48,592	50,023	52,876	57,904	55,199	52,378	52,921	55,621	55,829
No. of ballots cast	5,916	1,700	5,333	3,208	3,556	2,507	1,702	4,364	768	1,225
Districts voting	1 & 3	4	1,3 & 5	2 & 4	2 & 4	1	2 & 3	1 & 3	4	5
<i>Recreation Centers-Attendance</i>										
Emma Lou Olson	87,630	83,476	83,311	79,826	68,729	61,436	67,307	70,804	68,042	69,564
McNair	90,631	103,490	96,492	94,297	81,261	80,382	107,127	110,278	104,243	116,317
Mitchell/Moore	89,509	105,312	100,468	84,625	78,811	66,909	63,312	62,105	54,149	63,070
Skolnick	*	*	*	*	48,655	63,523	62,257	74,409	71,018	63,033
Pompano Highlands	*	*	*	*	18,808	19,445	23,398	25,323	26,258	21,636
North Broward	*	*	*	*	76,436	46,531	51,742	109,570	93,286	94,484
E. Pat Larkins	*	*	*	*	*	34,538	40,815	32,994	31,661	26,905
Utility:										
<i>Municipal Water System</i>										
Active water accounts	17,389	17,554	17,731	17,777	18,149	18,143	18,334	18,182	18,094	17,983
New Active Accounts	34	43	177	46	267	47	170	107	123	47
Active reclaimed water accts.	*	*	*	11	19	19	193	84	117	142
Metered sales (billion gallons)	5.823	5.299	5.554	5.756	5.883	6	5.214	4.640	4.75	4.83
Avg.gals.(1,000) billed per day	16,364	15,335	15,958	14,816	17,151	14,257	12,984	12,718	13,010	13,228
Reclaimed water (million gals.)	*	*	*	360.965	483.836	425.628	491.4	487	558	511
Water main breaks	136	184	184	241	150	229	156	152	130	134
Plant capacity million gals./day	40	40	40	40	50	50	50	50	50	50
<i>Municipal Sewer System</i>										
Active accounts	14,788	15,162	15,319	15,319	15,549	15,543	15,825	15,787	15,805	15,945
General Government:										
<i>Tax Rates</i>										
<i>Utility Services:</i>										
Electric	10	10	10	10	10	10	10	10	10	10
Water	6	6	6	6	6	6	6	6	6	6
Communication Service	7	7	6	5	5	5	7	7	7	7
Gas	10	10	10	10	10	10	10	10	10	10
<i>Franchises:</i>										
Electric	6	6	6	6	6	6	5.9	5.9	6	5.9
Communication Service	1	1	-	-	-	-	-	-	-	-
Gas	6	6	6	6	6	6	6	6	6	6
Cable Television	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

