

Comprehensive Annual Financial Report

City Of  
**Pompano Beach,**  
Florida

Fiscal Year Ended September 30, 2011

Prepared by the  
Finance Department

Suzette Sibble, Finance Director

Andrew Jean-Pierre, Controller

Erica Simmons-Ahimah, Accountant

Jayne Post, Accounting Systems Analyst

Jesse Durbin, Accounting Supervisor

Tana Ziontz, Department Head Secretary

**CITY OF POMPANO BEACH, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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# CITY OF POMPANO BEACH, FLORIDA

Commission-Manager Form of Government

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## CITY COMMISSION

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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

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## APPOINTED OFFICIALS

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Dennis Beach  
Gordon B. Linn  
Mary Chambers  
Barbara DeLeon

City Manager  
City Attorney  
City Clerk  
Internal Auditor

March 27, 2012

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, 2011. 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, of the State of Florida. The information related to the Single Audit, including the schedule of expenditure of federal awards and state financial assistance, findings and recommendations, and auditors' reports on the internal control and compliance with applicable laws and regulations are included in a separate report.

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 100,319 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-second 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 submarket includes approximately 827 buildings and over 32 million square feet, which constitutes just over 23% of the entire Broward County industrial market.

The Pompano Beach industrial submarket saw vacancy rates rise in the 3rd quarter of 2011, in large part due to vacancies in manufacturing space. Vacancy rates in warehouse/distribution and flex/R&D space fell according to the CBRE Third Quarter Market Pulse report. "With vacancy rates in manufacturing space nearly doubling, the average asking lease rate fell. This significant decrease helped drive the overall asking lease rate for the submarket down, while asking lease rates in the warehouse/ distribution and flex/ R&D space also fell."

CBRE's Mid-Year Market perspective states, "The industrial market continues to show small indicators that it is on the road to recovery, even if it is a long one; however, real estate professionals are hesitant to say that Broward's industrial market is experiencing a resurgence." According to Cushman Wakefield's 3rd Quarter Market Beat Report, merely 25,000 SF of industrial space was constructed in Broward over the past year. It went on to state, "The lack of construction in the region will help landlords in the coming years with stable levels of supply and the ability to offer fewer concessions and increase rents over the next two years."

CBRE's Mid-Year Market perspective also stated "Duke Realty's acquisition of the Premier Properties portfolio and the Weston Park of Commerce deals were the major contributors to the sales totals recorded as of mid-2011." Scott O'Donnell, Senior Vice Chairman at CBRE said "Institutional investors, Real Estate Investment Trusts (REITs) and private equity funds have all come off the sideline clamoring for quality Class A and B industrial offerings now that positive absorption and rental rate stabilization is evident throughout the county."

Overall, the Duke Realty purchase of Premier Properties in Pompano Beach affected over 3 million square feet of industrial space in four business parks, including: Atlantic Business Center (1,300,000 SF), Park Central Business Park (972,430 SF), Sample 95 Business Park (469,318 SF) and Copans Business Park (384,711 SF).

As evidenced by the projects listed below, Pompano Beach saw significant activity in its industrial sector primarily from the purchase and expansion of existing facilities.

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

- AMR, a national ambulance company, purchased 2500 NW 29th Manor with plans of expanding the property to a 53,071 SF facility on 6.26 acres and is relocating its corporate

headquarters there. The building will initially house 200 employees with hopes to ultimately employ 600.

- BRS Aerospace, a parachute system manufacturer for military, general aviation and recreational aircraft customers, has located at 1541 N. Powerline Road. They currently occupy 125,000 SF and employ 120 people with hopes of expanding to 400-450 employees.
- KTR South Florida purchased the old U.S. Foods facility at 2800 N. Andrews Ave and is expanding the property to 262,253 SF for a new user.
- Fed Ex Ground at 2700 NW 25th Street is expanding their facilities to 293,006 SF on 26.76 acres.
- Power Green Energy at 1750 N. Powerline Rd is redeveloping the property as an energy reuse facility that will generate electricity and 'send it back to the grid' in a 19,214 SF facility on 4.76 acres.
- McNeilus, a company that constructs military, concrete and refuse trucks, has leased an existing 23,220 SF facility at 1700 NW 33rd Street as a service facility for its South Florida market.
- Galaxy Marble at 1760 NW 22nd Court is developing a 7,996 SF facility on 0.91 acres.
- Sun Recycling is upgrading its facility at 2241 NW 15th Court on 2.84 acres.
- Concept Elite, Inc. leased 28,654 SF of warehouse/ distribution space at 1551 N. Powerline Rd.
- Five Star Quality Shutters leased 23,045 SF of warehouse/distribution space at 3025 & 3029 NW 25th Ave.
- GM Sales Marketing leased 17,700 SF of warehouse/distribution space at 1750 NW 15th Ave.
- Fun Fishing leased 14,484 SF of warehouse/distribution space at 601 NE 28th Court.

### **Commercial – Office/ Retail/ Tourism Markets**

The Pompano Beach office market includes approximately 17 office buildings totaling 901,974 square feet of space. Unlike the magnitude of Pompano Beach's industrial product, this constitutes merely 3.4% of the entire Broward County office market and includes no Class A space.

The Grubb & Ellis 2012 forecast states "In South Florida, strong ties to the residential sector in Broward and Palm Beach counties will hinder job growth, and rent discounts will remain an offer, especially for larger tenants with good credit and those willing to sign long term leases."

The majority of Pompano Beach is included in the Cypress Creek Office submarket, which ended the year with an 18.3% vacancy rate. The CBRE Market Pulse report (Third quarter 2011) stated that "Class C space experienced the only decrease in vacancy, meanwhile Class A and Class B space saw moderate increases."

"The overall asking rate decreased in the third quarter of 2011, this marks the sixth consecutive quarter of declining asking rates. This decrease can likely be attributed to increased price competition from the high vacancies of Class B and Class C properties." This particular fact may actually be a good thing for Pompano Beach office buildings, since those properties reflect the actual market here in the City.

"High vacancy rates in the Cypress Creek submarket continues to hinder development of speculative space." To recap, last years market report stated; "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."

Not all markets experienced a decline in 2011. The Miami Herald reported "Retail sales, particularly from foreign tourists, helped drive economic growth in 2011." Also, that "Tourism was a major driver

for Broward's job growth in 2011... the industry added 5,700 jobs in Broward since November 2010, more than the countywide growth of 4,700 jobs."

- Isle of Capri Casino. The Isle of Capri Casino opened in April 2007 at the Pompano Park Harness Track. This casino is one of the four allowed in Broward County by local initiative.
  - 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 there are no plans having 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.
- Aviation. The Pompano Beach Air Park has seen more development activity in the past 10 months than in the past 10 years.
  - The United States Construction Corp. and its President, a local resident Greg Spatz, is in the process of constructing the Aviation Center of Pompano, 70,380 SF of hanger(s) and related office space on 5 acres adjacent to the control tower at 801 NE 10th Street.
  - Sheltair Aviation is in the process of developing 55,130 SF of hangar and office space at the Air Park, located at 1401 NE 10th Street.

Other commercial developments that are taking place include:

- Wal Mart has plans to construct a new 91,750 SF store at 5001 N. Federal Hwy on 8.43 acres.
- A hotel chain has purchased the property at 1208 N. Ocean Blvd and the adjacent property and has plans to renovate and expand the facilities to provide a 211 room full service hotel on 2.37 acres.
- Zona Fresca and Subway have recently opened at the Beachway Shopping Center at 800 N. Federal Highway. The 53,981 SF plaza occupies 3.656 acres.
- The Pompano Beach Community Redevelopment Agency has purchased the property located at 731 Dr. Martin Luther King Jr. Boulevard and has plans to construct a 7,000 SF retail facility on the 1.38 acre property.

## **Residential Market**

While a number of projects in the City have obtained site plan, rezoning and/or land use plan amendment approvals (listed below), only one has broke ground in the past year, Beachside Village on South Ocean Blvd. Housing remains the biggest question mark for the South Florida market. New residential construction in South Florida, Broward County and Pompano Beach was minimal in fiscal year 2010-11. This is primarily due to a number of factors including: excess housing units constructed during the 'boom' years, high foreclosure rates, tighter credit restrictions and an unemployment rate that is still in the double digits.

Real estate web site Zillow.com reported that values in South Florida "have been flat or positive for seven of the past nine months. Prior to that, though, values had declined in 66 of the previous 67 months. Zillow said home values in South Florida have fallen about 4 percent from a year ago and 55 percent from the 2006 peak." Stan Humphries, Chief Economist for Zillow, said in a statement that supply and demand are still out of whack in many markets, and more foreclosures in 2012 are expected to hurt home values. "Even with the anticipated increase in foreclosures, look for 2012 to be a transition year in which home values fall modestly followed by a prolonged period of flat home values," he said. "We're still three to five years away from 'normal' housing market conditions."

In a recent article in the Palm Beach Post's Money section (South Florida's economic albatross: Home values and losses not getting any better. Kimberly Miller, 1/6/2012), staff writer Kimberly Miller reported "About 42 percent of south Florida homes with mortgages were underwater (meaning more is owed on the property than it's worth) during the third quarter of the year (2011), nearly double the national average..." Again, referencing Zillow.com's Stan Humphries "The high percentage of homeowners in negative equity continues to be troubling, in that it represents a huge number of people who are not only more vulnerable to foreclosure, but who are essentially trapped in the current homes. The length and depth of the current housing recession is rivaling the Great Depression's real estate downturn." Zillow spokeswoman Katie Curnutte added "We didn't see the signs of stabilization that we thought we would. It's getting closer to the bottom but we're not there yet."

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:

- Beachside Village at 809 S. Ocean Blvd. has broken ground on a 34 townhome development on 1.93 acres.
- The Captiva Club site (formerly the Skycrest Mobile Home Park) at 1201 South Dixie Highway has proposed 352 dwelling units on 20.1 acres.
- 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.
- Vintage Park/Shoal Creek, has rezoned the property at 4661 North Federal Highway, and has approval for 249 units on 5.328 acres.
- The East Lake Apartment development at 3311 N. Andrews Avenue has been granted approval for 128 units on 6.87 acres.
- Related North Ocean has rezoned the property at 1116 North Ocean Blvd and has been granted approval to construct 130 condo units in two towers on 2.646 acres.

### **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, tightening of the credit market, 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 \$4.0 million for the fiscal year 2012 budget cycle for the General Fund. 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 ended September 30, 2011 were:

- The City chose the Greg Norman Golf Course Design Company to redesign/rehabilitate 18 holes at the City's golf course, thus creating a signature course and design/replace irrigation on all 36 holes. The project cost is estimated at \$3.2 million. The timeframe for the project is expected to be April 1, 2012 to November 15, 2012.

- A new beach fire station (#11) will be built on the barrier island on the northern portion of the Oceanside Parking lot at a cost of approximately \$3.0 million. The project should take approximately 1 year to complete.
- A new fire station (#103) to serve the annexed areas has been proposed in the Highlands at 3721 NE 12th Ave. The 13,204 SF project has an estimated cost of \$4.6 million on 0.964 acres.
- The United States Coast Guard Auxiliary has been granted approval to locate a 2,016 SF modular building at Alsdorf Park.
- The City has proposed amending the future land use map and element to create a Downtown Pompano Beach Transit Oriented Corridor (DP-TOC). The proposed area encompasses over 269 acres. The new land use will allow for a mix of uses with collectively reduced development levels. The currently adopted land use designations permit a maximum of 1,368 residential units and approximately 16 million SF of nonresidential units, while the proposed land use will allow for the same amount of dwelling units while reducing the nonresidential allotment to approximately 9 million SF of nonresidential uses.
- The City issued a Request for Letters of Interest (RLI) to prepare a specific economic analysis of the major corridors in the City and create a vision plan that will guide the future regulatory structure and stimulate development and redevelopment within the primary road corridors in the City. The scope of this RLI was expanded to include all eight of the major corridors in the City which have great potential for future investment, development and redevelopment. These eight roadways traverse the City from north to south and from east to west. The eight corridors are: A1A, US-1 Atlantic Boulevard/NW 31<sup>st</sup> Avenue, Dixie Highway, Powerline Road, Copans Road, Sample Road, and Dr. Martin Luther King Jr. Boulevard.
- The City will continue to construct reclaimed water distribution lines in the residential area between the Intracoastal Waterway and Federal Highway, as well as to schools within the Old Pompano Neighborhood. The City continues to budget \$300,000 annually for the project and to apply for available grants. The reclaimed water will be used for irrigation of landscaped areas, thus saving our drinking water supplies for household use. In July of 2011, the City launched the IcanWater program. This program has already been successful in doubling the number of residential reuse water customers. Broward County is partnering with the City on this effort and providing up to \$220,000 to help fund the program. This new program allows the City to perform the private property residential reuse customer connections through a contractor, with no upfront costs to the home owner.
- A stormwater master plan/flood plain management plan was undertaken in the spring of 2011. The last comprehensive drainage study and model was completed in 1999. Stormwater modeling techniques have improved drastically since then allowing for better predictions of flooding and water quality analysis. This study will be a tool to plan a new stormwater capital improvements plan. The cost for the study is approximately \$1.0 million and is expected to take two years to complete.

## 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 2011.

**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, 2010. The City has received the GFOA’s prestigious Certificate of Achievement for Excellence in Financial Reporting award for twenty-nine 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.

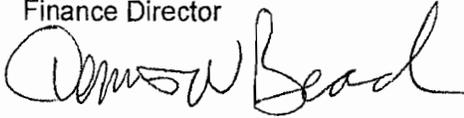
This report, which conforms to all the latest effective standards of local government financial reporting, could not have been prepared without the extraordinary devotion of the Finance Department team. Their dedication merits special attention. Sincere appreciation is extended to them for their efforts 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 likely to have an impact on the City’s fiscal year 2012 budget.

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

Sincerely,

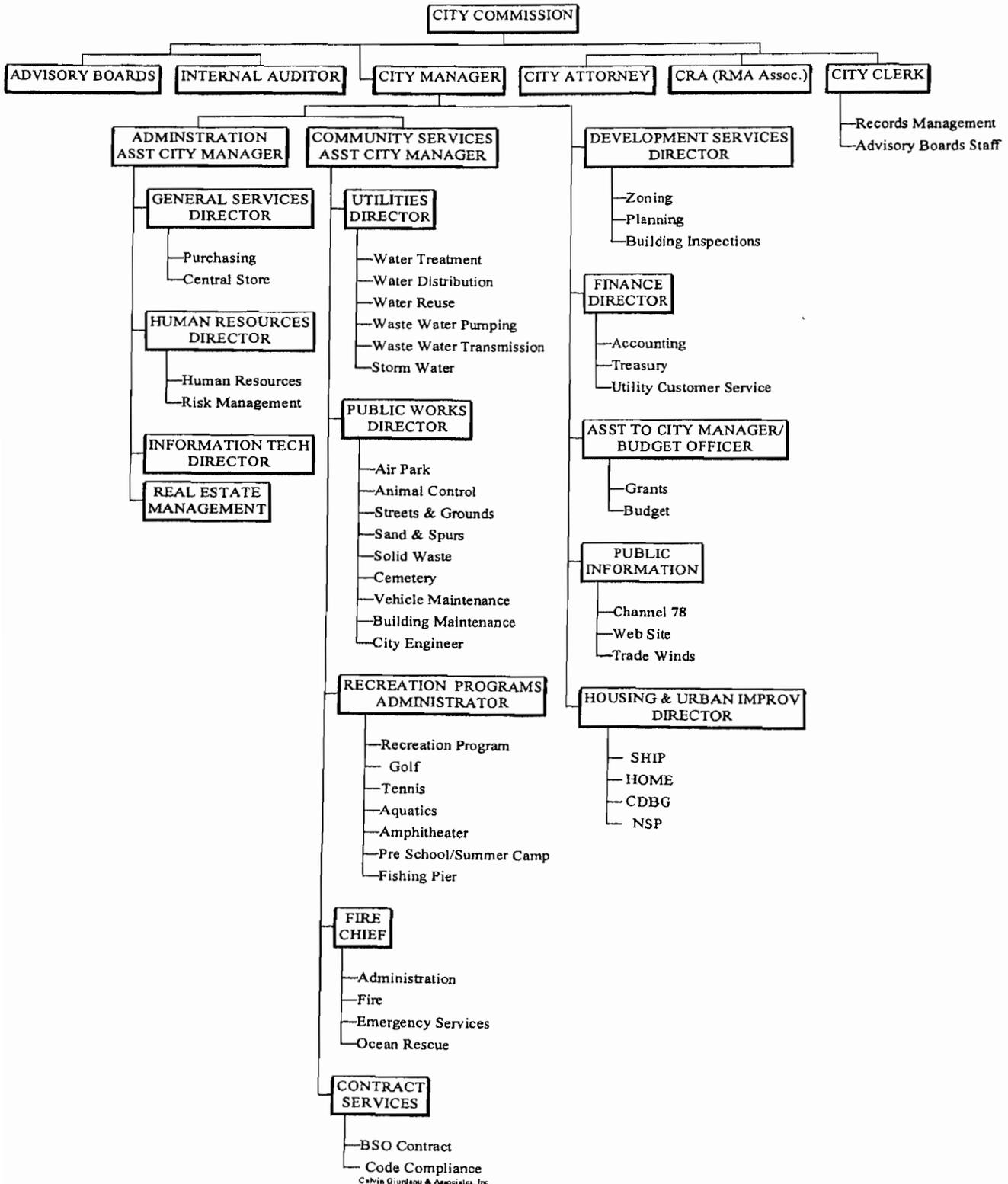


Suzette Sibble  
Finance Director



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, 2010

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.



*Linda C. Sandison*

President

*Jeffrey R. Emer*

Executive Director



## 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, 2011, 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 76% of the total assets and 39% 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, 2011, 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 27, 2012 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.

As discussed in Note 1 to the financial statements, the City adopted the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No. 54, *Accounting for Fund Balance Reporting and Governmental Fund Type Definitions*, during the year ended September 30, 2011.

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 27, 2012

**City of Pompano Beach, Florida**  
**Management's Discussion and Analysis for the Fiscal Year Ended September 30, 2011**  
**(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, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v through xiii of this report.

**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, 2011, fiscal year 2011 expenditure activity and grant expenditures since inception related to each program:

Grant Awarding Agency	Grant Name	Award Amount	Fiscal Year 2011 Expenditures	Expenditures Since Awarded
U.S. Department of Housing and Urban Development	Community Development Block Grant-R	\$332,012	\$13,139	\$332,012
U.S. Department of Housing and Urban Development	Homelessness Prevention and Rapid Re-Housing Program	507,694	230,473	396,130
U.S. Department of Energy	Energy Efficiency and Conservation	1,038,200	422,296	431,098
<b>TOTAL FUNDS AWARDED &amp; EXPENDED</b>		<b>\$1,877,906</b>	<b>\$665,908</b>	<b>\$1,159,240</b>

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**

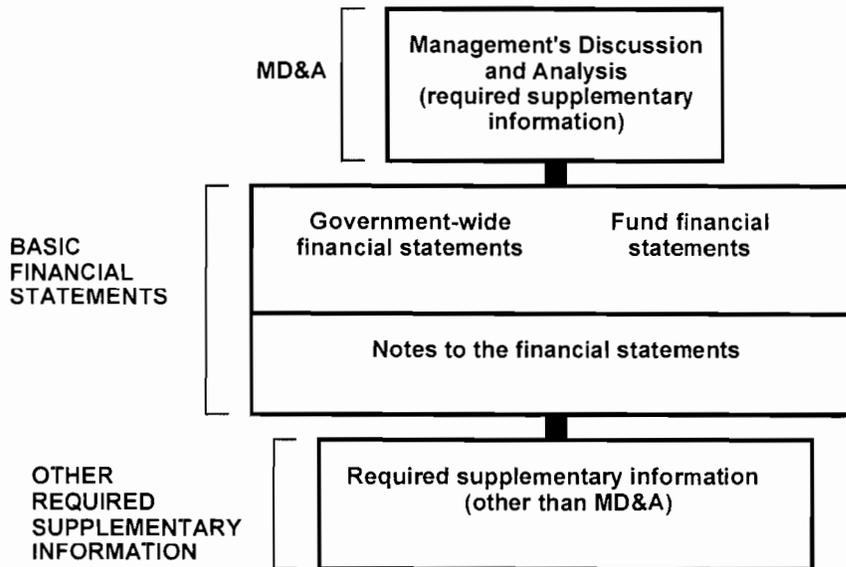
This annual report follows a format consisting of four parts – Management's Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information, and an optional section that presents combining statements for non-major governmental funds, non-major enterprise funds, 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 \$548.3 million. Of this amount, \$139.1 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 decreased by \$1.1 million.
2. At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$187.8 million, representing a decrease of \$14.0 million from the previous fiscal year. The following activity in governmental funds primarily accounted for the net decrease noted:
  - A decrease in fund balance of \$23.0 million for the General Fund was primarily due to transfers out of fund balance to the Capital Projects Fund, Pompano Beach Community Redevelopment Agency (East District) and Golf Funds to fund various capital projects.

- A decrease in net assets of \$1.1 million for the Pompano Beach Community Redevelopment Agency Northwest District primarily due to a decrease in tax increment revenues, which is a function of the assessed property values in the Districts, as well as each taxing district's operating millage rate.
- An increase in net assets of \$12.2 million for the Capital Projects Fund primarily due to the lump sum movement of committed community improvement funds for various projects from the General Fund to the Capital Projects Fund during the current fiscal year.
- An increase in net assets of \$.7 million for the Pompano Beach Community Redevelopment Agency's East District due primarily to the net effect of the transfer of funds from the General Fund for improvements to Pompano Beach Boulevard and the transfer of infrastructure improvements made by the East District to the General Fund.

## **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 \$548.3 million at September 30, 2011. The City's net assets decreased by \$1.1 million during the current fiscal year. The largest portion of the City's net assets 61% 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 13% or \$72.7 million of net assets is subject to external restrictions for various purposes (e.g. building permitting function, capital projects etc.).

**TABLE 1**

SUMMARY OF NET ASSETS  
SEPTEMBER 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 227,598,862	237,506,251	\$ 66,698,521	61,119,275	\$ 294,297,383	298,625,526
Capital assets	218,753,518	212,893,367	143,635,253	132,256,063	362,388,771	345,149,430
Total assets	446,352,380	450,399,618	210,333,774	193,375,338	656,686,154	643,774,956
Long-term liabilities	55,219,146	51,998,022	39,611,196	32,539,726	94,830,342	84,537,748
Other liabilities	7,667,941	5,824,506	5,863,268	3,950,519	13,531,209	9,775,025
Total liabilities	62,887,087	57,822,528	45,474,464	36,490,245	108,361,551	94,312,773
Net assets:						
Invested in capital assets						
net of related debt	218,753,518	212,893,367	117,815,651	102,762,337	336,569,169	315,655,704
Restricted	64,179,337	80,138,395	8,506,787	9,897,046	72,686,124	90,035,441
Unrestricted	100,532,438	99,545,328	38,536,872	44,225,710	139,069,310	143,771,038
Total net assets	\$ 383,465,293	392,577,090	\$ 164,859,310	156,885,093	\$ 548,324,603	549,462,183

At September 30, 2011, 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. Certain net asset components have been re-classed for fiscal year 2010 in order to report in the correct net asset category.

**Governmental Activities** – There was a decrease of \$9.9 million in current and other assets for governmental activities, primarily as a result of current year operations, as discussed in detail on page 8. There was an increase of \$5.9 million in capital assets. The increase noted was due to the purchase of vehicles, rescue equipment, computers and lighting for several departments (Public Works, Fire, EMS, Planning, Building, Parks & Recreation etc.), as well as the net effect of current fiscal year construction activity (as discussed in more detail on page 16) and the recognition of current fiscal year depreciation expense.

The increase of \$3.2 million in long-term liabilities is primarily the result of the net effect of the following activity:

- The satisfaction of annual debt service related to the CRA's Northwest and East District Bonds (\$2.5 million);

- An increase in the recorded liability for other post employment benefits (OPEB) in the current fiscal year (approximately \$.7 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 notes payable liability recorded for energy performance projects (\$3.1 million), the savings from which are anticipated to cover the annual required payments; and
- An increase in the claims and judgments liability (approximately \$1.9 million) as actuarially determined, due to an increase in case reserves and/or ultimate losses for certain accident years for workers compensation and general liability cases.

The increase of \$1.8 million in other liabilities is primarily the result of the net effect of a prior year accrual related to an amount due Broward County (\$.9 million) related to a line of credit that the City drew on to make improvements to Atlantic Boulevard, a prior year 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 and the timing of vendor payments accrued at fiscal year end compared to prior fiscal year end.

**Business-type Activities** – The increase of \$5.6 million in current and other assets is primarily a result of current year's operations, as discussed on page 10.

The increase of \$11.4 million in capital assets is primarily due to 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 \$7.1 million in long-term liabilities is primarily the result of the net effect of the satisfaction of debt service requirements for the 2006 Water and Sewer Bonds in the current fiscal year and a new notes payable obligation related to a tax exempt municipal lease to fund energy performance projects, the savings from which are anticipated to cover the annual payment requirements. The increase of \$1.9 million in other liabilities is primarily the result of an increase in accruals for vendor payments at fiscal year end, compared to the prior fiscal year end.

### **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, 2011.

**TABLE 2**  
**CHANGES IN NET ASSETS**  
**FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

	Governmental		Business-type		Totals	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 33,471,486	34,192,810	\$ 52,100,813	45,627,863	\$ 85,572,299	79,820,673
Operating grants & contribs.	3,551,981	3,021,158	-	-	3,551,981	3,021,158
Capital grants and contribs.	3,763,722	8,016,883	1,643,613	732,036	5,407,335	8,748,919
General revenues:						
Taxes	70,338,174	78,315,311	-	-	70,338,174	78,315,311
Pari mutuel	1,897,796	1,881,081	-	-	1,897,796	1,881,081
Franchise fees	7,410,674	8,316,234	-	-	7,410,674	8,316,234
State revenue sharing	7,664,439	7,341,044	-	-	7,664,439	7,341,044
Gain from sale of						
capital assets	3,062	3,001	120,761	15,295	123,823	18,296
Investment earnings	1,607,688	3,584,734	407,549	1,129,631	2,015,237	4,714,365
Miscellaneous	988,393	850,783	427,910	417,732	1,416,303	1,268,515
<b>Total revenues</b>	<b>130,697,415</b>	<b>145,523,039</b>	<b>54,700,646</b>	<b>47,922,557</b>	<b>185,398,061</b>	<b>193,445,596</b>
<b>Expenses</b>						
General government	31,870,782	22,614,054	-	-	31,870,782	22,614,054
Public safety	76,787,154	75,248,897	-	-	76,787,154	75,248,897
Physical environment	15,550,874	13,945,306	-	-	15,550,874	13,945,306
Transportation	3,996,841	3,742,998	-	-	3,996,841	3,742,998
Culture and recreation	7,964,422	7,669,285	-	-	7,964,422	7,669,285
Interest costs	1,307,248	1,236,656	-	-	1,307,248	1,236,656
Utility	-	-	37,906,357	36,710,226	37,906,357	36,710,226
Sanitation	-	-	3,815,493	3,338,231	3,815,493	3,338,231
Stormwater	-	-	2,008,840	1,955,262	2,008,840	1,955,262
Pier	-	-	267,233	230,969	267,233	230,969
Airpark	-	-	1,417,254	1,461,977	1,417,254	1,461,977
Golf course	-	-	3,643,143	3,464,818	3,643,143	3,464,818
<b>Total expenses</b>	<b>137,477,321</b>	<b>124,457,196</b>	<b>49,058,320</b>	<b>47,161,483</b>	<b>186,535,641</b>	<b>171,618,679</b>
Increase (decrease) in net assets						
before special item and transfers	(6,779,906)	21,065,843	5,642,326	761,074	(1,137,580)	21,826,917
Transfers	(2,331,891)	1,176,568	2,331,891	(1,176,568)	-	-
Increase (decrease)						
in net assets	(9,111,797)	22,242,411	7,974,217	(415,494)	(1,137,580)	21,826,917
Beginning net assets - 10/01/10	392,577,090	370,334,679	156,885,093	157,300,587	549,462,183	527,635,266
Ending net assets - 09/30/11	\$ 383,465,293	392,577,090	\$ 164,859,310	156,885,093	\$ 548,324,603	549,462,183

**Governmental Activities** – Governmental activities decreased the City's net assets by \$9.1 million. Pari-mutuel revenue has been re-classed from the taxes reporting category for fiscal year 2010 and reported separately.

Charges for services decreased by \$.7 million primarily due to the net effect of an increase in building permit revenues (\$1.3 million) due to an increase in construction and maintenance activity, a decrease in Broward Sheriff Office facility lease payments (\$.3 million-amount was netted against expenditures for policing services), a decrease in Broward County contract reimbursements for the 911 communications system (\$2.5 million), and an increase in administrative charges to the Pompano

Beach Community Redevelopment Agency for lot maintenance and other services performed by City employees (\$.5 million).

Operating grants and contributions increased by \$.5 million primarily due to the net effect of the receipt of grant funds from the U.S. Department of Energy and the U.S. Department of Homeland Security (Fire Dept. ladder truck) in the current fiscal year, the receipt of more grant funds from Broward County under the Challenge Grant Program during the current fiscal year and the receipt of less funds for the State Housing Initiative Partnership Grant Program in the current fiscal year.

Capital grants and contributions decreased by \$4.3 million primarily as a result of the net effect of the receipt of no grant funds from the Federal Emergency Management Agency for impact glass replacement, the receipt of less grant funds under the Home, CDBG Grant Programs, less activity under the Neighborhood Stabilization Grant Program during the current fiscal year as majority of funds were spent down in the prior fiscal year and the receipt of grant funds from the U.S. Department of Energy during the current fiscal year.

The decrease of \$8.0 million in taxes is primarily due to a decrease in assessed values which adversely impacted the ad valorem tax assessment, a directive by the City Commission to provide tax relief to its residents, which resulted in a reduction in the allowable statutory millage rate (which resulted in less taxes assessed), the retirement of the 1993 General Obligation Bonds in fiscal year 2010, which eliminated the debt service ad valorem assessment (combined effect of a \$6 million decrease) and a decrease in tax increment payments for the Pompano Beach Community Redevelopment Agency, which is a function of the change in the tax increment, as well as adjustments to millages for the various taxing districts (\$2.3 million).

The decrease of \$.9 million in franchise fees is primarily due to a decrease in electric franchise fees, primarily due to the adjustment to customer bills for fuel hedging gains. The increase of \$.3 million in state revenue sharing is due to increased collections by the State of Florida for sales and use taxes, a function of consumer spending on goods.

The decrease of \$2.0 million in investment earnings is due to a combination of factors, mainly less surplus funds available for investing due to decreased revenues and increased spending for capital projects from fund balance, a decrease in interest rates and a decrease in unrealized gains between fiscal years.

General government expenses increased by \$9.3 million primarily as a result of the prior fiscal year 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 fiscal year 2009, but the deeds were not officially released until fiscal year 2010. This resulted in an adjustment to general government expenses in fiscal year 2010 (decrease) in order to capitalize the buyout as an intangible asset for the City.

Public safety expenses increased by \$1.5 million primarily as a result of the chargeback of internal service activity to this function between fiscal years. In fiscal year 2010 the reallocation of a net profit in internal service funds resulted in a reduction in public safety expenses, while in fiscal year 2011 the chargeback (reallocation of a net loss) resulted in an increase in public safety expenses.

Physical environment expenses increased by \$1.6 million primarily as a result of the net effect of a decrease in grant funding received and activity for the State Housing Initiative Partnership, CDBG, Home and Neighborhood Stabilization Program Grants, the capitalization of greater assets held for resale activity for the Neighborhood Stabilization Program Grant in fiscal year 2010 (a greater decrease in expenses in the prior fiscal year) compared to fiscal year 2011, the allocation of a net loss for internal service funds back to this function for fiscal year 2011, compared to the allocation of a net profit in the prior fiscal year (resulted in a decrease in expenses), an increase in depreciation expense

allocated to this function for the current fiscal year, and an increase is disposal, retirement contributions, risk management and temporary/part time expenses for various Public Works Department divisions in the current fiscal year.

**Business-type Activities** - The business-type activities increased the City's net assets by \$8.0 million. The operating activity for the Utility Fund resulted in a \$3.2 million increase in net assets, while primarily activity related to the Airpark (developer infrastructure improvements & runway grant) and Golf Funds (transfers from the General Fund to re-grass the greens and fairways) accounted for the remainder of the increase noted.

Charges for services reported in business-type activities increased by \$6.5 million in comparison to the prior year primarily as a result of a two tier rate increase, in an effort to restore system revenues to sustainable levels, which became effective in September 2010 and January 2011, as well as an unanticipated increase in consumption levels. Capital grants and contributions increased by \$9 million, primarily as a result of the receipt of grants funds for a Airport runway rehabilitation project, as well as the capitalization improvements made to the City's Airport by a lessee, in accordance with a contract. Investment earnings decreased by \$.7 million primarily due to a decrease in interest rates and less unrealized gains in the current fiscal year. Transfers increased by \$3.5 million primarily as a result of transfers from the General Fund to the Golf Fund to re-grass the greens and fairways at the City's golf course.

Utility operating expenses increased by \$1.2 million primarily as a result of an increase in chemicals/horticulture expenses in the Water Treatment Plant Division, the increase in profession services paid to Siemens Industry, Inc. related to the City's energy performance projects and the recognition of current fiscal year depreciation expense. Sanitation expenses increased by \$.5 million primarily due to the hiring of a new inspector and an increase in disposal and administrative service charges from the General Fund.

## **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.

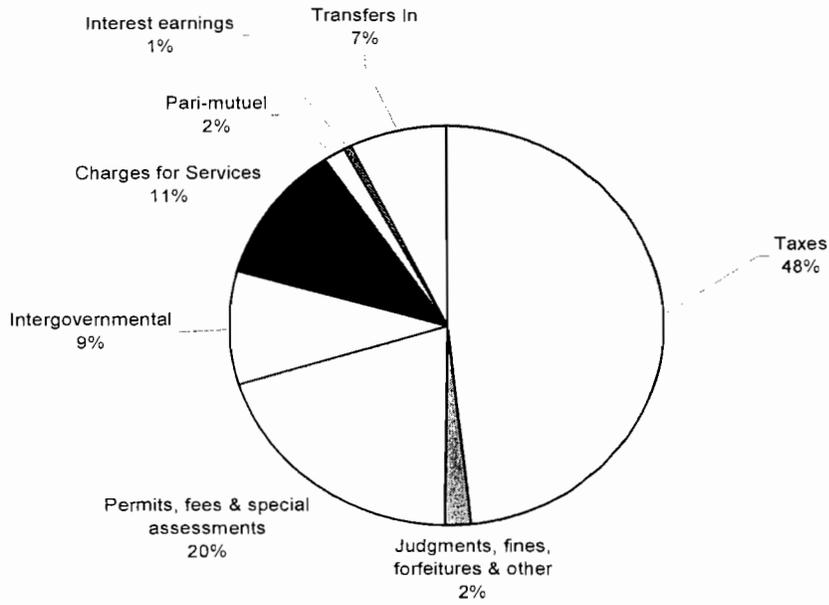
### **Governmental Funds**

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.

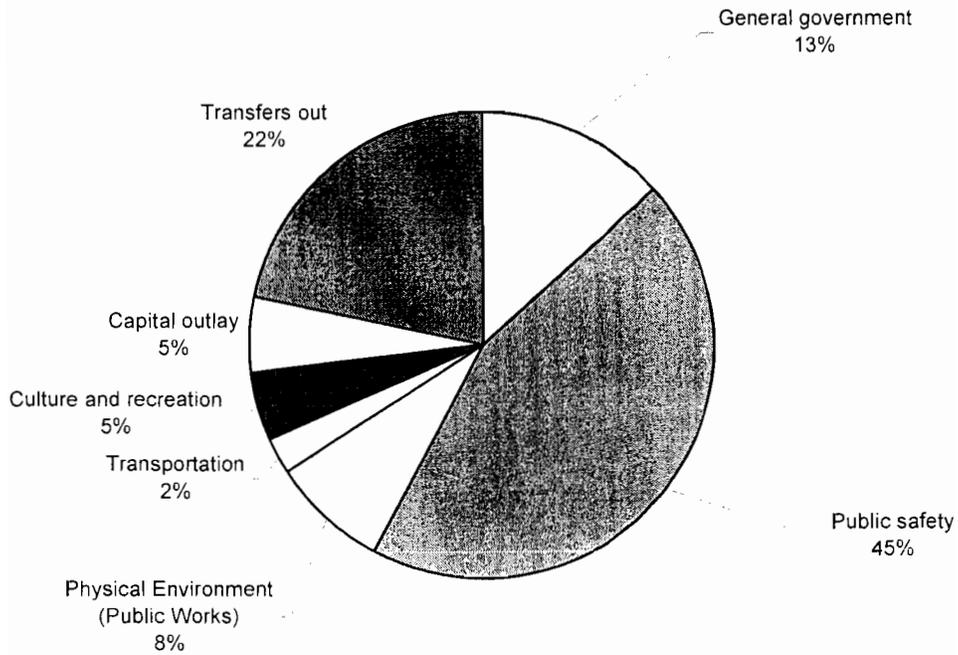
### **The General Fund**

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, 2011:

### Revenues Received By Source



### Actual Expenditures By Function



For the fiscal year ended September 30, 2011 the City reported its Special Purpose Fund and Other Grants Fund activity in stand alone special revenue funds for financial reporting purposes. In the prior fiscal year this activity was reported as a component of the General Fund.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$55.4 million, while total fund balance was \$67.2 million. The fund balance for the City's General Fund decreased by \$23.0 million during the current fiscal year.

Compared to the prior fiscal year, there was a decrease of \$6.3 million in tax revenue, primarily due to a decrease in ad valorem revenues as a result of a decrease in assessed property values, a directive by the City Commission to provide tax relief to its residents resulting in a millage rate below the statutory maximum allowed rate, the retirement of the 1993 General Obligation Bonds in fiscal year 2010 resulting in the elimination of the debt service ad valorem assessment, the re-class of pari-mutuel revenue from the taxes category to its own separate reporting category in the current fiscal year and a decrease in communication service taxes, primarily due to a lump sum distribution from the State of Florida in the prior fiscal year related to an audit resulting in the reallocation of amounts to various Cities.

The increase of \$1.1 million in permits, fees and special assessments is primarily due to an increase in building permit fees due to increased construction and property maintenance activity during the current fiscal year.

The decrease of \$4.9 million in intergovernmental revenue is primarily due to the net effect of the reporting of certain grants in separate special revenue funds (i.e. CDBR-R, Neighborhood Stabilization Program, HPRP etc.) for financial reporting purposes in the current fiscal year, the award of a grant from the U.S. department of Homeland Security for the purchase of a ladder truck for the City's Fire Department (\$.5 million) and the expiration of a contract with Broward County for the provision of 911 communication systems resulting in the loss of annual revenue to the City of approximately \$2.5 million.

The increase of \$.5 million in charges for services is primarily due to an increase in Engineering Division fees assessed enterprise fund projects, as well as administrative fees assessed the Pompano Beach Community Redevelopment Agency (CRA) for lot maintenance provided by the Public Works Department, as well as reimbursement to the City for the salaries and benefits of City employees who work for the CRA, but who were initially compensated by the City during the fiscal year.

The decrease of \$1.8 million in interest earnings is primarily due to a decline in surplus funds available due to a decline in operating revenues and a net increase in transfers out of the General Fund (primarily from fund balance) to the Capital Projects Fund. There was also a decrease in interest rates and less unrealized gains during the current fiscal year.

The increase of \$5.9 million in transfers-in is due to the transfer of expenditures from the Pompano Beach Community Redevelopment Agency related to improvements made to City owned infrastructure (\$3.5 million), as well as the close out of a hurricane reserve fund (\$1.3 million) and the 1993 G.O. Bond Fund (\$1 million) to the General Fund during the current fiscal year.

The decrease of \$1.3 million in general government expenditures is primarily the result of the net effect of a prior fiscal year expenditure related to an amount due Broward County related to a draw against a line of credit for improvements to Atlantic Boulevard (\$.9 million), a decrease (\$.9 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 outsourcing of the code compliance function (\$.6 million), payment to the State of Florida in the prior fiscal year (\$.7 million) based on the final reconciliation of estimated versus actual costs and funding received from

the Florida Highway Administration and an increase in water and sewer charges (\$.5 million) due to a two step rate increase in September 2010 and January 2011.

The decrease of \$.7 million in public safety expenditures is primarily the result of a decrease in amounts paid the Broward Sheriff's Office for policing services in the current fiscal year primarily due to the outsourcing of code compliance to a private company.

The decrease of \$.4 million in physical environment expenditures is primarily the result of the net effect of the reporting of certain grant activity in separate stand alone special revenue funds for financial reporting purposes (i.e. CDBG-R, HPRP, Neighborhood Stabilization Program etc.) and an increase in disposal charges for the Sanitation Division, a decrease in salaries for the Engineering Division due to vacancies, an increase in part time/temporary expenditures and pension contributions for the Grounds Park Maintenance Division and an increase in Risk Management charges for the Building Maintenance Division.