<u>Function / Program</u>	<u>Fiscal Year</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>	<u>2009</u>	<u>2010</u>
<i>Area</i>										
Land excluding airport (sq.miles)	21.200	21.200	21.200	23.570	23.570	23.570	23.570	23.570	23.570	23.570
Airport land (sq.miles)	0.586	0.586	0.586	0.586	0.586	0.586	0.586	0.586	0.586	0.586
Water (sq.miles)	0.924	0.924	0.924	0.924	0.924	0.924	0.924	0.924	0.924	0.924
<i>Infrastructure</i>										
Paved streets	282	282	309	309	251	251.5	270.5	270.5	270.5	270.5
Unpaved streets	15	5	15	15	2.5	2.5	2.5	2.5	2.5	2.5
Sidewalks	75	84	75	78	138	139	155	155	155	155
Canals and waterways	32	32	32	32	32	32	32	32	32	32
Storm drainage	50	50	55	55	55	55	69	70	70	79
City-owned streetlights	550	550	550	1019	1364	1300	1400	1400	1199	1199
FP&L owned streetlights	3000	2500	3000	4792	4823	7000	7000	7000	5364	5376
<i>Fire</i>										
Stations	5	5	5	5	6	6	6	6	6	6
<i>Police</i>										
Stations	1	1	1	1	1	1	1	1	1	1
<i>Recreation</i>										
Public beach (miles)	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51
Municipal parks	39	36	39	41	48	45	45	46	46	48
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)	220	220	220	231	257.23	257.23	257.23	258.17	258.17	258.17
Golf course (acres)	307	307	307	307	307	307	307	307	307	307
Recreation centers	3	3	3	4	6	7	7	7	7	7
<i>Municipal Water System</i>										
Water mains (miles)	262	261	279	273	275	276	281	283	284	303.6
Reuse water mains (miles)	*	*	4	5	6	8.1	18	20	22	23
Fire hydrants	1600	1570	1658	1689	1707	1716	1817	1865	1879	1943
Fire hydrants (reuse water)	*	*	*	*	2	3	3	4	4	5
<i>Municipal Sewer System</i>										
Gravity sewer (miles)	185	185	187	189	190	191	195	196	199	193.8
Wastewater force main (miles)	59	59	71	71	71	71	67	68	69	69
Wastewater lift stations	73	71	73	70	73	72	74	75	75	75

Sources: Various City departments

* Operation not established

**City of Pompano Beach
Schedule of Insurance
As of September 30, 2010**

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>Premium</u>
	<u>FROM</u>	<u>TO</u>		
Airpark Liability ACE Property & Cas. Ins. Co. Policy No. AAP N05616943003	02/05/10	02/05/11	\$10,000,000	\$4,010.00
Building & Contents (City SIR 1st 100K per occ.)* Lexington Ins. Co. Policy No.017728007 (excludes Utilities)	03/01/10	03/01/11	\$10,000,000 (Primary Layer, in xs of \$100,000 AOP, *5% Named Hurricane/Windstorm)	\$426,121.12
Westchester Surplus Policy No. D3737586A001	03/01/10	03/01/11	\$30,000,000 - (1st Excess), \$2.5 M p/o \$10M	\$142,043.04
Landmark Amer. Ins. Policy No. LHD366030	03/01/10	03/01/11	30M in xs of \$10M	\$ 52,970.40
Utilities Building & Contents (City SIR 1 st 100K per occ.) Ace American Ins. Co. Policy No. EUTN05066530	03/01/10	03/01/11	\$35,000,000 (Primary on all Utilities Dept. Bldg & Cont includes AOP, Wind 5% & B&M. 10M Named Hurricane/Windstorm)	\$232,287.50
Group Health Blue Cross/Blue Shield Policy Nos: 98854(PPO)&98854(HMO) (Includes Dental through Florida Combined Life)	10/01/10	09/30/11	Per policy schedules	HMO \$435.41/Single \$1,179.58/Family PPO \$634.61/Single \$1,478.08/Family
Boiler & Machinery Zurich American Ins.Co. Policy No. BM9376560-06	03/01/10	03/01/11	\$50,000,000	\$5,623.00
Flood American Bankers Inc. Co. Policy Nos: 1011136736 1011136737 1011136738 1011136739 1011136740 1011136741 1011136742	01/04/10	01/04/11	Buildings \$133,000 - \$500,000 Contents \$0 - \$500,000	\$1,263 \$1,357 \$1,171 \$1,528 \$1,778 \$1,613 \$1,235
Excess Liability (City's SIR for the first \$100/200K/occurrence for GL/AL - \$200K/occurrence for other than 768.28 claims; WC is \$350K/occurrence SIR)* Star Ins. Co. Policy No. CP0513641	03/01/10	03/01/11	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)	\$165,034.00

H/beeedd/schedule of insurance 2010

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

CITY OF POMPANO BEACH, FLORIDA

GENERAL BACKGROUND INFORMATION SEPTEMBER 30, 2010

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, 2010

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 2010 population of an estimated 98,711.

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.