The \$3.8 million increase in capital outlay is primarily the result of the transfer of expenditures from the Pompano Beach Community Redevelopment Agency Northwest and East Districts related to improvements to City owned infrastructure.

The increase of \$19.3 million in transfers out is primarily due to the lump sum movement of committed community improvement funds for various projects from the General Fund to the Capital Projects Fund (\$12.1 million). The remainder of total transfers related to various projects, primarily Fire Station 11, 27th Terrace Bridge, the purchase of emergency generators for City Hall and the Public Safety Complex, the renovation of a warehouse donated to the City in the prior fiscal year, seawall replacement, re-grassing the greens and fairways at the City's golf course, the placement of utility lines underground along Atlantic and Pompano Beach Boulevard and improvements along Pompano Beach Boulevard.

#### **The Northwest Community Redevelopment Agency Northwest District Fund**

The fund balance of the Northwest Community Redevelopment Agency Fund decreased by \$1.1 million during the current fiscal year. This is primarily the result of a decrease in tax increment revenues in the current fiscal year. Tax increment revenue is a function of assessed property values in the District and each taxing district's operating millage rates.

#### **The East Community Redevelopment Agency East District Fund**

The fund balance of the East Community Redevelopment Agency Fund increased by \$.7 million primarily due to the net effect of a decrease in tax increment revenues (a function of assessed property values in the District and each taxing district's operating millage rates) and a transfer from the General Fund (\$2.3 million) for improvements to Pompano Beach Boulevard.

#### **Emergency Management Service Fund**

The fund balance for the EMS Fund decreased by \$.2 million. There was an increase of \$1.2 million in transfers-in during the current fiscal year, offset by an increase in operating expenditures and a decrease in ad valorem tax (due to a decline in assessed property values, as well as a cap on the EMS millage rate of .5 mils, per City Ordinance) and emergency transport fees revenue. EMS expenditures increased primarily as a result of the net effect of an increase in employer pension contributions (as actuarially determined), an increase in risk management charges and an increase in capital outlay expenditures for vehicles.

#### **Capital Projects Fund**

The fund balance of the Capital Projects Fund increased by \$12.2 million during the current fiscal year primarily due to the lump sum movement of committed community improvement funds for various projects from the General Fund to the Capital Projects Fund (\$12.1 million). The remainder of total transfers related to various projects, primarily Fire Station 11, 27th Terrace Bridge, the purchase of

emergency generators for City Hall and the Public Safety Complex, the renovation of a warehouse donated to the City in the prior fiscal year, seawall replacement and the placement of utility lines underground along Atlantic and Pompano Beach Boulevard. Activity related to the majority of these projects was ongoing as of 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 \$6.5 million increase in operating revenue for proprietary funds, is primarily the result of the City enacting a two-step tier rate increase in September 2010 and January 2011, as well as an increase in consumption by utility customers.

The approximately \$1.4 million increase in operating expenses in proprietary funds was primarily the result of an increase in professional services in the Utility Fund due to the City's energy performance contract with Siemens Industry, Inc. (\$.3 million), an increase in chemicals/horticultural expenses in the Water Treatment Plant Division of the Utility Department (\$.3 million) and an increase in depreciation expense (\$.5 million).

Capital grants and contributions increased by \$.9 million as a result of the net effect of an increase in the capitalization of improvements made to a parcel at the City's airport by a tenant, in accordance with the lease agreement (\$.4 million), an increase in the receipt of federal grant funds to rehabilitate the airport runway (\$.8 million) and the receipt of grant funds for chlorine conversion in the prior fiscal year with no such receipt in the current fiscal year (\$.1 million).

Transfers-in increased by \$3.6 million, primarily as a result of transfers from the General Fund to the Golf Fund to re-grass the greens and fairways at the City's golf course.

### **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 \$31.5 million.

The increase of approximately \$.8 million in the Development Services expenditure budget is primarily related to the appropriation of funds for additional part time/temporary help in the Building Inspections Division, as well as the purchase of equipment and office furniture for that division and the rolling of encumbrances from fiscal year 2010 to fiscal year 2011 for professional services for the Planning and Zoning Division for the zoning code rewrite and the digitization of records for the Building Inspections Division.

The increase of \$.5 million in the Police expenditure budget was the result of a budget adjustment processed in the current fiscal year to eliminate a perceived budget to actual variance for police expenditures initially created as a result of an accounting adjustment to accrue for a vacancy credit from the Broward Sheriff's Office (BSO) in fiscal year 2010, which was reversed in fiscal year 2011.

The increase of \$.4 million in the Public Works expenditure budget is primarily due to additional funds required for repair and maintenance expenditures for the Building Maintenance and Grounds Park Maintenance Divisions.

The increase of approximately \$.8 million in the Non-departmental expenditure budget is primarily due to the net effect of an increase in the budget for grant consulting services, services from the City's contracting agency for school cross guard services, consulting services for the proposed re-districting of the City's voting districts, consulting services for a community policing study, the repayment of a loan to Broward County for improvements to Atlantic Boulevard, as well as a budget adjustment that was necessary to correct a perceived variance between budget to actual expenditures for the police function, due to the reversal of a prior year accrual in the current fiscal year related to a vacancy credit from BSO.

The increase of \$5.5 million in the capital outlay budget primarily relates to the appropriation of funds for vehicles for the Public Works Streets Division (\$.3 million), land acquisition costs for the Cresthaven Fire Station #103 and the FEC property on Flagler Avenue (\$1.2 million) and the transfer of \$3.6 million in infrastructure improvements to City assets from the Pompano Beach Community Redevelopment Agency East and Northwest Districts to the General Fund.

The transfers-out budget increased by \$23.2 million primarily related to the lump sum movement of committed community improvement funds for various projects from the General Fund to the Capital Projects Fund (\$12.1 million). The remainder of the increase related to various projects, primarily Fire Station 11, 27th Terrace Bridge, the purchase of emergency generators for City Hall and the Public Safety Complex, the renovation of a warehouse donated to the City in the prior fiscal year, seawall replacement, re-grassing of the greens and fairways at the City golf course, improvements to Pompano Beach Boulevard and the placement of utility lines underground along Atlantic and Pompano Beach Boulevard.

**Final budget compared to actual** – Permits, fees and special assessments revenue was \$.9 million higher than the final budget primarily due to increased construction and repair/maintenance activity during the current fiscal year.

Charges for services revenue was \$.7 million lower than the final budget primarily as a result of the budgeting for a chargeback amount to the building permit function surplus reserve fund balance account. It was necessary to budget for this line item in order to offset against budgeted expenditures within the General Fund. However, as the chargeback was simply taken from fund balance, an actual current revenue amount was not recorded.

Investment earnings were \$1.4 million lower than the final budget primarily due to a decline in surplus funds available due to a decline in operating revenues and a net increase in transfers out of the General Fund from fund balance, to fund capital projects. There was also a decrease in interest rates and unrealized gains during the current fiscal year.

Non-departmental expenditures were \$1.0 million lower than the final budget primarily due to the net effect of the budgeting for the repayment of a loan to Broward County for improvements to Atlantic Boulevard, which was accrued for in fiscal year 2010, a budget adjustment that was necessary to correct a perceived variance between budget to actual expenditures for the police function with no actual activity booked against the budget adjustment (due to the reversal of a prior year accrual in the current fiscal year related to a vacancy credit from BSO) and the budgeting for amortization expense in the General Fund as an offset to record a transfer from the Sanitation Fund.

Culture and recreation expenditures were \$.5 million less than the final budget due to lower than anticipated expenditures for salaries and benefits due to vacancies, as well as the retirement of several long-term employees and subsequent hiring of employees with lower compensation and benefits.

## Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2011, amounts to \$362.4 million, net of accumulated depreciation. This investment in capital assets includes land, building, equipment, improvements, infrastructure and construction in progress.

**TABLE 3**

**CAPITAL ASSETS  
(NET OF ACCUMULATED DEPRECIATION)  
September 30, 2011**

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$ 58,744,581	\$ 57,531,009	\$ 277,365	\$ 277,365	\$ 59,021,946	\$ 57,808,374
Construction in Progress	22,284,146	12,694,614	20,152,393	11,404,894	42,436,539	24,099,508
Buildings	14,340,952	15,468,373	31,733,869	33,020,518	46,074,821	48,488,891
Infrastructure	71,621,098	76,221,356	55,840,661	55,866,142	127,461,759	132,087,498
Improvements	42,680,692	44,073,925	25,120,077	28,464,621	67,800,769	72,538,546
Machinery & Equipment	9,082,049	6,904,090	10,510,888	3,222,523	19,592,937	10,126,613
<b>TOTALS</b>	<b>\$ 218,753,518</b>	<b>\$ 212,893,367</b>	<b>\$ 143,635,253</b>	<b>\$ 132,256,063</b>	<b>\$ 362,388,771</b>	<b>\$ 345,149,430</b>

Major capital assets events during the fiscal year included:

- Land increased by approximately \$1.2 million in governmental activities primarily as a result of the purchase of property from the Florida East Coast Railway, as well as property located at 3721 NE 12th Avenue for Fire Station #103 (Cresthaven).
- Capital projects under construction in governmental activities had a net increase of approximately \$9.6 million primarily as a result of several projects being underway in the current fiscal year, primarily Community Park, George Brummer Park and Mitchell Moore Park improvements, Public Safety Building improvements, Railroad Crossing Repairs, Bridge Repairs, 6th Avenue Corridor improvements and Atlantic and Pompano Beach Boulevard Streetscape Improvements.
- Buildings for governmental activities decreased by approximately \$1.1 million as a result of the recognition of current fiscal year depreciation expense.
- Infrastructure for governmental activities decreased by approximately \$4.6 million, primarily due to the net effect of the recognition of current fiscal year depreciation expense and the capitalization of costs related to the Road Resurfacing Project.
- Improvements for governmental activities decreased by approximately \$1.4 million primarily due to the net effect of the recognition of current fiscal year depreciation expense and the completion and capitalization of costs related to sidewalks and energy efficiency projects at various general government facilities.
- Machinery and Equipment increased by approximately \$2.2 million primarily due to the net effect of the recognition of current fiscal year depreciation expense and the purchase of

vehicles, rescue equipment, computers and lighting equipment by several City departments.

- Capital projects in business-type activities increased by approximately \$8.7 million due to the net effect of ongoing activity for several projects, as well as the capitalization costs for several projects during the fiscal year. Major projects for which construction continues include Water Treatment Plan Security, Lift Stations, Reuse Distribution Expansion, Drainage improvements, Airpark Runway Expansion and Re-grassing of the Greens and Fairways at the City's golf course. Projects costs were also capitalized to improvements, such as Sanitary Sewer Manhole Rehab., Sewer Gravity Mains, Decorative Fencing at the City's golf course and Automatic Meter Reading Devices Installation.
- Buildings for business-type activities decreased by approximately \$1.3 million. This is primarily the result of the recognition of current fiscal year depreciation expense.
- Improvements decreased by approximately \$3.4 million due to the net effect of the recognition of current fiscal year depreciation expense and the capitalization of costs related to several projects during the fiscal year, as discussed above.
- The increase of approximately \$7.3 million in machinery and equipment is primarily due to the net effect of the recognition of current fiscal year depreciation expense and the purchase of Automatic Meter Reading devices related to the City's energy performance project.

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

### Outstanding Debt

At the end of the current fiscal year the City had total debt (bonds and notes) of \$65,741,122 outstanding compared to \$58,077,344 last year, a 13% increase.

**TABLE 4 - OUTSTANDING DEBT  
September 30, 2011**

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenue bonds	\$ -	\$ -	\$ 26,587,042	\$ 30,239,506	\$ 26,587,042	\$ 30,239,506
Tax increment bonds	25,375,676	27,837,838	-	-	25,375,676	27,837,838
Notes	3,060,164	-	10,717,746	-	13,777,910	-
TOTAL	\$ 28,435,840	\$ 27,837,838	\$ 37,304,788	\$ 30,239,506	\$ 65,740,628	\$ 58,077,344

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, 2011, National was assigned a BBB rating by Standard and Poor's and a rating of Baa1 by Moody's. Standard and Poor's downgraded the insurance agency from an A rating in fiscal year 2010.

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, 2011, total principal and interest outstanding related to this debt issue was \$7,634,128 and \$2,584,797, respectively.

On December 14, 2010 the City Commission authorized the issuance of Health Facilities Revenue Refunding Bonds, Series 2010, in an amount not exceeding \$30 million, for the purpose of loaning the proceeds to John Knox of Village, Inc. (the Village), as borrower, to be applied to (I) refund and defease all of the Broward County Health Facilities Authority Revenue and Revenue Refunding bonds, Series 2002, outstanding as of the date of issuance of the Series 2010 Bonds, and (II) pay costs of issuance of the Series 2010 Bonds. The 2010 Series bonds were subsequently issued on December 30, 2010 in the amount of \$29,045,000. The bonds are limited obligations of the City payable from the loan payments due from the Village. The City is not obligated to pay the principal or interest on the bonds except from the loan payments made by the Village, and neither the faith and credit nor the taxing power of the City is pledged to the payment of the principal and interest on the bonds. At September 30, 2011, total principal and interest outstanding related to this debt issue was \$28,130,000 and \$8,443,528, 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 plug the financial gap as aid from the federal government's \$800 billion stimulus program winds down this year. 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 2012 budgets. This fiscal drag is attributing to the rate of growth of Florida's gross domestic product (GDP). In fact, the impact of budget tightening is greater, as the GDP data doesn't break out the effects of tax increases on growth. Moreover, local government spending is likely to continue to be a drag on economic growth, without forthcoming stimulus aid, as local government revenues lag economic cycles. Continued efforts from Washington still prevail for Congress to pass a \$450.0 billion package for tax cuts and government spending, of which approximately \$35 billion would go to state and local governments aimed at preventing layoffs.

Current economic growth activity continues to expand, but remains relatively weak as an uncertain economic outlook has increased caution. Areas showing slight improvements include tourism, construction, and real estate activity. The South Florida real estate market has been experiencing

increased realtor sales over the past year. However, these sales have been at a reduced price compared to the corresponding prior year. Consumer spending was up slightly due to increases in auto sales and fairly strong back-to-school sales. Furthermore, despite payroll numbers being healthier than a year ago, labor market conditions remain unchanged with only limited and selective demand for new hires. All signs point to hiring being restrained due to an elevated uncertainty or lower expectation for future growth. Early indications for the next fiscal year show a subdued economy as a result of factors, such as falling average hourly earnings.

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 1.00% for FY 2012. 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 2012 that, if passed, will have a negative impact on City finances and operation for the following fiscal year and beyond. The combination of a tax base decrease from \$9.3 billion to \$8.8 billion dollars and the City Commissions desire to provide tax relief to residents, resulted in a millage of 5.2027, which is a decrease of 5.7 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 \$2.1 million dollar loss in revenue, which the City will offset with reserves.

In addition to property tax reform and budget adjustments, other economic factors affecting the City's FY 2012 Budget include:

- Slight increase in building permits issued. Mostly due to City and Pompano Beach Community Redevelopment Agency generated projects.
- The commercial construction industry in South Florida remains relatively weak due to elevated vacancies and declining commercial rents. Although, commercial construction increased at a slow pace throughout the year.
- Both Broward and Miami-Dade saw their jobless rates drop to lows not seen since 2009; with Miami-Dade's unemployment rate plummeting from 12.2% to 11.5% in September 2011 and Broward's modest decline from 9.5% to 9.3%, bringing unemployment to its lowest level since May 2009.

Based on the preceding discussion, local economic conditions are not expected to improve for calendar year 2012. The continuing economic instability further adds to the concern and uncertainty as to the overall revenue impact on local governments.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

## **BASIC FINANCIAL STATEMENTS**

**CITY OF POMPANO BEACH, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2011**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 18,238,156	\$ 8,356,168	\$ 26,594,324
Restricted cash and cash equivalents	9,809,024	4,396,569	14,205,593
Restricted investments	9,801,507	7,540,596	17,342,103
Unrestricted investments	144,404,591	36,823,736	181,228,327
Interest receivable	573,943	174,255	748,198
Accounts receivables (net)	6,044,136	5,150,845	11,194,981
Internal balances	(2,461,662)	2,461,662	-
Due from other governments	2,731,907	1,106,968	3,838,875
Inventories	1,128,891	411,377	1,540,268
Prepays	774,175	137,319	911,494
Other assets	254,791	-	254,791
Unamortized bond costs	24,473	139,026	163,499
Assets held for resale for development	35,119,208	-	35,119,208
Net pension asset	1,155,722	-	1,155,722
Capital assets:			
Land and construction in progress	81,028,726	20,429,757	101,458,483
Other capital assets net of accumulated depreciation	137,724,792	123,205,496	260,930,288
Total capital assets net of accumulated depreciation	218,753,518	143,635,253	362,388,771
Total assets	<u>446,352,380</u>	<u>210,333,774</u>	<u>656,686,154</u>
<b>LIABILITIES</b>			
Accounts payable	2,039,352	1,812,087	3,851,439
Accrued expenses	822,003	204,136	1,026,139
Due to other governments	80,207	-	80,207
Customer deposits payable	46	-	46
Unearned revenue	3,726,528	416,667	4,143,195
Liabilities payable from restricted assets:			
Customer deposits payable	5,789	924,936	930,725
Accounts payable	588,783	1,414,155	2,002,938
Accrued expenses	194,535	-	194,535
Accrued interest payable	206,198	323,847	530,045
Unearned revenue	4,500	-	4,500
Long term obligations	-	767,440	767,440
Noncurrent liabilities:			
Due within one year:			
Long-term obligations	2,477,162	2,457,560	4,934,722
Notes Payable	218,732	766,076	984,808
Unearned revenue	-	833,333	833,333
Claims and judgments	2,076,195	-	2,076,195
Compensated absences	314,861	11,848	326,709
Due in more than one year:			
Long-term obligations	22,898,514	23,362,042	46,260,556
Notes Payable	2,841,432	9,951,671	12,793,103
Claims and judgments	14,235,805	-	14,235,805
Compensated absences	4,611,370	1,015,090	5,626,460
Net OPEB obligation	5,545,075	1,213,576	6,758,651
Total liabilities	<u>62,887,087</u>	<u>45,474,464</u>	<u>108,361,551</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	218,753,518	117,815,651	336,569,169
Restricted for:			
Renewal and replacement/rate stabilization	-	3,276,073	3,276,073
Capital projects	1,470,845	5,230,714	6,701,559
Building permit function	10,415,430	-	10,415,430
Community Redevelopment	51,463,602	-	51,463,602
Transportation	806,543	-	806,543
Cultural Arts	22,917	-	22,917
Unrestricted	100,532,438	38,536,872	139,069,310
Total net assets	<u>\$ 383,465,293</u>	<u>\$ 164,859,310</u>	<u>\$ 548,324,603</u>

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

**CITY OF POMPANO BEACH, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 31,870,782	\$ 10,249,276	\$ 39,144	\$ 3,640
Public safety	76,787,154	20,800,209	3,064,558	279,556
Physical environment	15,550,874	74,417	95,241	3,391,446
Transportation	3,996,841	611,102	-	-
Culture and recreation	7,964,422	1,736,482	353,038	89,080
Interest on long-term debt	1,307,248	-	-	-
Total governmental activities	<u>137,477,321</u>	<u>33,471,486</u>	<u>3,551,981</u>	<u>3,763,722</u>
Business-type activities:				
Utility	37,906,357	40,663,118	-	62,509
Sanitation	3,815,493	5,419,414	-	-
Stormwater	2,008,840	2,457,922	-	-
Pier	267,233	105,340	-	-
Airpark	1,417,254	979,402	-	1,578,015
Golf course	3,643,143	2,475,617	-	3,089
Total business-type activities	<u>49,058,320</u>	<u>52,100,813</u>	<u>-</u>	<u>1,643,613</u>
Total government	<u>\$ 186,535,641</u>	<u>\$ 85,572,299</u>	<u>\$ 3,551,981</u>	<u>\$ 5,407,335</u>

General revenues:

Taxes:

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

Transfers

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

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

<b>Net (Expense) Revenue and Changes in Net Assets</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (21,578,722)	\$ -	\$ (21,578,722)
(52,642,831)	-	(52,642,831)
(11,989,770)	-	(11,989,770)
(3,385,739)	-	(3,385,739)
(5,785,822)	-	(5,785,822)
(1,307,248)	-	(1,307,248)
<u>(96,690,132)</u>	<u>-</u>	<u>(96,690,132)</u>
-	2,819,270	2,819,270
-	1,603,921	1,603,921
-	449,082	449,082
-	(161,893)	(161,893)
-	1,140,163	1,140,163
-	(1,164,437)	(1,164,437)
<u>-</u>	<u>4,686,106</u>	<u>4,686,106</u>
<u>(96,690,132)</u>	<u>4,686,106</u>	<u>(92,004,026)</u>
43,120,938	-	43,120,938
1,867,765	-	1,867,765
1,900,445	-	1,900,445
9,603,801	-	9,603,801
5,775,772	-	5,775,772
8,069,453	-	8,069,453
1,897,796	-	1,897,796
7,410,674	-	7,410,674
7,664,439	-	7,664,439
3,062	120,761	123,823
1,607,688	407,549	2,015,237
988,393	427,910	1,416,303
(2,331,891)	2,331,891	-
<u>87,578,335</u>	<u>3,288,111</u>	<u>90,866,446</u>
(9,111,797)	7,974,217	(1,137,580)
392,577,090	156,885,093	549,462,183
<u>\$ 383,465,293</u>	<u>\$ 164,859,310</u>	<u>\$ 548,324,603</u>

**CITY OF POMPANO BEACH, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2011**

	<u>General</u>	<u>Northwest Community Redevelopment District</u>	<u>East Community Redevelopment District</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,998,376	\$ 4,127,748	\$ 3,576,290
Restricted cash and cash equivalents	-	-	8,090,206
Restricted investments	8,190,183	-	-
Unrestricted investments	54,616,211	21,021,587	5,568,729
Interest receivable	253,232	61,826	28,487
Accounts receivables, net	2,475,166	-	-
Assets held for resale for development	-	33,057,234	-
Due from other funds	881,168	-	-
Due from other governments	2,042,992	-	-
Inventories	214,895	-	-
Prepays	30,619	-	743,556
Other assets	27,617	218,248	-
Total assets	<u>\$ 72,730,459</u>	<u>\$ 58,486,643</u>	<u>\$ 18,007,268</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 544,006	\$ 194,117	\$ 550,397
Accrued expenditures	754,463	-	-
Due to other governments	80,207	-	-
Due to other funds	-	-	-
Advances from other funds	2,500,000	-	-
Deposits	-	5,789	-
Unearned/Deferred revenue	1,688,964	4,500	-
Total liabilities	<u>5,567,640</u>	<u>204,406</u>	<u>550,397</u>
Fund balances:			
Nonspendable	245,514	218,248	743,556
Restricted	8,190,183	58,063,989	16,713,315
Committed	-	-	-
Assigned	3,367,131	-	-
Unassigned	55,359,991	-	-
Total fund balances	<u>67,162,819</u>	<u>58,282,237</u>	<u>17,456,871</u>
Total liabilities and fund balances	<u>\$ 72,730,459</u>	<u>\$ 58,486,643</u>	<u>\$ 18,007,268</u>

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

<b>Emergency Medical Svc. District</b>	<b>Capital Projects</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 161,027	\$ 3,083,866	\$ 969,272	\$ 15,916,579
-	1,557,791	-	9,647,997
-	-	3,031,790	11,221,973
1,611,324	32,064,477	3,544,006	118,426,334
8,896	121,028	8,370	481,839
3,255,293	153,431	160,246	6,044,136
-	-	2,061,974	35,119,208
-	-	-	881,168
6,526	277,209	396,044	2,722,771
127,789	-	-	342,684
-	-	-	774,175
-	8,926	-	254,791
<u>\$ 5,170,855</u>	<u>\$ 37,266,728</u>	<u>\$ 10,171,702</u>	<u>\$ 201,833,655</u>
\$ 70,844	\$ 1,080,556	\$ 74,344	\$ 2,514,264
194,535	7,298	5,982	962,278
-	-	-	80,207
-	-	461,168	461,168
-	-	-	2,500,000
-	46	-	5,835
2,733,793	143,333	2,956,444	7,527,034
<u>2,999,172</u>	<u>1,231,233</u>	<u>3,497,938</u>	<u>14,050,786</u>
127,789	-	-	1,335,107
-	1,470,845	5,116,681	89,555,013
2,043,894	34,564,650	1,767,034	38,375,578
-	-	-	3,367,131
-	-	(209,951)	55,150,040
2,171,683	36,035,495	6,673,764	187,782,869
<u>\$ 5,170,855</u>	<u>\$ 37,266,728</u>	<u>\$ 10,171,702</u>	<u>\$ 201,833,655</u>

**CITY OF POMPANO BEACH, FLORIDA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2011**

Fund Balances - total governmental funds \$ 187,782,869

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	316,917,511	
Less accumulated depreciation	<u>(98,578,886)</u>	218,338,625

Net pension asset is not a financial resource and therefore is not reported in the governmental funds. 1,155,721

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. (5,268,995)

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	2,733,793	
FEMA-Hurricane Wilma	254,943	
Neighborhood Stabilization Grant	133,809	
Broward County Challenge Grant	77,282	
U.S. Department Interior Grant	87,779	
CDBG/Home/HPRP Grants	169,170	
Communication service taxes	339,230	

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

Tax increment bonds	(25,375,676)	
Notes payable	(3,060,164)	
Accrued interest payable	(206,198)	
Compensated absences	<u>(4,634,408)</u>	(33,276,446)

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. 24,473

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:

	28,342,735	
	<u>(17,468,033)</u>	10,874,702

Adjustment for Internal Service Funds look-back 38,338

Net assets of governmental activities \$ 383,465,293

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, 2011**

	<u>General</u>	<u>Northwest Community Redevelopment District</u>	<u>East Community Redevelopment District</u>
<b>REVENUES</b>			
Taxes	\$ 55,255,117	\$ 6,297,826	\$ 1,771,627
Judgments, fines and forfeitures	1,204,590	-	-
Permits, fees and special assessments	23,126,737	-	-
Intergovernmental	10,415,998	-	-
Charges for services	12,703,681	64,265	-
Pari-Mutuel	1,897,796	-	-
Donations	28,794	-	-
Program Income	-	-	-
Recaptured Funds	-	-	-
Interest earnings	653,375	196,212	77,495
Cemetery lot sales	-	-	-
Other revenue	711,200	56,523	94
Total revenues	<u>105,997,288</u>	<u>6,614,826</u>	<u>1,849,216</u>
<b>EXPENDITURES</b>			
Current:			
General government	18,208,625	3,139,284	685,463
Public safety	61,147,100	-	-
Physical environment	11,085,953	-	-
Transportation	3,133,813	-	-
Culture and recreation	6,750,254	-	-
Debt service:			
Principal	-	2,162,162	300,000
Interest	-	747,421	505,305
Capital outlay	7,032,572	35,694	19,566
Total expenditures	<u>107,358,317</u>	<u>6,084,561</u>	<u>1,510,334</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,361,029)</u>	<u>530,265</u>	<u>338,882</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	53,150	-	-
Proceeds from notes payable	-	-	-
Transfers in	8,120,582	-	2,346,947
Transfers out	(29,793,768)	(1,639,544)	(1,948,089)
Total other financing sources (uses)	<u>(21,620,036)</u>	<u>(1,639,544)</u>	<u>398,858</u>
Net change in fund balances	(22,981,065)	(1,109,279)	737,740
Fund balances—beginning	<u>90,143,884</u>	<u>59,391,516</u>	<u>16,719,131</u>
Fund balances—ending	<u>\$ 67,162,819</u>	<u>\$ 58,282,237</u>	<u>\$ 17,456,871</u>

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

<b>Emergency Medical Services District</b>	<b>Capital Projects</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 4,394,810	\$ 2,274,929	\$ 261,258	\$ 70,255,567
-	-	-	1,204,590
-	33,990	122,892	23,283,619
72,624	1,757,185	1,937,017	14,182,824
3,315,243	-	89,662	16,172,851
-	-	-	1,897,796
395	10,000	20,350	59,539
-	-	790,129	790,129
-	-	23,571	23,571
58,956	331,012	47,759	1,364,809
-	-	42,975	42,975
-	1,024	-	768,841
<u>7,842,028</u>	<u>4,408,140</u>	<u>3,335,613</u>	<u>130,047,111</u>
-	197,047	19,579	22,249,998
13,523,027	-	124,192	74,794,319
-	1,065,706	2,671,331	14,822,990
-	-	219,755	3,353,568
-	18,290	158,465	6,927,009
-	-	-	2,462,162
-	-	-	1,252,726
549,821	10,862,710	429,066	18,929,429
<u>14,072,848</u>	<u>12,143,753</u>	<u>3,622,388</u>	<u>144,792,201</u>
(6,230,820)	(7,735,613)	(286,775)	(14,745,090)
-	-	-	53,150
-	2,998,438	-	2,998,438
6,078,620	18,506,675	-	35,052,824
-	(1,608,000)	(2,395,314)	(37,384,715)
<u>6,078,620</u>	<u>19,897,113</u>	<u>(2,395,314)</u>	<u>719,697</u>
(152,200)	12,161,500	(2,682,089)	(14,025,393)
<u>2,323,883</u>	<u>23,873,995</u>	<u>9,355,853</u>	<u>201,808,262</u>
<u>\$ 2,171,683</u>	<u>\$ 36,035,495</u>	<u>\$ 6,673,764</u>	<u>\$ 187,782,869</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, 2011**

Net change in fund balances - total governmental funds \$ (14,025,393)

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	18,929,429	
Less depreciation	<u>(12,890,680)</u>	6,038,749

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	407,407	
Change in deferred revenue-franchise payment	(459,996)	
Change in deferred revenue-communication service tax	82,607	
Change in net pension asset	(16,219)	
Change in net OPEB obligation	(679,930)	
Change in deferred revenue-U.S. Department Interior Grant	87,779	
Change in deferred revenue-FEMA-Hurricane Wilma Grant	(112,670)	
Change in deferred revenue-CDBG/HOME/HPRP Grants	(5,538)	
Change in deferred revenue-Energy Efficiency Block Grant	(8,802)	
Change in deferred revenue-Neighborhood Stabilization Program Grant	122,007	
Change in deferred revenue- Broward County Challenge Grant	77,282	
Loss on sale of capital assets	(110,137)	
Donation of equipment	3,640	
Change in compensated absences liability	2,622	
Change in accrued interest	(54,522)	
Pollution remediation obligation	251,634	
Contract reimbursement-FPL electric bill	<u>(11,449)</u>	(424,285)

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	2,462,162	
Proceeds from notes payable	(2,998,438)	
Amortization of bond issuance costs	<u>(3,264)</u>	(539,540)

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. (159,182)

Adjustment for Internal Service Funds look-back (2,146)

Change in Net Assets - Governmental Activities \$ (9,111,797)

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, 2011**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Utility</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Activities - Internal Service Funds</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 6,851,518	\$ 1,504,650	\$ 8,356,168	\$ 2,482,604
Restricted cash and cash equivalents	4,106,354	290,215	4,396,569	-
Interest receivable	114,020	60,235	174,255	92,104
Accounts Receivables, net	4,346,551	804,294	5,150,845	-
Due from other governments	3,968	1,103,000	1,106,968	9,136
Advances to other funds	-	416,667	416,667	-
Inventories	394,357	17,020	411,377	786,207
Prepaid Expenses	-	137,319	137,319	-
Unamortized bond costs	20,193	-	20,193	-
Total current assets	<u>15,836,961</u>	<u>4,333,400</u>	<u>20,170,361</u>	<u>3,370,051</u>
Noncurrent assets:				
Restricted investments	4,201,009	3,339,587	7,540,596	-
Unrestricted investments	24,802,844	12,020,892	36,823,736	24,557,791
Advances to other funds	-	2,083,333	2,083,333	-
Unamortized bond costs	118,833	-	118,833	-
Capital assets:				
Land	216,373	60,992	277,365	-
Construction in progress	13,618,918	6,533,474	20,152,392	-
Buildings	47,635,353	3,504,381	51,139,734	254,536
Infrastructure	105,664,802	17,141,154	122,805,956	-
Improvements	29,416,530	13,220,152	42,636,682	423,838
Machinery and equipment	18,417,429	3,818,446	22,235,875	5,371,290
Less accumulated depreciation	(98,880,953)	(16,731,798)	(115,612,751)	(5,634,771)
Total capital assets (net of accumulated depreciation)	<u>116,088,452</u>	<u>27,546,801</u>	<u>143,635,253</u>	<u>414,893</u>
Total noncurrent assets	<u>145,211,138</u>	<u>44,990,613</u>	<u>190,201,751</u>	<u>24,972,684</u>
Total assets	<u>161,048,099</u>	<u>49,324,013</u>	<u>210,372,112</u>	<u>28,342,735</u>
<b>LIABILITIES</b>				
Current liabilities, unrestricted:				
Accounts payable	1,644,871	167,216	1,812,087	113,870
Accrued expenses	166,834	37,302	204,136	54,260
Due to other funds	-	-	-	420,000
Unearned revenue	-	416,667	416,667	-
Compensated absences	11,848	-	11,848	-
Claims and judgments	-	-	-	2,076,195
Current portion of long term debt	2,457,560	-	2,457,560	-
Total current liabilities, unrestricted	<u>4,281,113</u>	<u>621,185</u>	<u>4,902,298</u>	<u>2,664,325</u>
Current liabilities payable from restricted assets:				
Accounts payable	306,770	1,107,385	1,414,155	-
Customer deposits payable	924,936	-	924,936	-
Accrued interest payable	323,847	-	323,847	-
Current portion of long term debt	767,440	-	767,440	-
Total current liabilities payable from restricted assets	<u>2,322,993</u>	<u>1,107,385</u>	<u>3,430,378</u>	<u>-</u>
Total current liabilities	<u>6,604,106</u>	<u>1,728,570</u>	<u>8,332,676</u>	<u>2,664,325</u>
Noncurrent liabilities:				
Unearned revenue	-	833,333	833,333	-
Compensated absences	836,471	178,619	1,015,090	291,823
Net OPEB obligation	967,374	246,202	1,213,576	276,080
Claims and judgments	-	-	-	14,235,805
Notes payable	10,717,747	-	10,717,747	-
Revenue bonds payable	23,362,042	-	23,362,042	-
Total noncurrent liabilities	<u>35,883,634</u>	<u>1,258,154</u>	<u>37,141,788</u>	<u>14,803,708</u>
Total liabilities	<u>42,487,740</u>	<u>2,986,724</u>	<u>45,474,464</u>	<u>17,468,033</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	90,268,850	27,546,801	117,815,651	414,893
Restricted:				
Renewal & replacement/rate stabilization	3,276,073	-	3,276,073	-
Capital Projects	2,708,297	2,522,417	5,230,714	-
Unrestricted	22,307,139	16,268,071	38,575,210	10,459,809
Total net assets	<u>\$ 118,560,359</u>	<u>\$ 46,337,289</u>	<u>\$ 164,897,648</u>	<u>\$ 10,874,702</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, 2011**

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Net assets - Enterprise Funds	\$	164,897,648
Adjustment to Enterprise Funds for Internal Service Funds look-back		(38,338)
Net Assets - Business-type Activities	\$	<u>164,859,310</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, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Utility	Nonmajor Enterprise Funds	Total	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 40,663,118	\$ 11,437,695	\$ 52,100,813	\$ 19,607,942
Contract fee extension	-	416,667	416,667	-
Miscellaneous	11,242	-	11,242	176,401
Total operating revenues	<u>40,674,360</u>	<u>11,854,362</u>	<u>52,528,722</u>	<u>19,784,343</u>
<b>OPERATING EXPENSES</b>				
Personal services	7,728,305	1,650,802	9,379,107	2,404,602
Other current expenses	21,633,916	7,666,187	29,300,103	17,618,336
Depreciation and amortization	6,971,049	1,850,693	8,821,742	165,116
Total operating expenses	<u>36,333,270</u>	<u>11,167,682</u>	<u>47,500,952</u>	<u>20,188,054</u>
Operating income (loss)	<u>4,341,090</u>	<u>686,680</u>	<u>5,027,770</u>	<u>(403,711)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and investment revenue	255,551	151,998	407,549	242,879
Miscellaneous revenue	120,761	-	120,761	3,062
Miscellaneous expense	(1,566)	-	(1,566)	(1,412)
Interest expense and fiscal agent fees	(1,557,947)	-	(1,557,947)	-
Total nonoperating revenue (expenses)	<u>(1,183,201)</u>	<u>151,998</u>	<u>(1,031,203)</u>	<u>244,529</u>
Income (loss) before contributions and transfers	3,157,889	838,678	3,996,567	(159,182)
Capital grants and contributions	62,509	1,581,104	1,643,613	-
Transfers in	-	4,469,526	4,469,526	-
Transfers out	-	(2,137,635)	(2,137,635)	-
Change in net assets	<u>3,220,398</u>	<u>4,751,673</u>	<u>7,972,071</u>	<u>(159,182)</u>
Total net assets—beginning	<u>115,339,961</u>	<u>41,585,616</u>	<u>156,925,577</u>	<u>11,033,884</u>
Total net assets—ending	<u>\$ 118,560,359</u>	<u>\$ 46,337,289</u>	<u>\$ 164,897,648</u>	<u>\$ 10,874,702</u>

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

**CITY OF POMPANO BEACH, FLORIDA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS OF ENTERPRISE FUNDS TO THE  
STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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Net change in Net Assets - Enterprise Funds	\$	7,972,071
Adjustment to Enterprise Funds for Internal Service Funds look-back		<u>2,146</u>
Change in Net Assets - Business-type Activities	\$	<u><u>7,974,217</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, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Utility	Nonmajor Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from other funds	\$ -	\$ -	\$ -	\$ 17,284,880
Receipts from customers	39,656,135	11,398,686	51,054,821	2,355,712
Receipts from subrogation	-	-	-	153,854
Payments to suppliers	(21,051,378)	(7,799,240)	(28,850,618)	(13,306,767)
Payments to employees	(7,705,152)	(1,615,790)	(9,320,942)	(2,368,567)
Claims paid	-	-	-	(2,358,773)
Net cash provided (used) by operating activities	<u>10,899,605</u>	<u>1,983,656</u>	<u>12,883,261</u>	<u>1,760,339</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Advances from other funds	-	416,666	416,666	(110,000)
Transfers to other funds	-	(2,137,635)	(2,137,635)	-
Transfers from other funds	-	4,469,526	4,469,526	-
Interest paid on utility deposits	(2,983)	-	(2,983)	-
Net cash provided (used) by non capital financing activities	<u>(2,983)</u>	<u>2,748,557</u>	<u>2,745,574</u>	<u>(110,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(13,663,211)	(4,782,546)	(18,445,757)	(94,426)
Capital grants and contributions	223,990	-	223,990	-
Proceeds from note	10,501,562	-	10,501,562	-
Proceeds from the sale of capital assets	120,761	-	120,761	3,062
Principal paid on bonds	(3,042,696)	-	(3,042,696)	-
Payments to fiscal agents	(750)	-	(750)	-
Interest paid on bonds	(1,329,808)	-	(1,329,808)	-
Net cash provided (used) by capital and related financing activities	<u>(7,190,152)</u>	<u>(4,782,546)</u>	<u>(11,972,698)</u>	<u>(91,364)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Calls/maturities of investments	12,412,512	8,221,336	20,633,848	8,039,513
Purchase of investments	(10,915,598)	(8,616,782)	(19,532,380)	(10,490,595)
Interest earnings	337,283	200,922	538,205	314,755
Net cash provided (used) by investing activities	<u>1,834,197</u>	<u>(194,524)</u>	<u>1,639,673</u>	<u>(2,136,327)</u>
Net increase (decrease) in cash and cash equivalents	5,540,667	(244,857)	5,295,810	(577,352)
Cash and cash equivalents, beginning of the year	5,417,205	2,039,722	7,456,927	3,059,956
Cash and cash equivalents, end of the year	<u>\$ 10,957,872</u>	<u>\$ 1,794,865</u>	<u>\$ 12,752,737</u>	<u>\$ 2,482,604</u>
Cash and cash equivalents, unrestricted	\$ 6,851,518	\$ 1,504,650	\$ 8,356,168	\$ 2,482,604
Cash and cash equivalents, restricted	4,106,354	290,215	4,396,569	-
Cash and cash equivalents, end of the year	<u>\$ 10,957,872</u>	<u>\$ 1,794,865</u>	<u>\$ 12,752,737</u>	<u>\$ 2,482,604</u>
Non-cash transactions (Capital & Related Financing Activities):				
Contribution of capital assets from developers	\$ -	\$ 626,074	\$ 626,074	\$ -
Donation of equipment	-	3,089	3,089	-
Non-cash transactions (Investing Activities):				
Changes in fair value of investments	82,404	44,876	127,280	69,959
	<u>\$ 82,404</u>	<u>\$ 674,039</u>	<u>\$ 756,443</u>	<u>\$ 69,959</u>

(Continued)

CITY OF POMPANO BEACH, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Unaudited

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Utility	Nonmajor Enterprise Funds	Total	
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ 4,341,090	\$ 686,680	\$ 5,027,770	(403,711)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization expense	6,971,049	1,850,693	8,821,742	165,116
<b>Change in assets and liabilities:</b>				
<b>(Increase) decrease in assets:</b>				
Accounts receivables	(943,152)	(39,010)	(982,162)	-
Inventories	(40,996)	(1,447)	(42,443)	10,102
Other assets and prepaids	2,110	(137,319)	(135,209)	59,163
<b>Increase (decrease) in liabilities:</b>				
Accounts and other payables	458,522	(25,832)	432,690	(26,387)
Accrued expenses	22,814	10,159	32,973	10,242
Customer deposits payable	(75,073)	-	(75,073)	-
Unearned revenue	-	(416,666)	(416,666)	-
Compensated absences	339	24,853	25,192	25,793
Other Post Employment Benefits (OPEB)	162,902	31,545	194,447	32,021
Estimated claims payable	-	-	-	1,888,000
Net cash provided (used) by operating activities	<u>\$ 10,899,605</u>	<u>\$ 1,983,656</u>	<u>\$ 12,883,261</u>	<u>\$ 1,760,339</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, 2011**

	<b>Employee Retirement Plans</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,383,625	\$ 552,485
Receivables:		
Accrued interest and dividends	689,859	-
Due from brokers	4,927,265	-
Other	160,149	5,895
Total receivables	<u>5,777,273</u>	<u>5,895</u>
Other assets	1,118,901	-
Investments:		
U.S. Government obligations	19,399,969	-
Mortgage backed securities	13,122,754	-
Municipal obligations	641,084	-
Corporate obligations	30,335,771	-
Equity securities	144,789,043	-
Mutual funds and collective trusts	8,805,352	-
Domestic equity funds	11,577,298	-
International equity funds	12,806,113	-
Private equity funds	12,147,445	-
Real estate funds	13,752,698	-
Money market funds	13,578,932	-
Total investments	<u>280,956,459</u>	<u>-</u>
Property & equipment, net of accumulated depreciation	70,916	-
Total assets	<u>291,307,174</u>	<u>558,380</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	390,844	-
Deferred retirement option plan payable	3,512,291	-
Due to brokers	2,898,322	-
Deposits, sales tax and payroll taxes payable	-	558,380
Total liabilities	<u>6,801,457</u>	<u>\$ 558,380</u>
<b>NET ASSETS</b>		
Held in trust for pension benefits	<u>\$ 284,505,717</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, 2011**

	<b>Employee Retirement Plans</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 9,486,474
Broward County Sheriff's Office	3,812,346
Broward County - Library	29,104
Members	4,301,890
State	1,934,985
Total contributions	<u>19,564,799</u>
Investment income (loss):	
Net appreciation in fair value of investments	(1,012,076)
Interest and dividends	6,792,121
Commission recapture	3,362
Other	75,143
Total investment income (loss)	<u>5,858,550</u>
Less: investment expenses	1,985,249
deferred retirement option plan earnings	250,311
Net investment income (loss)	<u>3,622,990</u>
Total	<u>23,187,789</u>
<b>DEDUCTIONS</b>	
Participant benefit payments	23,266,067
Refunds of participant contributions	277,886
Administrative expenses	1,051,696
Total	<u>24,595,649</u>
Net increase (decrease)	<u>(1,407,860)</u>
<b>Net assets held in trust for pension benefits</b>	
Beginning of the year	285,913,577
End of the year	<u>\$ 284,505,717</u>

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

## **Notes to the Financial Statements**

**CITY OF POMPANO BEACH, FLORIDA**

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FISCAL YEAR ENDED SEPTEMBER 30, 2011

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## CITY OF POMPANO BEACH, FLORIDA

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2011

#### (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, 2011**

**(B) Blended Component Unit Disclosure**

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

The 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.

**(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

## CITY OF POMPANO BEACH, FLORIDA

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2011

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 respective fund financial statements.

#### **(D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide, proprietary and fiduciary fund (with the exception of the agency fund which has no measurement focus) financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Unbilled service revenue is accrued in the enterprise funds.

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

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

## CITY OF POMPANO BEACH, FLORIDA

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2011

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* (EMS) accounts for ad valorem taxes and emergency transport fees collected for emergency medical services provided by the City.

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

The City reports the following major proprietary fund:

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

The City also has certain funds (Special Purpose Fund, Law Enforcement Trust Fund (LETF), State Housing Initiative Partnership Grant Fund (SHIP), Other Grants Fund, 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.

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.

## CITY OF POMPANO BEACH, FLORIDA

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2011

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.

#### **(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

## CITY OF POMPANO BEACH, FLORIDA

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2011

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.

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

CITY OF POMPANO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

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 \$1,231,910. 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.

**(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

## CITY OF POMPANO BEACH, FLORIDA

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2011

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, 2011 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.

#### **(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

## CITY OF POMPANO BEACH, FLORIDA

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2011

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 (L) for further information.

#### **(O) Pollution Remediation Obligations**

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

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

The City measures pollution remediation obligations using the expected cash flow technique. Estimates of a pollution remediation liability are adjusted when benchmarks are met or when new information indicates changes in estimated outlays due to, for example, changes in the remediation plan or operating conditions. These changes may include the type of equipment, facilities, and services that will be used, price increases or reductions for specific outlay elements such as ongoing monitoring requirements, changes in technology, and changes in legal or regulatory requirements. The City has adopted a minimum reporting threshold of \$100,000, per obligating event. Therefore only remediation sites with outlays estimated to meet or exceed that amount are reported in the financial statements. The City did not have any such pollution remediation obligations at September 30, 2011.

## CITY OF POMPANO BEACH, FLORIDA

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2011

#### **(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 governmental fund financial statements, fund balance classifications are as follows:

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

The government-wide and proprietary fund financial statements utilize a net asset presentation. Net assets are categorized as follows:

- **Invested in Capital Assets** (net of accumulated depreciation and related debt) – is intended to reflect the portion of net assets which are associated with capital assets, less outstanding capital assets related debt, net of unspent bond and loan proceeds.
- **Restricted Net Assets** – have third party (statutory, bond covenant or granting agency) limitations on their use, or 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.

**CITY OF POMPANO BEACH, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**(R) Restricted Net Assets**

Restricted Net Assets consists of amounts restricted to comply with grant contracts and other externally imposed constraints or by legislation that are legally enforceable. At September 30, 2011, the Government-wide statement of net assets reports \$72,686,124 in restricted net assets. Of this amount, \$62,685,575 is restricted as a result of enabling legislation.

**(S) Accounting Estimates**

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

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

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

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

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

The following are components of the City's cash, cash equivalents and investments at September 30, 2011:

CITY OF POMPANO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

	Unrestricted		Restricted		Total cash, cash equivalents and investments
	Cash and cash equivalents	Investments	Cash and cash equivalents	Investments	
Governmental activities:					
General	\$ 3,998,376	\$ 54,616,211	\$ -	\$ 8,190,183	\$ 66,804,770
Northwest CRA	4,127,748	21,021,587	-	-	25,149,335
East CRA	3,576,290	5,568,729	8,090,206	-	17,235,225
EMS	161,027	1,611,324	-	-	1,772,351
Capital Projects	3,083,866	32,064,477	1,557,791	-	36,706,134
Nonmajor Governmental	969,272	3,544,006	3,031,790	-	7,545,068
Internal Service Funds	2,482,604	24,557,791	-	-	27,040,395
Total governmental	18,399,183	142,984,125	12,679,787	8,190,183	182,253,278
Business-type activities:					
Utility	6,851,518	24,802,844	4,106,354	4,201,009	39,961,725
Nonmajor Enterprise	1,504,650	12,020,892	290,215	3,339,587	17,155,344
Total business-type	8,356,168	36,823,736	4,396,569	7,540,596	57,117,069
Fiduciary Funds	3,936,110	280,956,459	-	-	284,892,569
Total	\$ 30,691,461	\$ 460,764,320	\$ 17,076,356	\$ 15,730,779	\$ 524,262,916

**Public Deposits:**

At September 30, 2011, the book balance of the City's public deposits was \$19,841,850 and the bank balance was \$24,592,264. 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 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'

**CITY OF POMPANO BEACH, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
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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:

<b>Authorized Investments</b>	<b>Maximum % Portfolio Composition</b>	<b>Maximum % Individual Issuers</b>	<b>Maximum % Individual Sectors</b>
FSBA	25%	NA	NA
U.S. Government Securities	100% <sup>(1)</sup>	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% <sup>(2)</sup>	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

<sup>(1)</sup> 10% for treasury strips

<sup>(2)</sup> excludes one (1) business day agreements and overnight sweep agreements

NA-not applicable

At September 30, 2011 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 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.

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**NOTES TO FINANCIAL STATEMENTS  
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Florida Statutes and the investment policy authorize the Board of Trustees for the General Employees Retirement Plan to acquire 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:

<b>Authorized Investments</b>	<b>Maximum % of Portfolio</b>
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:

<b>Authorized Investments</b>	<b>Maximum % of Portfolio</b>
Fixed Income Securities	30.0%
Equity Securities	62.5%
Real Estate	10.0%
Private Equity	5.0%
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 0.20 years and 1.88 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 1.57 years at September 30, 2011.

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, 2011:

Investment Type	Remaining Maturity (in Years)						
	Fair Value	Less than 1	1 to 2	2 to 3	3 to 4	4 to 5	5+ Years
U.S. Agency Notes	\$ 15,583,223	\$ 3,156,039	\$ 7,021,159	\$ 1,356,223	\$ 4,049,802	\$ -	\$ -
U.S. Treasury Notes	49,952,426	12,865,711	7,701,451	12,607,682	4,829,631	10,014,786	1,933,165
U.S. Sponsored Agencies	87,380,852	27,219,734	27,171,070	19,829,095	7,267,891	4,695,184	1,197,878
Commercial Paper	1,009,581	1,009,581	-	-	-	-	-
Corporate Notes	29,647,110	7,511,383	10,320,306	11,815,421	-	-	-
State/Local Govt. Debt	5,979,733	1,155,832	-	4,823,901	-	-	-
Money Market Mutual Funds	19,228,599	19,228,599	-	-	-	-	-
Intergovernmental Investment Pool	5,803,140	-	-	5,803,140	-	-	-
	<u>\$ 214,584,664</u>	<u>\$ 72,146,879</u>	<u>\$ 52,213,986</u>	<u>\$ 56,235,462</u>	<u>\$ 16,147,324</u>	<u>\$ 14,709,970</u>	<u>\$ 3,131,043</u>
Breakdown: Government-wide							
Investments --							
(subject to interest rate risk)	\$ 214,584,664						
Deposits --							
(not subject to interest rate risk)							
Certificates of Deposit	3,214,365						
Money Market Savings	18,550,390						
Cash & Cash Equivs. (other deposits)	3,573,413						
Total Government-wide & Agency Fund	<u>\$ 239,922,832</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 durations of maturities. Information about the sensitivity of the fair values of the investments for the plan to market interest rate fluctuations is provided by the following table which shows the distribution of the plan's debt type investments by remaining maturity at September 30, 2011:

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Investment Type	Remaining Maturity (in Years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. Agency Securities	\$ 6,559,865	\$ -	\$ 408,743	\$ 336,306	\$ 5,814,816
U.S. Treasury Securities	859,603	-	-	-	859,603
Corporate Obligations	13,949,436	562,881	4,321,380	4,010,038	5,055,137
	<u>21,368,904</u>	<u>\$ 562,881</u>	<u>\$ 4,730,123</u>	<u>\$ 4,346,344</u>	<u>\$ 11,729,556</u>
Common Stocks	35,113,863				
Domestic Equity Funds	11,577,298				
International Equity Funds	12,806,113				
Private Equity Funds	12,147,445				
Real Estate Funds	10,277,221				
Total Investments	<u>\$ 103,290,844</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, 2011:

Investment Type	Remaining Maturity (in Years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasuries, notes and bonds	\$ 11,320,581	\$ 1,985,881	\$ 4,420,596	\$ 2,765,192	\$ 2,148,912
U.S. Federal agencies	659,921	-	287,137	372,784	-
Mortgage backed securities	9,925,718	-	14,987	251,563	9,659,168
Municipal Obligations	641,084	-	57,203	-	583,881
Corporate Obligations	16,386,335	620,968	4,493,492	7,555,123	3,716,752
Collateralized mortgage obligations	3,197,035	-	-	450,635	2,746,400
Money Market Funds	13,578,932	13,578,932	-	-	-
	<u>55,709,606</u>	<u>\$ 16,185,781</u>	<u>\$ 9,273,415</u>	<u>\$ 11,395,297</u>	<u>\$ 18,855,113</u>
Equity Securities	109,675,180				
Mutual Funds & Collective Trusts	7,513,063				
Pompano Beach Investors LLC	3,475,477				
Total Investments	<u>\$ 176,373,326</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, 2011.

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

Corporate notes limits (25%) and commercial paper limits (25%) are established with additional asset allocation limits for the sector (5%) and issuer (2%). The following table discloses composite credit ratings by investment type as rated by Moody's (Standard & Poor's for money market funds) at September 30, 2011:

Investment Type	Fair Value	Rating at September 30, 2011			
		AAAm	P-1	Aaa/Aa1/Aa2/Aa3	AAA/V2
U.S. Agency Notes	\$15,583,223	-	-	\$15,583,223	-
U.S. Treasury Notes	49,952,426	-	-	49,952,426	-
U.S. Sponsored Agencies	87,380,852	-	-	87,380,852	-
Commercial Paper	1,009,581	-	1,009,581	-	-
Corporate Notes	29,647,110	-	-	29,647,110	-
State/Local Govt. Debt	5,979,733	-	-	5,979,733	-
Money Market Mutual Funds	19,228,599	19,228,599	-	-	-
Local Gov't Investment Pool	5,803,140	-	-	-	5,803,140
<b>Total Investments with Credit Risk</b>	<b>\$214,584,664</b>	<b>\$19,228,599</b>	<b>\$1,009,581</b>	<b>\$188,543,344</b>	<b>\$5,803,140</b>
Certificates of Deposit	3,214,365				
Demand Deposits	22,123,803				
<b>Total City Portfolio</b>	<b>\$239,922,832</b>				

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.

The following table discloses credit ratings by investment type for the General Employees Retirement Plan at September 30, 2011, as applicable:

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	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
U.S. government guaranteed*	\$ 7,419,468	34.72%
Quality rating of credit risk debt securities		
AAA	2,587,375	12.11%
AA+	642,149	3.01%
AA	141,263	0.66%
AA-	526,067	2.46%
A	4,468,375	20.91%
A-	1,913,886	8.96%
A+	1,510,392	7.07%
BBB	623,280	2.92%
BBB-	49,390	0.23%
BBB+	1,487,259	6.96%
Not rated	-	0.00%
Total credit risk debt securities	13,949,436	65.28%
Total fixed income securities	<u>\$ 21,368,904</u>	<u>100.00%</u>

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

The City's Police and Firefighters Retirement Plan also utilize portfolio diversification in order to control credit risk. The Plan's investment policy requires all fixed income investments to hold a credit rating in one of the four highest classifications by a major rating service. Commercial paper, if used, must be of only the highest quality (A-1 or P-1), and the maximum weighting of fixed income securities in BBB ratings is limited to 15% of the fixed income portfolio. The fixed income investments credit ratings for the Plan for the fiscal year ending September 30, 2011 ranged between a rating of AAA and CCC in accordance with investment policy guidelines or an approved exception thereto.

**CITY OF POMPANO BEACH, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
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	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
U.S. government guaranteed*	\$ 21,246,299	50.43%
Quality rating of credit risk debt securities		
AAA	2,460,348	5.84%
AA	3,943,756	9.36%
A	6,747,257	16.02%
BBB	5,523,491	13.11%
BB	123,581	0.29%
CCC and Below	211,978	0.50%
Not rated	1,873,964	4.45%
Total credit risk debt securities	20,884,375	49.57%
Total fixed income securities	<u>\$ 42,130,674</u>	<u>100.00%</u>

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

*Concentration of Credit Risk* – The investment policy of the City includes limitations on the amount that can be invested in any one issuer as stated in the maximum portfolio percentages stated 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, 2011. 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 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, 2011. 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, 2011.

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

**CITY OF POMPANO BEACH, FLORIDA**

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**(B) Receivables and Other Assets**

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:

Governmental	General	Emergency Medical Svc. District	Capital Projects	Non- Major Govt'l	Internal Service	Total
Receivables:						
Electric franchise tax	\$ 1,528,911	\$ -	\$ -	\$ -	\$ -	\$ 1,528,911
Electric utility tax	616,530	-	153,431	-	-	769,961
EMS transport fees	-	3,255,293	-	-	-	3,255,293
Utility tax	161,212	-	-	-	-	161,212
Slot machine revenue	144,635	-	-	-	-	144,635
Other	23,878	-	-	160,246	-	184,124
<b>Total governmental receivables</b>	<b>\$ 2,475,166</b>	<b>\$ 3,255,293</b>	<b>\$ 153,431</b>	<b>\$ 160,246</b>	<b>\$ -</b>	<b>\$ 6,044,136</b>
Due from other governments:						
State half cent sales tax	\$ 414,604	\$ -	\$ -	\$ -	\$ -	\$ 414,604
State local option gas tax	77,862	-	45,678	9,891	-	133,431
State revenue sharing	186,911	-	-	-	-	186,911
Motor fuel tax	-	-	-	-	9,136	9,136
Communication service tax	826,629	-	-	-	-	826,629
Broward County court fines	31,519	-	-	-	-	31,519
Broward County - ad valorem taxes	131,269	6,526	-	-	-	137,795
Broward Sheriff's office-FPL Electric Reimb.	12,143	-	-	-	-	12,143
Broward County Challenge Grant	-	-	22,812	54,470	-	77,282
U.S. Dept. of Interior Grant	87,779	-	-	-	-	87,779
FEMA - Hurricane Wilma Grant	254,943	-	-	-	-	254,943
Neighborhood Stabilization Program - HUD	-	-	-	171,243	-	171,243
Broward County - CDBG-Disaster Recovery	-	-	-	61,115	-	61,115
CDBG/HPRP - HUD	-	-	13,643	89,299	-	102,942
Home - HUD	-	-	195,076	-	-	195,076
Other	19,333	-	-	10,026	-	29,359
<b>Total Due from other governments</b>	<b>\$ 2,042,992</b>	<b>\$ 6,526</b>	<b>\$ 277,209</b>	<b>\$ 396,044</b>	<b>\$ 9,136</b>	<b>\$ 2,731,907</b>

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

	<u>Utility</u>	<u>Nonmajor Enterprise</u>	<u>Total</u>
Receivables:			
Water/sewer customer charges	\$ 4,367,013	\$ -	\$ 4,367,013
Solid waste service charges	-	587,439	587,439
Stormwater customer charges	-	520,504	520,504
Less: Allowance for uncollectibles	(20,462)	(303,649)	(324,111)
Total business-type receivables (net)	<u>\$ 4,346,551</u>	<u>\$ 804,294</u>	<u>\$ 5,150,845</u>
Due from other governments:			
Broward County Environmental Protection	\$ 3,968	\$ -	\$ 3,968
FDOT Aviation Development Grant	-	951,941	951,941
Broward County Office of Environmental Services	-	151,059	151,059
Total due from other governments	<u>\$ 3,968</u>	<u>\$ 1,103,000</u>	<u>\$ 1,106,968</u>

**Mortgages**

The Northwest Community Redevelopment District (the Northwest District) provided qualified individuals with loans/grants to build new homes at the Canal Point (10 year amortization period), Sabal Chase (30 year amortization period), and Ortanique Estates (30 year amortization period) subdivisions which were reported as community redevelopment expenses/expenditures. In addition, the Northwest District also provided similar grants for various infill housing projects during the current fiscal year. The Northwest District has placed a mortgage lien on these new homes with a covenant that the owner must reside at the property for the respective period of time in order to remain eligible for the grant. The Northwest District's reasonable assumption is that the homeowner will reside at the home for the stipulated period. The Northwest District maintains a memorandum record of the outstanding mortgage amounts related to these grants. These amounts are reduced ratably over the ten year period as it relates to the grants for the Canal Point subdivision and the infill housing projects. Should the homeowner move, sell or refinance, the Northwest District is paid a prorated amount of the initial grant. As it relates to the Sabal Chase and Ortanique Estates grants, these amounts are not amortized over the 30 year period, as they are required to be repaid in full at the end of the 30 year period. During fiscal year 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, 2011 the unamortized amount outstanding related to these grants was \$3,060,292. Due to the uncertainty of collections regarding this amount a receivable has not been recorded.

**Assets Held for Resale for Development**

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

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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 NSP funds to the City to stabilize City neighborhoods through the purchase of foreclosed properties. Through this program, the City purchases foreclosed homes in targeted neighborhoods with the intention of rehabilitating and selling back to the public. The homes are available for purchase by eligible residents meeting certain income requirements. The cost basis of assets held for resale and development in this category include all costs incurred by the City to acquire and redevelop or rehabilitate the homes or properties up to a marketable, safe, and habitable condition. These assets are recorded at the lower of cost or net realizable value.

Assets held for resale and development activity for the year ended September 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Assets held for resale & development	\$ 34,350,069	\$ 2,985,365	\$ 2,216,226	\$ 35,119,208

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**(C) Capital Assets and Construction Commitments**

Capital asset activity for the year ended September 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 57,531,009	\$ 1,213,572	\$ -	\$ 58,744,581
Construction in progress	12,694,614	14,677,531	5,087,999	22,284,146
Total capital assets, not being depreciated	<u>70,225,623</u>	<u>15,891,103</u>	<u>5,087,999</u>	<u>81,028,727</u>
Capital assets, being depreciated:				
Buildings	36,436,379	19,615	-	36,455,994
Infrastructure	101,463,282	458,026	-	101,921,308
Improvements other than buildings	68,114,403	2,327,613	-	70,442,016
Machinery and equipment	28,290,231	5,418,957	590,052	33,119,136
Total capital assets being depreciated	<u>234,304,295</u>	<u>8,224,211</u>	<u>590,052</u>	<u>241,938,454</u>
Less accumulated depreciation for:				
Buildings	20,968,006	1,147,036	-	22,115,042
Infrastructure	25,241,926	5,058,284	-	30,300,210
Improvements other than buildings	24,040,478	3,720,846	-	27,761,324
Machinery and equipment	21,386,141	3,129,631	478,685	24,037,087
Total accumulated depreciation	<u>91,636,551</u>	<u>13,055,797</u>	<u>478,685</u>	<u>104,213,663</u>
Total capital assets being depreciated, net	<u>142,667,744</u>	<u>(4,831,586)</u>	<u>111,367</u>	<u>137,724,791</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 212,893,367</u>	<u>\$ 11,059,517</u>	<u>\$ 5,199,366</u>	<u>\$ 218,753,518</u>

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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
<b>Utility Fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 216,373	\$ -	\$ -	\$ 216,373
Construction in progress	9,587,394	13,190,053	9,158,529	13,618,918
Total capital assets, not being depreciated	<u>9,803,767</u>	<u>13,190,053</u>	<u>9,158,529</u>	<u>13,835,291</u>
Capital assets, being depreciated:				
Buildings	47,635,353	-	-	47,635,353
Infrastructure	105,664,802	-	-	105,664,802
Improvements other than buildings	27,764,520	1,652,011	-	29,416,531
Machinery and equipment	10,591,828	7,979,675	154,075	18,417,428
Total capital asset being depreciated	<u>191,656,503</u>	<u>9,631,686</u>	<u>154,075</u>	<u>201,134,114</u>
Less accumulated depreciation for:				
Buildings	15,825,507	1,410,456	-	17,235,963
Infrastructure	58,764,165	-	-	58,764,165
Improvements other than buildings	9,020,894	4,721,931	-	13,742,825
Machinery and equipment	8,472,040	818,469	152,509	9,138,000
Total accumulated depreciation	<u>92,082,606</u>	<u>6,950,856</u>	<u>152,509</u>	<u>98,880,953</u>
Utility Fund capital assets, being depreciated, net	<u>99,573,897</u>	<u>2,680,830</u>	<u>1,566</u>	<u>102,253,161</u>
<b>Utility Fund capital assets, net</b>	<b>\$ <u>109,377,664</u></b>	<b>\$ <u>15,870,883</u></b>	<b>\$ <u>9,160,095</u></b>	<b>\$ <u>116,088,452</u></b>
<b>Nonmajor Enterprise Funds:</b>				
Capital assets, not being depreciated:				
Land	\$ 60,992	\$ -	\$ -	\$ 60,992
Construction in progress	1,817,500	5,380,955	664,980	6,533,475
Total capital assets, not being depreciated	<u>1,878,492</u>	<u>5,380,955</u>	<u>664,980</u>	<u>6,594,467</u>
Capital assets, being depreciated:				
Buildings	3,273,874	230,507	-	3,504,381
Infrastructure	17,131,382	9,772	-	17,141,154
Improvements other than buildings	12,229,651	990,500	-	13,220,151
Machinery and equipment	3,312,283	572,340	66,177	3,818,446
Total capital assets being depreciated	<u>35,947,190</u>	<u>1,803,119</u>	<u>66,177</u>	<u>37,684,132</u>
Less accumulated depreciation for:				
Buildings	2,063,202	106,700	-	2,169,902
Infrastructure	8,165,877	35,253	-	8,201,130
Improvements other than buildings	2,508,656	1,265,124	-	3,773,780
Machinery and equipment	2,209,548	443,616	66,178	2,586,986
Total accumulated depreciation	<u>14,947,283</u>	<u>1,850,693</u>	<u>66,178</u>	<u>16,731,798</u>
Nonmajor Enterprise Fund capital assets, being depreciated, net	<u>20,999,907</u>	<u>(47,574)</u>	<u>(1)</u>	<u>20,952,334</u>
<b>Nonmajor Enterprise Funds capital assets, net</b>	<b><u>22,878,399</u></b>	<b><u>5,333,381</u></b>	<b><u>664,979</u></b>	<b><u>27,546,801</u></b>
<b>Business-type activities capital assets, net</b>	<b>\$ <u>132,256,063</u></b>	<b>\$ <u>21,204,264</u></b>	<b>\$ <u>9,825,074</u></b>	<b>\$ <u>143,635,253</u></b>

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

<b>Governmental activities:</b>		
General government	\$	9,099,168
Public safety		1,676,626
Transportation		643,273
Physical environment		623,443
Culture and recreation		<u>1,013,287</u>
Total depreciation expense - governmental activities	\$	<u><u>13,055,797</u></u>
<b>Business-type activities:</b>		
Utilities	\$	6,950,856
Pier		73,664
Airpark		439,194
Golf		406,626
Sanitation		62,696
Stormwater		<u>868,513</u>
Total depreciation expense - business-type activities	\$	<u><u>8,801,549</u></u>

The City has active construction projects as of September 30, 2011. Significant projects that were ongoing as of September 30, 2011 for governmental activities were as follows:

<u>Project</u>	<b>Expended through September 30, 2011</b>	<b>Committed</b>
Mitchell Moore Park Improvements	\$ 1,565,304	\$ 96,867
Community Park Improvements	10,117,675	79,697
Public Safety Building Improvements	655,745	195,510
Road Resurfacing Program	458,026	88,302
Bridge Repairs	1,036,633	835,632
Fire Station 11 Rebuild	361,353	3,166,128
Emergency Power Enhancements	326,742	335,192
Palmaire Park	892,993	993,648
Atlantic Blvd. (A1A/Pompano Beach Blvd.)	64,332	1,267,016
Pompano Beach Blvd. Streetscape North	<u>689,257</u>	<u>420,659</u>
	\$ <u><u>16,168,060</u></u>	\$ <u><u>7,478,651</u></u>

Significant projects that were ongoing as of September 30, 2011 for business-type activities were as follows:

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	<b>Expended through September 30, 2011</b>		<b>Committed</b>
	<u>2011</u>		<u></u>
Water Treatment Plant Security	\$	4,471,483	\$ 27,480
Gravity Mains		616,379	24,818
Airpark Runway Rehabilitation		4,339,699	2,004,787
Reuse Distribution Expansion		6,339,211	19,950
Lift Stations Rehabilitation		2,671,317	3,208,364
Golf Course Regrass Greens/Fairways		471,398	160,000
	\$	<u>18,909,487</u>	\$ <u>5,445,399</u>

**(D) Unearned/Deferred Revenue**

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

	<b>General</b>	<b>N.W.</b>	<b>EMS</b>	<b>Capital</b>	<b>Non Major Gov't'l</b>	<b>Total</b>
<u>Governmental Activities</u>	<u>Fund</u>	<u>CRA</u>	<u>Fund</u>	<u>Projects</u>	<u>Funds</u>	
Occupational Licenses	\$ 1,007,012	\$ -	\$ -	\$ -	\$ -	\$ 1,007,012
Communication Service Tax	339,230	-	-	-	-	339,230
EMS Transport Fees	-	-	2,733,793	-	-	2,733,793
Prepaid Rent	-	4,500	-	-	-	4,500
SHIP Grant Funds	-	-	-	-	288,744	288,744
FEMA-Hurricane Wilma Grant	254,943	-	-	-	-	254,943
U.S. Dept. Interior Grant	87,779	-	-	-	-	87,779
Federal Equitable Sharing Grant	-	-	-	-	2,133,026	2,133,026
Local Equitable Sharing Program	-	-	-	-	297,746	297,746
Broward County Challenge Grant	-	-	-	22,812	54,470	77,282
CDBG-Disaster Recov. Grant	-	-	-	-	48,649	48,649
Neighborhood Stabilization Program	-	-	-	-	133,809	133,809
HUD-CDBG/HOME/HPRP Grants	-	-	-	120,521	-	120,521
Total Governmental Activities	<u>\$ 1,688,964</u>	<u>\$ 4,500</u>	<u>\$ 2,733,793</u>	<u>\$ 143,333</u>	<u>\$ 2,956,444</u>	<u>\$ 7,527,034</u>

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

<u>Business-Type Activities</u>	<u>Non-Major Enterprise Funds</u>
Hauling Contract Extension Fee	<u>\$ 1,250,000</u>

**(E) Interfund Loans and Transfers**

The composition of interfund balances as of September 30, 2011, 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	\$ 2,500,000

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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 \$833,333 from 2012 through 2013 and \$833,334 in 2014, the last year of the hauling contract.

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

	<u>Principal</u>	
2012	\$	833,333
2013		833,333
2014		833,334
	\$	<u>2,500,000</u>

**Due to/from other funds:**

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
General Fund	Internal Service Fund	\$ 420,000 (1)
General Fund	Cultural Arts Foundation Fund	5,000 (2)
General Fund	Other Grants Fund	456,168 (3)
		\$ <u>881,168</u>

- (1) This is a short term non-interest bearing receivable and payable to cover a negative cash balance at fiscal year end in the central stores fund.
- (2) This amount represents a donation due the General Fund for the annual piano competition.
- (3) This amount represents a short term non-interest bearing receivable and payable to cover negative cash balances related to cost reimbursement grants for which the City has not yet received reimbursement from the grantor at fiscal year end.

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 \$2,461,662), 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.

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Transfers in/out are as follows:

Transfers out:	Transfers in:							Subtotal Business Type Activities	Total
	General Fund	EMS	Capital Projects Fund	East District Fund	Subtotal Gov'mtl. Activities	Nonmajor Enterprise Funds			
General Fund	\$ -	\$ 6,078,620	\$ 18,506,675	\$ 2,346,947	\$ 26,932,242	\$ 2,861,526	\$ 2,861,526	\$ 29,793,768	
Capital Projects	-	-	-	-	-	1,608,000	1,608,000	1,608,000	
NW District Fund	1,639,544	-	-	-	1,639,544	-	-	1,639,544	
East District Fund	1,948,089	-	-	-	1,948,089	-	-	1,948,089	
Nonmajor Gov't'l Funds	2,395,314	-	-	-	2,395,314	-	-	2,395,314	
Nonmajor									
Enterprise Funds	2,137,635	-	-	-	2,137,635	-	-	2,137,635	
<b>Total transfers out</b>	<b>\$ 8,120,582</b>	<b>\$ 6,078,620</b>	<b>\$ 18,506,675</b>	<b>\$ 2,346,947</b>	<b>\$ 35,052,824</b>	<b>\$ 4,469,526</b>	<b>\$ 4,469,526</b>	<b>\$ 39,522,350</b>	

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 primarily related to the lump sum movement of committed community improvement funds for various projects from the General Fund to the Capital Projects Fund (\$12.1 million). The remainder of total transfers related to various projects, primarily Fire Station 11, 27th Terrace Bridge, the purchase of emergency generators for City Hall and the Public Safety Complex, the renovation of a warehouse donated to the City in the prior fiscal year, seawall replacement and the placement of utility lines underground along Atlantic and Pompano Beach Boulevard. Transfers from the General Fund to the East District Fund was to fund improvements along Pompano Beach Boulevard. Transfers from the NW and East District Funds to the General Fund pertain to improvements made to City owned assets, primarily infrastructure improvements. Transfers from the non-major governmental funds to the General Fund encompassed the return of Hurricane Wilma reimbursements from the Federal emergency Management Agency from the other grants fund, as well as the close out of surplus funds in the retired 1993 General Obligations Bond Fund. Transfers from the General Fund and the Capital Projects Funds to the Golf Fund were primarily to re-grass the greens and fairways at the City's golf course.

Transfers from the non-major enterprise funds to the General Fund was 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) 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, 2011.

**Governmental Activities Debt:**

- On December 16, 2003, the Pompano Beach Community Redevelopment Agency (the Agency) authorized the issuance of Tax Increment Bond – Series 2003A in an original principal amount not to exceed \$10,000,000, with Wachovia Bank, National Association (the Bank) being the registered holder of the bond. On December 22, 2003, the Agency also entered into a non-revolving line of credit agreement (line of

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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, 2011 the Agency had \$7,837,838 outstanding related to this line of credit. Proceeds of these draws were used to finance the current refunding of the Agency's Special Obligation Bonds – Series 1999, the cost of redevelopment projects in the Northwest District Redevelopment Area and costs of issuance. Interest on the 2003A Bond is at a fixed rate of 4.39%, with a final maturity date of November 1, 2018. Principal and interest on the Series 2003A Bond is due and payable quarterly.

- On January 21, 2004, the Agency authorized the issuance of Tax Increment Bonds – Series 2004A in an original principal amount not to exceed \$10,000,000, with Wachovia Bank, National Association (the Bank) being the registered holder of the Series 2004A Bond. On January 21, 2004, the Agency also entered into a non-revolving line of credit agreement (line of credit) with Wachovia Bank, National Association (the Bank), in an amount not to exceed \$10,000,000, representing the Bank's obligation to fund advances of principal of the Series 2004A Bond. The Series 2004A Bond represents the Agency's obligation to reimburse the Bank for up to \$10,000,000 of drawings made under the line of credit. The line of credit is secured by a senior lien on all tax increment revenues generated within the Agency's Northwest District Redevelopment Area boundaries, on a parity with the Agency's Series 2003A Bond, as discussed above. At September 30, 2011 the Agency had \$7,837,838 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 \$2,909,649 and \$6,297,826, respectively. At September 30, 2011, total principal and interest remaining on the bonds held by the Bank is \$18,256,285 payable through November 2018.

- On February 16, 2010 the City Commission and Pompano Beach Community Redevelopment Agency Board authorized the issuance of tax increment revenue bonds, series 2010A in the original aggregate principal amount of \$10,000,000. The bonds were issued on February 17, 2010. The principal purpose of the bond issuance was to finance a portion of the costs of the Community Redevelopment Plan for the East Pompano District Area. The bonds were issued at a fixed rate of 5.13%, with a twenty-year repayment term. At September 30, 2011, the City had \$9,700,000 outstanding related to this obligation. For the current fiscal year, interest paid and total tax increment revenues were \$505,305 and \$1,771,627, respectively. At September 30, 2011, total principal and interest remaining on the bonds is \$15,162,168 payable through February 2030.

**CITY OF POMPANO BEACH, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

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

Principal and interest payments on the Series 2006 bonds are due semi-annually through maturity. Annual principal and interest payments on the Series 2006 bonds are expected to require less than 4 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$33,016,557. Principal and interest paid for the current fiscal year and total water and sewer customer net revenues were \$4,372,506 and \$16,527,217 respectively.

**Governmental/Business-type Activities Obligation:**

The City contracted with Siemens Industry, Inc. (Siemens) under an energy performance contract to perform an audit of City facilities in order to identify energy performance

## CITY OF POMPANO BEACH, FLORIDA

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2011

projects which, if implemented, would result in energy savings to the City. As a mechanism to finance the projects identified by Siemens, the City entered into a loan agreement with Chase Equipment Finance on November 12, 2010 for the purchase of energy efficiency equipment for various City facilities. It is anticipated that the savings from these projects will be utilized to cover the obligation for the note. At September 30, 2011, total principal and interest related to the loan was \$3,597,004 related to Governmental Activities and \$12,597,945 related to Business-type Activities related. Interest on the loan is fixed at 2.72%, with a final maturity date of August 12, 2023. Principal and interest is due and payable quarterly.

#### **Conduit Debt:**

- On December 9, 2008, the City Commission authorized the issuance of special facility airport revenue bonds in an aggregate principal amount not to exceed \$8,000,000, for the purpose of making a loan of funds to Sheltair Pompano Beach, LLC (Sheltair) in order to finance the costs of the acquisition, renovation, construction and equipping of certain general aviation facilities located at the Pompano Beach Airpark, to be leased by Sheltair. The bonds were subsequently issued on December 22, 2008. The bonds are limited obligations of the City payable from lease payments required to be made by Sheltair. The City is not obligated to pay the principal or interest of the bonds except from payments made by Sheltair, and neither the faith and credit nor the taxing power of the City is pledged to the payment of the principal and interest on the bonds. At September 30, 2011, total principal and interest outstanding related to this debt issue was \$7,634,128 and \$2,584,797, respectively.
- On December 14, 2010 the City Commission authorized the issuance of Health Facilities Revenue Refunding Bonds, Series 2010, in an amount not exceeding \$30 million, for the purpose of loaning the proceeds to John Knox of Village, Inc. (the Village), as borrower, to be applied to (I) refund and defease all of the Broward County Health Facilities Authority Revenue and Revenue Refunding bonds, Series 2002, outstanding as of the date of issuance of the Series 2010 Bonds, and (II) pay costs of issuance of the Series 2010 Bonds. The 2010 Series bonds were subsequently issued on December 30, 2010 in the amount of \$29,045,000. The bonds are limited obligations of the City payable from the loan payments due from the Village. The City is not obligated to pay the principal or interest on the bonds except from the loan payments made by the Village, and neither the faith and credit nor the taxing power of the City is pledged to the payment of the principal and interest on the bonds. At September 30, 2011, total principal and interest outstanding related to this debt issue was \$28,130,000 and \$8,443,528, respectively.

**CITY OF POMPANO BEACH, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**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>
<b>Governmental activities:</b>					
Bonds payable:					
Tax increment bonds-East District	\$ 10,000,000	\$ -	\$ 300,000	\$ 9,700,000	\$ 315,000
Tax increment bonds-NW District	17,837,838	-	2,162,162	15,675,676	2,162,162
Total bonds payable	27,837,838	-	2,462,162	25,375,676	2,477,162
Claims and judgments	14,424,000	4,246,773	2,358,773	16,312,000	2,076,195
Net OPEB obligation	4,833,124	940,366	228,415	5,545,075	-
Notes payable:	-	2,998,438	-	2,998,438	218,732
Add: deferred amounts	-	61,726	-	61,726	-
Total Notes payable	-	3,060,164	-	3,060,164	218,732
Compensated absences	4,903,061	4,420,684	4,397,514	4,926,231	314,861
Governmental activity					
Long-term liabilities	\$ 51,998,023	\$ 12,667,987	\$ 9,446,864	\$ 55,219,146	\$ 5,086,950
<b>Business-type activities:</b>					
Bonds payable:					
Water & Sewer revenue bonds	\$ 30,239,506	\$ -	\$ 3,110,000	\$ 27,129,506	\$ 3,225,000
Less: deferred amounts	(527,416)	-	54,128	(473,288)	(54,138)
Less: bond discount	(82,352)	-	13,176	(69,176)	(13,176)
Total bonds payable	29,629,738	-	3,177,304	26,587,042	3,157,686
Net OPEB obligation	1,019,129	249,777	55,330	1,213,576	-
Notes payable:	-	10,501,562	-	10,501,562	766,076
Add: deferred amounts	-	216,185	-	216,185	-
Total Notes payable	-	10,717,747	-	10,717,747	766,076
Compensated absences	1,001,746	710,042	684,850	1,026,938	11,849
Business-type activity					
Long-term liabilities	31,650,613	11,677,566	3,917,484	39,545,303	3,935,611
Total long-term liabilities	\$ 83,648,636	\$ 24,345,553	\$ 13,364,348	\$ 94,764,449	\$ 9,022,561

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 \$4,367,360 at September 30, 2011.

The City Charter limits the amount of net general obligation bonded debt to 15% of the assessed property valuation. At September 30, 2011, the statutory limit for the City was approximately \$1.4 billion, providing a legal debt margin of approximately \$1.4 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, 2011 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.

**CITY OF POMPANO BEACH, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

The annual requirements to pay principal and interest on bonds and notes at September 30, 2011 are as follows:

**Bonds:**

	Governmental Activities						
	Northwest (NW) CRA District			East CRA District			Total Governmental Activities
	Principal	Interest	Subtotal NW District	Principal	Interest	Subtotal East District	
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	2,162,162	272,892	2,435,054	385,000	418,223	803,223	3,238,277
2017-2021	4,864,866	266,959	5,131,825	2,230,000	1,767,287	3,997,287	9,129,112
2022-2026	-	-	-	2,860,000	1,117,572	3,977,572	3,977,572
2027-2031	-	-	-	2,870,000	303,439	3,173,439	3,173,439
<b>\$</b>	<b>15,675,676</b>	<b>\$ 2,580,609</b>	<b>\$ 18,256,285</b>	<b>\$ 9,700,000</b>	<b>\$ 5,462,168</b>	<b>\$ 15,162,168</b>	<b>\$ 33,418,453</b>

	Business-type Activities		
	Principal	Interest	Total
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	2,800,000	664,819	3,464,819
2017-2021	12,449,506	1,420,069	13,869,575
<b>\$</b>	<b>27,129,506</b>	<b>\$ 5,887,051</b>	<b>\$ 33,016,557</b>

**Notes:**

On November 12, 2010 the City entered into a loan agreement which allows the City to be reimbursed for the purchase of equipment up to a maximum of \$13,500,000. At September 30, 2011, the City's obligation under the note, inclusive of accrued interest was \$13,777,910 and allocated between Governmental and Business-type Activities was as follows:

**CITY OF POMPANO BEACH, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
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	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2012 \$	218,732 \$	81,018 \$	299,750 \$	766,076 \$	283,753 \$	1,049,829
2013	224,743	75,008	299,751	787,127	262,702	1,049,829
2014	230,918	68,832	299,750	808,756	241,073	1,049,829
2015	237,264	62,487	299,751	830,980	218,849	1,049,829
2016	243,784	55,967	299,751	853,814	196,015	1,049,829
2017-2021	1,323,159	175,591	1,498,750	4,634,155	614,987	5,249,142
2022-2026	581,564	17,937	599,501	2,036,839	62,820	2,099,659
\$	<u>3,060,164</u>	<u>536,840</u>	<u>3,597,004</u>	<u>10,717,747</u>	<u>1,880,199</u>	<u>12,597,946</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, 2011 the City had \$139,026 in unamortized issuance costs outstanding related to the 2006 Water and Sewer Revenue Bonds and \$24,673 related to the Tax Increment Bonds.

OTHER UNAMORTIZED AMOUNTS ON BOND REFUNDING - Original deferrals (difference between carrying value of old debt and reacquisition price of new debt), as well as unamortized premium/discounts on the bond refunding of the 1993 and 2000 Water and Sewer Revenue Bonds are being amortized over the life of the respective liability in the Utility Fund and the government-wide financial statements using the effective interest method. The unamortized bond deferral was \$473,289 and the unamortized discount was \$69,176 at September 30, 2011. These amounts are reported as an addition/deduction from the bond liability of \$27,129,506 at September 30, 2011.

**(G) Lease**

**Operating Lease**

The City is a lessee in a long-term land lease in order to receive access to a tract of land at the Hillsboro Inlet. The lease expires in 62 years and is adjusted for changes in the Consumer Price Index every three years.

**CITY OF POMPANO BEACH, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
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The lease payments are as follows:

<u>Fiscal Year Ending</u>	<u>Governmental Activities</u>
2012	\$ 128,211
2013	128,211
2014	128,211
2015	128,211
2016	128,211
2017-2021	641,055
2022-2026	641,055
2027-2031	641,055
2032-2036	641,055
2037-2041	641,055
2042-2046	641,055
2047-2051	641,055
2052-2056	641,055
2057-2061	641,055
2062-2066	641,055
2067-2071	641,055
2072-2075	256,422
Total lease payments	\$ <u>7,949,082</u>

**(H) Governmental Fund - Fund Balance**

Effective October 1, 2010, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). GASB 54 establishes accounting and financial reporting standards for governmental funds. It establishes criteria for classifying fund balances into specifically defined classification and clarifies definitions for governmental fund types. The implementation of GASB 54 did not result in the City having to reclassify any governmental funds which may not have conformed to the newly defined criteria for classification of governmental funds.

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

When both restricted and unrestricted amounts are available for use, it is the City's practice to use restricted resources first. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance. The City reported the following governmental fund balances:

- Nonspendable Fund Balance – These amounts cannot be spent because they are not in spendable form.
- Restricted Fund Balance - These amounts are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or

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**NOTES TO FINANCIAL STATEMENTS  
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enabling legislations.

- Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by the City Commission. The constraints cannot be removed unless the Commission remove it in the same manner it was implemented.
- Assigned Fund Balance – This category includes amounts assigned for specific purposes by the City Commission, such as amounts in the subsequent year's adopted budget to eliminate a projected excess of expected expenditures over expected revenues, encumbrances assigned for goods and services and outstanding at September 30, 2011, as well as amounts approved by the City Commission subsequent to September 30, 2011.
- Unassigned Fund Balance – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

Below is a table of fund balance categories and classifications at September 30, 2011 for the City's governmental funds:

CITY OF POMPANO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS  
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	General	NW CRA District	East CRA District	Emergency Medical Services	Capital Projects	Non-major Gov't Funds
<b>Fund Balances:</b>						
<b>Non-spendable:</b>						
Inventory	\$ 214,895	\$ -	\$ -	\$ 127,789	\$ -	\$ -
Prepays	30,619	-	743,556	-	-	-
Developer Obligation	-	218,248	-	-	-	-
<b>Restricted:</b>						
Building Permit Function	8,190,183	-	-	-	-	2,225,247
General Government Bldg. Improvs.	-	-	-	-	1,470,845	-
Transportation	-	-	-	-	-	806,543
Cultural Arts	-	-	-	-	-	22,917
Community Redevelopment	-	58,063,989	16,713,315	-	-	2,061,974
<b>Committed:</b>						
Cemetery Care	-	-	-	-	-	816,736
Disaster Relief	-	-	-	-	-	382,966
Tree Canopy Landscape/ Tricentennial/Nautical Flea Mkt.	-	-	-	-	-	216,625
Beach Area Parking	-	-	-	-	-	321,038
Emergency Medical Services	-	-	-	2,043,894	-	29,669
Fire Stations	-	-	-	-	5,671,640	-
Parks & Recreation	-	-	-	-	5,902,823	-
ADA Compliance	-	-	-	-	398,934	-
Seawall Repairs	-	-	-	-	1,115,067	-
Public Safety Bldg. Improvs.	-	-	-	-	4,675,677	-
General Government Bldg. Improvs.	-	-	-	-	5,801,426	-
City Landscaping/Signage/Lighting	-	-	-	-	530,589	-
Traffic Calming	-	-	-	-	400,000	-
Bridge Repairs	-	-	-	-	2,306,797	-
Tree Replacement	-	-	-	-	225,000	-
City Sidewalks	-	-	-	-	747,328	-
Underground Utilities	-	-	-	-	1,247,970	-
School Stadium	-	-	-	-	233,990	-
Railroad Crossing Repairs	-	-	-	-	212,489	-
Road Resurfacing/Reconstruction	-	-	-	-	3,852,117	-
Capital Reserves	-	-	-	-	1,242,803	-
<b>Assigned:</b>						
General Government (Encumbrances)	233,281	-	-	-	-	-
Public Safety (Encumbrances)	670,336	-	-	-	-	-
Physical Environment (Encumbrances)	41,943	-	-	-	-	-
Transportation (Encumbrances)	140,977	-	-	-	-	-
Culture & Recreation (Encumbrances)	75,867	-	-	-	-	-
Subsequent Year's Expenditures	2,204,727	-	-	-	-	-
<b>Unassigned:</b>						
General Government	55,359,991	-	-	-	-	-
Reimbursable Grants	-	-	-	-	-	(209,951)
<b>Total Fund Balances</b>	<b>\$ 67,162,819</b>	<b>\$ 58,282,237</b>	<b>\$ 17,456,871</b>	<b>\$ 2,171,683</b>	<b>\$ 36,035,495</b>	<b>\$ 6,673,764</b>

The (\$209,951) represents grants for which the City is pending reimbursement from the applicable grantor agencies.

**CITY OF POMPANO BEACH, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**(I) Property Taxes**

The City levies property taxes each October 1, which becomes a lien on real and personal property located in the City. Property taxes are based on the assessed values determined by the Broward County Property Appraiser as of the prior January 1. The current year's levy is based on assessed property values totaling approximately \$9.2 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 4.4077 mills for the General Fund and .5000 mills for the EMS District for the fiscal year ended September 30, 2011.

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, 2011 were approximately 94.4% of the total tax levy.

**(J) Other Commitments**

On July 27, 2010, the City of Pompano Beach entered into a contract with the Broward County Sheriff's Office ("BSO") through September 30, 2014, for policing services in Pompano Beach. On January 25, 2011, the initial agreement was amended to reduce the services provided by BSO to remove code compliance services, reducing the annual contract obligation to \$35,904,794. However, if cost increases for BSO occur subsequent to the execution of the City's agreement, the initial contract sum is subject to mutually agreeable adjustments between the City and BSO.

**(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 2011, 63 retirees received health care benefits. Annual required contributions amounted to \$1,462,165 for the current fiscal year, towards which the City made a contribution of \$283,745. Retiree contributions totaled \$852,806 for the fiscal year ended September 30, 2011. At September 30, 2011 the City recorded a net OPEB obligation of \$5,545,075 for governmental activities and \$1,213,576 for business-type activities in its government-wide statement of net assets. The Utility Fund reported a net OPEB obligation of \$967,374, while the non-major enterprise funds reported \$246,202. Internal Service Funds reported a net OPEB obligation of \$276,080. The OPEB

**CITY OF POMPANO BEACH, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
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obligation is a function of annual required contributions, interest, adjustments to the annual required contribution, annual pension costs and actual employers' contributions made to the plan.

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

Annual Required Contribution	\$ 1,462,165
Interest on Net OPEB Obligation	234,090
Adjustment to Annual Required Contribution	<u>(506,112)</u>
Annual OPEB Cost (Expense)	1,190,143
Implied Employer Contribution	(283,745)
Increase in Net OPEB Obligation	906,398
Net OPEB Obligation-beginning of year	<u>5,852,253</u>
Net OPEB Obligation-end of year	<u><u>\$ 6,758,651</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, 2011 was as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
September 30, 2011	\$ 1,190,143	24%	\$ 6,758,651
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 July 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$9,280,665 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$9,280,665. The covered payroll (annual payroll of active employees covered by the plan) was \$39,640,858, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 23 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

**CITY OF POMPANO BEACH, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
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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, 2011 the Projected Unit Credit method (PUC) was used to determine all liabilities, with the liability for each active employee assumed to accrue over his working lifetime based on elapsed time from his date of hire until retirement. The unfunded actuarial accrued liability is being amortized over a fifteen year open period, utilizing the level dollar payment method.

The following simplifying assumptions were made:

***Eligibility***

For firefighters and police officers – Age 47 with at least 20 years of service, or age 55 with at least 10 years of service.

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

***Disability***

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

***Permanent Withdrawal from Active Status***

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

***Investment Rate of Return***

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

***Healthcare Cost Trend Rates***

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

2011/12-10.00%  
2012/13-9.50%  
2013/14-9.00%  
2014/15-8.50%  
2015/16-8.00%  
2016/17-7.50%  
2017/18-7.00%  
2018/19-6.50%  
2019/20-6.00%  
2020/21 & later-5.00%

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***Implied Subsidy***

The implied subsidy for a 65-year old retiree for the period July 1, 2011 through June 30, 2012 is assumed to be \$3,900 per year under the HMO plan and \$2,700 per year PPO plan. Upon the attainment of medicare eligibility, the subsidy is assumed to disappear.

***Age Related Morbidity***

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

***Retiree Contributions***

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

***Cost of Living Increases***

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

***Medical Plan Choice***

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

***Future Participation Rates***

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 61 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

## CITY OF POMPANO BEACH, FLORIDA

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2011

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

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

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

## **2. Plan Description and Contribution Information**

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

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

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### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2011

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

The PFRS provides retirement, death and disability benefits for its members. Benefit provisions are established and may be amended by the City, in conjunction with the Broward County Police Benevolent Association and the Pompano Beach Professional Firefighters Local 1549. A member may retire with normal benefits after reaching age 47 and accumulating 20 or more years of credited service, or age 55 and accumulating 10 or more years of credited service, or age 47 regardless of credited service for those members of the Plan on August 15, 1972. Normal retirement benefits are stipulated in Section Pursuant to Ordinance 2008-54, a police officer with 25 years of accredited service may elect to purchase unreduced normal retirement benefits regardless of age. Normal retirement benefits are stipulated in Section 34.055 of the City's Code of Ordinances and are contingent upon a member's employment classification, separation date, length of service and average monthly earnings. In general, normal retirement benefits are the member's average earnings times the number of years of service multiplied by a factor ranging from 2.0% to 4.0%. Members with 20 or more years of service may receive an early retirement benefit at age 47 or an immediate benefit at a reduced amount. Members who have attained age 50 and have completed 10 years of service are also eligible for an early retirement benefit.

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

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

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

## CITY OF POMPANO BEACH, FLORIDA

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2011

of participation. As of September 30, 2011, the balance in the Drop account was \$14,134,498. 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, 2011, the balance of DROP loans outstanding was \$107,638.

Disability benefits for service related disabilities are paid to the member for at least 10 years or until recovery. Benefits are calculated as 75% of the member's final earnings in effect at the date the benefit is approved. For firefighters, benefits are calculated at greater of 75% of final earnings or the vested accrued benefit at the time of disability. Disability benefits for non-service related disabilities for members with 10 or more years of credited service are paid to a member for at least 10 years or until recovery. Benefits are calculated as 3% of the member's average monthly earnings times the number of credited service years, up to a maximum of 60% of the member's salary, plus 2% of average 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

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NOTES TO FINANCIAL STATEMENTS  
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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, 2011, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	301
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	46
Active plan members	<u>201</u>
Total	<u>548</u>

*Contributions* – Contribution requirements are established and may be amended by the City in conjunction with the Broward County Police Benevolent Association and the Pompano Beach Professional Firefighters Local 1549. The contribution requirements are determined based on the benefit structure established by the City. The City is required to contribute amounts necessary to finance the benefits through periodic contributions at actuarially determined rates. 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, 2011 actuarial valuation, the cumulative balance of additional premium tax revenues reserved to provide future benefit improvements total \$4,055,071 of which \$215,163 pertains to the police members (Chapter 185 funds) and \$3,839,908 pertains to the firefighter members (Chapter 175 funds).

**3. Due to Brokers**

Pending trades payable amounting to \$2,665,119 at September 30, 2011 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

## CITY OF POMPANO BEACH, FLORIDA

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2011

the period in which employee contributions are due. City and County contributions are recognized as revenues when due pursuant to actuarial valuations. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Interest and dividend income are recorded as earned and dividend income is recorded as of the ex-dividend date.

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

*Investments* – Plan investments are reported at fair value. Quoted market prices, when available, have been used to value investments. The fair value of quoted investments is based on the closing sales price or bid price as reported by recognized security exchanges. The market values for securities that have no quoted market price represent estimated fair value. Many factors are considered in arriving at that value. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2011 and 2010. 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.

## CITY OF POMPANO BEACH, FLORIDA

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2011

#### 2. Plan Description

*Organization* – The City of Pompano Beach General Employees' Retirement System (the GERS) is a single employee defined benefit pension plan established by the City of Pompano Beach, Florida (the City), on September 25, 1972. The GERS reflects the provisions and requirements of Ordinance Section No. 34.010 through 34.040, as amended. In September 1991, the City contracted with Broward County for the operation of the Pompano Beach Public Library. As part of this agreement, all City employees who chose to remain in the library system became employees of Broward County. These employees were given the option of remaining in the GERS, in which case Broward County would make the required annual employer contributions as determined by the Plan actuary. In August 1999, the City also contracted with the Broward County Sheriff's Office ("BSO") whereby the BSO would provide policing services in Pompano Beach. As a result, certain code enforcement officers were employed by the BSO. Participating code enforcement officers were given the option to either remain in the Plan or switch to the BSO's retirement plan.

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

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

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

#### *Participants*

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

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

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

#### *Membership*

As of October 1, 2011, the date of the latest actuarial valuation, membership in the Plan consisted of:

**CITY OF POMPANO BEACH, FLORIDA**

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Retirees and Beneficiaries currently receiving benefits and Drop and Terminated Employees entitled to benefits, but not yet receiving them	<u>368</u>
Current Employees:	
Vested	238
Nonvested	<u>241</u>
	<u>479</u>

*Pension Benefits*

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

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

**Tier One members**

Normal retirement benefit is calculated using 2.75% of the Average Monthly Salary multiplied by the years of credited service. Average Monthly Salary is the average of the highest completed 130 biweekly pay periods times 1.0048.

**Tier Two members**

Normal retirement benefit is calculated using 2.00% of the Average Monthly Salary multiplied by the years of credited service. Average Monthly Salary is the average of the highest completed 78 biweekly pay periods times 1.0048.

*Deferred Retirement Option Plan (DROP)*

Any member who is eligible to receive a normal retirement pension may freeze their accrued benefits and elect to participate in a DROP while continuing their active employment. For members electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the Plan into the employee's DROP account in an amount equal to the regular monthly retirement benefit which the participant would have received had the participant separated from service and commenced receipt of pension benefits plus interest. Interest shall be at the same rate as the investment earnings assumption for the

**CITY OF POMPANO BEACH, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
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Plan. Participation in the DROP is limited to sixty months.

*Cost of Living Adjustment (COLA)*

Tier One members

The Plan allows for an annual guaranteed Cost of Living Adjustment (COLA) equal to two percent (2%) payable on October 1, plus an additional variable COLA equal to up to one percent (1%) if Plan earnings are sufficient (as certified by the 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.

Tier Two members

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

*Funding Requirements and Funding Status of Plan*

Member Contributions:

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

City Contributions:

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

County Contributions:

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

*Investments*

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

**CITY OF POMPANO BEACH, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
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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, 2011:

	<u>Police and Firefighters'</u>	<u>General Employees</u>
Contributions:		
Contribution rates:		
City:		
General Employees	-	18.81%
Police	62.18%	-
Fire	34.50%	-
Plan members:		
General Employees	-	10.00%
Police	8.60%	-
Fire	11.60%	-
Annual pension costs	\$	\$
Contributions made:		
Employer	\$ 7,976,403	\$ 5,351,521
Plan members	1,613,075	2,680,517
State	1,934,985 <sup>(1)</sup>	-

<sup>(1)</sup>The Police and Firefighters Plan is also funded by contributions from the State of Florida under Chapters 175 (*Firefighter Pensions*) and 185 (*Municipal Police Pensions*) of Florida Statutes. This contribution consists of excise taxes collected on fire and casualty insurance premiums on policies written within the City.

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

In addition, the City is allowed to take an additional credit for any improved benefits (approved by City Ordinance) provided to the firefighters resulting in additional costs to the Plan. The annual credit taken, which is equal to the sum of the 1997 base amount plus additional fire supplemental payments received and additional costs incurred from improved benefits cannot exceed the actual

**CITY OF POMPANO BEACH, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
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premium taxes received for that fiscal year. For the fiscal year ended September 30, 2011 the Plan received \$1,934,985 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 2011 was \$1,530,239. 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, 2011 excess premium taxes amounted to \$404,746 (actual amount received less maximum allowable premium tax credit).

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

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

	Police and Firefighters			General Employees		
	2009	2010	2011	2009	2010	2011
Annual Pension Cost	\$ 6,371,882	\$ 6,859,098	\$ 8,005,808	\$ 3,694,196	\$ 4,326,225	\$ 5,338,336
Percentage of annual pension cost contributed	99.2%	99.6%	100.0%	100.3%	100.3%	100.0%
Net Pension Asset (Obligation) at the end of the year	\$ 704,665	\$ 674,109	\$ 644,704	\$ 485,187	\$ 497,832	\$ 511,018

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, 2011 is as follows:

	Police and Firefighters	General Employees
Annual required contribution ("ARC")	\$ 7,928,169	\$ 5,349,396
Interest on NPO/(NPA)	54,603	39,827
Adjustment to ARC	(84,008)	(28,767)
Annual pension cost	8,005,808	5,338,336
Actual contributions	7,976,403	5,351,521
NPA (NPO) at beginning of year	674,109	497,833
Increase (decrease) in NPA (NPO)	(29,405)	13,185
NPA (NPO) at end of year	644,704	511,018

**CITY OF POMPANO BEACH, FLORIDA**

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**3. Actuarial Methods and Assumptions**

Additional information as of the latest actuarial valuation follows:

	<b>Police and Firefighters' Retirement System</b>	<b>General Employees' Retirement System</b>
Valuation date	October 1, 2011	October 1, 2011
Actuarial cost method	Entry Age	Entry Age Normal
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*	7.90% 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, 2011, the actuarial accrued liability for benefits was \$179,688,000. and the actuarial value of assets was \$125,170,000, resulting in an unfunded actuarial accrued liability of \$54,518,000 and a funded ratio of 65.1%, for the General Employees' Retirement Plan. The covered payroll (annual payroll of active employees covered by the plan) was \$26,238,000, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 207.8%. As of September 30, 2011, the actuarial accrued liability for benefits was \$262,937,589 and the actuarial value of assets was \$183,199,957 resulting in an unfunded actuarial accrued liability of \$79,737,632 and a funded ratio of 69.7%, for the Police and Firefighters' Retirement Plan. The covered payroll (annual payroll of active employees covered by the plan) was \$15,514,029, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 514.0%.

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, 2011,

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**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, 2011, employer contributions totaled \$ and employee contributions totaled \$0.

Financial information for the DCRS at and as of September 30, 2011 is shown below:

**ASSETS**

Investments, at fair value:

Mutual funds	\$ 1,292,289
Total assets	<u>1,292,289</u>

**NET ASSETS**

Held in trust for pension benefits	<u>\$ 1,292,289</u>
------------------------------------	---------------------

**ADDITIONS**

Members contributions	585,334
Investment income	22,593
Total additions	<u>\$ 607,927</u>

**DEDUCTIONS**

Participant benefit payments	587,021
Total deductions	<u>587,021</u>
Net increase	20,906

**Net assets held in trust for pension benefits**

Beginning of the year	1,271,384
End of the year	<u>\$ 1,292,290</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 2011.

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**NOTES TO FINANCIAL STATEMENTS  
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There have been no settlements in excess of insurance coverage for the past three years.

All funds, except for the capital projects fund, participate in the program and make premium payments to the risk management fund based on actuarial estimates of the amounts needed to ultimately settle claims. The total estimated claims payable at September 30, 2011 reflect management's loss estimate of \$16,312,000, which includes reported claims and claims incurred but not reported (IBNR). Changes in the fund's estimated claims payable amount in fiscal years 2011 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>
2011	\$	14,424,000	4,246,773	2,358,773	16,312,000
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.

CITY OF POMPANO BEACH, FLORIDA

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SEPTEMBER 30, 2011

(G) **New Accounting Pronouncements**

**GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions***, issued February 2009, was effective for the City beginning with its fiscal year ended September 30, 2011. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications (i.e. spendable, restricted, committed, assigned, unassigned) 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 adopted GASB Statement 54 in fiscal year 2011. Retroactive restatement of fund balance is required for all prior periods presented. Required disclosures are reported in Note I(Q) and Note II(H).

**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. The implementation of this statement did not have a significant impact on the City's financial statements.

**GASB Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements***, is effective for financial statements for periods beginning after December 15, 2011. The objective of this statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The City's management is aware of this requirement and has already begun to assess its impact. The City's management is aware of this requirement and will timely assess its impact prior to the required implementation timeframe.

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

CITY OF POMPANO BEACH, FLORIDA

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organizations. It requires a primary government to report its equity interest in a component unit as an asset. The City is aware of this requirement and will assess its impact to ensure timely implementation.

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

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

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

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF POMPANO BEACH, FLORIDA**  
**Required Supplementary Information - Unaudited**  
**September 30, 2011**

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, 2011	\$ 183,200	\$ 262,938	\$ 79,738	69.7%	\$ 15,514	514.0%
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%

**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, 2011	\$ 125,170	\$ 179,688	\$ 54,518	69.7%	\$ 26,238	207.8%
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%

**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, 2011	\$ -	\$ 9,281	\$ 9,281	0.0%	\$ 39,640	23.4%
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%

CITY OF POMPANO BEACH, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE (UNAUDITED) - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 55,218,441	\$ 55,218,441	\$ 55,255,117	\$ 36,676
Judgments, fines and forfeitures	1,340,000	1,340,000	1,204,590	(135,410)
Permits, fees and special assessments	22,245,669	22,245,669	23,126,737	881,068
Intergovernmental	8,130,257	8,130,257	8,481,013	350,756
Charges for services	13,335,430	13,356,100	12,703,681	(652,419)
Pari-mutuel	1,650,000	1,650,000	1,897,796	247,796
Donations	40,000	45,000	28,794	(16,206)
Investment earnings	2,045,000	2,045,000	653,375	(1,391,625)
Other	658,728	663,728	711,200	47,472
Total revenues	<u>104,663,525</u>	<u>104,694,195</u>	<u>104,062,303</u>	<u>(631,892)</u>
<b>EXPENDITURES</b>				
Current:				
General government	8,691,544	8,849,498	8,468,082	381,416
Finance	2,136,562	2,190,177	2,141,788	48,389
Development services	7,592,773	8,441,156	8,106,598	334,558
Police	35,914,700	36,381,399	36,313,013	68,386
Fire department	18,169,126	18,268,684	18,108,955	159,729
Public works	14,306,674	14,689,974	14,596,311	93,663
Non departmental	5,388,432	6,158,174	5,140,193	1,017,981
Culture and recreation	6,998,257	7,065,137	6,546,456	518,681
Capital outlay	1,818,088	7,293,979	7,164,340	129,639
Total expenditures	<u>101,016,156</u>	<u>109,338,178</u>	<u>106,585,736</u>	<u>2,752,442</u>
Excess of revenues over expenditures	<u>3,647,369</u>	<u>(4,643,983)</u>	<u>(2,523,433)</u>	<u>2,120,550</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	32,000	32,000	53,150	21,150
Transfers in	2,137,635	8,120,582	8,120,582	-
Transfers out	(6,597,312)	(29,793,768)	(29,793,768)	-
Total other financing sources (uses)	<u>(4,427,677)</u>	<u>(21,641,186)</u>	<u>(21,620,036)</u>	<u>21,150</u>
Net change in fund balances	<u>\$ (780,308)</u>	<u>\$ (26,285,169)</u>	<u>(24,143,469)</u>	<u>\$ 2,141,700</u>
<b>FUND BALANCE - BEGINNING</b>			<u>90,143,884</u>	
<b>FUND BALANCE - ENDING</b>			<u>\$ 66,000,415</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 6,156,205	\$ 6,297,826	\$ 6,297,826	\$ -
Charges for Services	-	-	64,265	64,265
Investment earnings	140,000	140,000	196,212	56,212
Other	65,687	65,687	56,523	(9,164)
Total revenues	<u>6,361,892</u>	<u>6,503,513</u>	<u>6,614,826</u>	<u>111,313</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,426,578	5,710,984	3,559,357	2,151,627
Capital outlay	19,180,456	19,157,570	975,166	18,182,404
Debt service:				
Principal	2,162,163	2,162,163	2,162,162	1
Interest and other charges	747,487	747,487	747,421	66
Total expenditures	<u>27,516,684</u>	<u>27,778,204</u>	<u>7,444,106</u>	<u>20,334,098</u>
Excess of revenues over(under) expenditures	\$ (21,154,792)	\$ (21,274,691)	(829,280)	\$ 20,445,411
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	
Transfers out	(1,639,544)	(1,639,544)	(1,639,544)	-
Total other financing sources (uses)	<u>(1,639,544)</u>	<u>(1,639,544)</u>	<u>(1,639,544)</u>	<u>-</u>
Net change in fund balances	<u>\$ (22,794,336)</u>	<u>\$ (22,914,235)</u>	<u>\$ (2,468,824)</u>	<u>\$ 20,445,411</u>
<b>FUND BALANCE - BEGINNING</b>			59,391,516	
<b>FUND BALANCE - ENDING</b>			<u>\$ 56,922,692</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,714,393	\$ 1,771,627	\$ 1,771,627	\$ -
Investment earnings	35,000	35,000	77,495	42,495
Other revenue	-	-	94	94
Total revenues	<u>1,749,393</u>	<u>1,806,627</u>	<u>1,849,216</u>	<u>42,589</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,475,749	2,508,498	867,350	1,641,148
Debt service:				
Principal	300,000	300,000	300,000	-
Interest	505,305	505,305	505,305	-
Capital outlay	251,911	12,407,502	1,587,554	10,819,948
Total expenditures	<u>3,532,965</u>	<u>15,721,305</u>	<u>3,260,209</u>	<u>12,461,096</u>
Excess of revenues over (under) expenditures	<u>(1,783,572)</u>	<u>(13,914,678)</u>	<u>(1,410,993)</u>	<u>12,503,685</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	2,346,947	2,346,947	\$ -
Transfers out	<u>(1,948,089)</u>	<u>(1,948,089)</u>	<u>(1,948,089)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,948,089)</u>	<u>398,858</u>	<u>398,858</u>	<u>-</u>
Net change in fund balances	<u><u>\$(3,731,661)</u></u>	<u><u>\$(13,515,820)</u></u>	<u><u>\$(1,012,135)</u></u>	<u><u>\$ 12,503,685</u></u>
<b>FUND BALANCE - BEGINNING</b>			<u>16,719,131</u>	
<b>FUND BALANCE - ENDING</b>			<u><u>\$ 15,706,996</u></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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 4,563,246	\$ 4,563,246	\$ 4,394,810	\$ (168,436)
Intergovernmental	100,000	100,000	256,352	156,352
Charges for services	3,300,000	3,300,000	3,131,515	(168,485)
Donations	-	-	395	395
Investment earnings	50,000	50,000	58,956	8,956
Other revenue	-	-	-	-
Total revenues	<u>8,013,246</u>	<u>8,013,246</u>	<u>7,842,028</u>	<u>(171,218)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	13,723,666	13,856,579	13,551,909	304,670
Capital outlay	368,200	818,017	788,143	29,874
Total expenditures	<u>14,091,866</u>	<u>14,674,596</u>	<u>14,340,052</u>	<u>334,544</u>
Excess of revenues over (under) expenditures	<u>(6,078,620)</u>	<u>(6,661,350)</u>	<u>(6,498,024)</u>	<u>163,326</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	6,078,620	6,078,620	6,078,620	-
Total other financing sources (uses)	<u>6,078,620</u>	<u>6,078,620</u>	<u>6,078,620</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (582,730)</u>	<u>(419,404)</u>	<u>\$ 163,326</u>
<b>FUND BALANCE - BEGINNING</b>			<u>2,323,883</u>	
<b>FUND BALANCE - ENDING</b>			<u>\$ 1,904,479</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, 2011**

**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 \$11,791,447 including \$11,428,193 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, 2011**

Adjustments necessary to convert the general fund and the major special revenue fund results of operations and change in fund balances at September 30, 2011 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
<b><u>General Fund</u></b>			
GAAP Basis	\$ 114,171,020	\$ 137,152,085	\$ (22,981,065)
State contribution for Fire and Police Pension Funds	(1,934,985)	(1,934,985)	-
Encumbrances	-	1,162,404	(1,162,404)
Budgetary Basis	<u>\$ 112,236,035</u>	<u>\$ 136,379,504</u>	<u>\$ (24,143,469)</u>
<b><u>Northwest Community Redevelopment District</u></b>			
GAAP Basis	\$ 6,614,826	\$ 7,724,105	\$ (1,109,279)
Encumbrances	-	1,359,545	(1,359,545)
Budgetary Basis	<u>\$ 6,614,826</u>	<u>\$ 9,083,650</u>	<u>\$ (2,468,824)</u>
<b><u>East Community Redevelopment District</u></b>			
GAAP Basis	\$ 4,196,163	\$ 3,458,423	\$ 737,740
Encumbrances	-	1,749,875	(1,749,875)
Budgetary Basis	<u>\$ 4,196,163</u>	<u>\$ 5,208,298</u>	<u>\$ (1,012,135)</u>
<b><u>EMS</u></b>			
GAAP Basis	\$ 13,920,648	\$ 14,072,848	\$ (152,200)
Encumbrances	-	267,204	(267,204)
Budgetary Basis	<u>\$ 13,920,648</u>	<u>\$ 14,340,052</u>	<u>\$ (419,404)</u>

**Excess of Expenditures Over Appropriations**

For the year ended September 30, 2011, expenditures did not exceed appropriations in any governmental fund departments (the legal level of budgetary control).

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS**

## **NONMAJOR GOVERNMENTAL FUNDS**

**Special Purpose Fund** – accounts for specific revenues that are restricted to particular purposes per City Ordinance, such as tree canopy landscaping, beach area master parking, nautical flea market, disaster recovery, emergency medical service, tri-centennial celebration and building certification/education maintenance.

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

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

**Other Grants Fund** – accounts for federal, state and local government program grants and other restricted sources.

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

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

**Cemetery Perpetual Care Fund** - accounts for the proceeds from the sale of certain cemetery plots and certain service charges. Capital improvements expenditures are not allowed.

**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, 2011

Special Revenue Funds

	Special Purpose	LETF	SHIP	Other Grants
<b>ASSETS</b>				
Cash and cash equivalents	\$ 360,922	\$ 215,488	\$ 289,146	\$ 6,150
Restricted investments	3,031,790	-	-	-
Unrestricted investments	595,971	2,200,948	-	-
Interest receivable	-	8,370	-	-
Accounts Receivable	-	-	-	160,246
Assets held for resale & redevelopment	-	-	-	2,061,974
Due from other governments	9,891	8,100	-	378,053
Total assets	<u>\$ 3,998,574</u>	<u>\$ 2,432,906</u>	<u>\$ 289,146</u>	<u>\$ 2,606,423</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	16,486	2,134	402	55,322
Accrued expenditures	-	-	-	5,982
Due to other funds	-	-	-	456,168
Unearned revenue	-	2,430,772	288,744	236,928
Total liabilities	<u>16,486</u>	<u>2,432,906</u>	<u>289,146</u>	<u>754,400</u>
Fund balances:				
Restricted	3,031,790	-	-	2,061,974
Committed	950,298	-	-	-
Unassigned	-	-	-	(209,951)
Total fund balances	<u>3,982,088</u>	<u>-</u>	<u>-</u>	<u>1,852,023</u>
Total liabilities and fund balances	<u>\$ 3,998,574</u>	<u>\$ 2,432,906</u>	<u>\$ 289,146</u>	<u>\$ 2,606,423</u>

**Special Revenue Funds**

<b>Cultural Arts Foundation</b>	<b>Cemetery</b>	<b>1993 G.O. Bonds</b>	<b>Total Non-major Governmental Funds</b>
\$ 27,917	\$ 69,649	\$ -	\$ 969,272
-	-	-	3,031,790
-	747,087	-	3,544,006
-	-	-	8,370
-	-	-	160,246
-	-	-	2,061,974
-	-	-	396,044
<u>\$ 27,917</u>	<u>\$ 816,736</u>	<u>\$ -</u>	<u>\$ 10,171,702</u>
-	-	-	74,344
-	-	-	5,982
5,000	-	-	461,168
-	-	-	2,956,444
<u>5,000</u>	<u>-</u>	<u>-</u>	<u>3,497,938</u>
22,917	-	-	5,116,681
-	816,736	-	1,767,034
-	-	-	(209,951)
<u>22,917</u>	<u>816,736</u>	<u>-</u>	<u>6,673,764</u>
<u>\$ 27,917</u>	<u>\$ 816,736</u>	<u>\$ -</u>	<u>\$ 10,171,702</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, 2011**

<b>Special Revenue Funds</b>				
	<b>Special Purpose</b>	<b>LETF</b>	<b>SHIP</b>	<b>Other Grants</b>
<b>REVENUES</b>				
Taxes	\$ 261,258	\$ -	\$ -	\$ -
Permits, fees and special assessments	122,892	-	-	-
Intergovernmental	-	279,556	71,587	1,585,874
Charges for services	89,662	-	-	-
Donations	350	-	-	-
Program Income	-	-	83	790,046
Recaptured income	-	-	15,000	8,571
Interest earnings	11,305	36,013	441	-
Cemetery lot sales	-	-	-	-
Total revenues	<u>485,467</u>	<u>315,569</u>	<u>87,111</u>	<u>2,384,491</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	10,501	113,691	-	-
Physical environment	-	-	87,111	2,584,220
Transportation	219,755	-	-	-
Culture and recreation	77,578	-	-	80,887
Capital outlay	-	201,878	-	227,188
Total expenditures	<u>307,834</u>	<u>315,569</u>	<u>87,111</u>	<u>2,892,295</u>
Excess (deficiency) of revenues over (under) expenditures	<u>177,633</u>	<u>-</u>	<u>-</u>	<u>(507,804)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	-	(1,332,758)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,332,758)</u>
Net change in fund balances (deficit)	177,633	-	-	(1,840,562)
Fund balances—beginning	3,804,455	-	-	3,692,585
Fund balances—ending	<u>\$ 3,982,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,852,023</u>

**Special Revenue Funds**

<b>Cultural Arts Foundation</b>	<b>Cemetery</b>	<b>1993 G.O. Bonds</b>	<b>Total Non-major Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 261,258
-	-	-	122,892
-	-	-	1,937,017
-	-	-	89,662
20,000	-	-	20,350
-	-	-	790,129
-	-	-	23,571
-	-	-	47,759
-	42,975	-	42,975
<u>20,000</u>	<u>42,975</u>	<u>-</u>	<u>3,335,613</u>
19,579	-	-	19,579
-	-	-	124,192
-	-	-	2,671,331
-	-	-	219,755
-	-	-	158,465
-	-	-	429,066
<u>19,579</u>	<u>-</u>	<u>-</u>	<u>3,622,388</u>
<u>421</u>	<u>42,975</u>	<u>-</u>	<u>(286,775)</u>
-	-	(1,062,556)	(2,395,314)
-	-	(1,062,556)	(2,395,314)
421	42,975	(1,062,556)	(2,682,089)
22,496	773,761	1,062,556	9,355,853
<u>\$ 22,917</u>	<u>\$ 816,736</u>	<u>\$ -</u>	<u>\$ 6,673,764</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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 76,733	\$ 71,587	\$ (5,146)
Recaptured Funds	-	-	15,000	15,000
Program Income	-	-	524	524
Total revenues	-	76,733	87,111	10,378
<b>EXPENDITURES</b>				
Current:				
Physical environment		441,993	87,111	354,882
Total expenditures	-	441,993	87,111	354,882
Excess of revenues over (under) expenditures	\$ -	\$ (365,260)	-	\$ 365,260
<b>FUND BALANCE - BEGINNING</b>			-	
<b>FUND BALANCE -ENDING</b>			\$ -	

**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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Cemetery lots	4,000	4,000	42,975	38,975
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>42,975</u>	<u>37,975</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	\$ <u>5,000</u>	\$ <u>5,000</u>	42,975	\$ 37,975
<b>FUND BALANCE -BEGINNING</b>			773,761	
<b>FUND BALANCE - ENDING</b>			<u>\$ 816,736</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	\$ -	\$ -	-	\$ -
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(1,062,556)	(1,062,556)
Total other financing sources (uses)	-	-	(1,062,556)	(1,062,556)
Net change in fund balances	\$ -	\$ -	(1,062,556)	\$ (1,062,556)
<b>FUND BALANCE - BEGINNING</b>			1,062,556	
<b>FUND BALANCE - ENDING</b>			\$ -	

## **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, 2011

	Pier	Airpark	Golf
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 139,228	\$ 19,740	\$ 288,745
Restricted cash and cash equivalents	-	290,215	-
Interest receivable	8,683	16,015	11,167
Accounts receivables, net	-	-	-
Due from other governments	-	951,941	-
Advances to other funds	-	-	-
Inventories	2,367	-	5,949
Prepaid expenses	-	137,319	-
Total current assets	<u>150,278</u>	<u>1,415,230</u>	<u>305,861</u>
Noncurrent assets:			
Investments	2,287,301	195,570	2,953,249
Restricted investments	-	3,339,587	-
Advances to other funds	-	-	-
Capital assets:			
Land	60,058	934	-
Construction in progress	-	5,187,915	471,398
Buildings	-	780,778	2,723,603
Infrastructure	2,433,574	3,413,974	5,025,450
Improvements	-	5,803,935	355,238
Machinery and equipment	4,225	468,691	1,272,457
Less accumulated depreciation	(1,220,717)	(4,974,532)	(5,569,940)
Total capital assets (net of accumulated depreciation)	<u>1,277,140</u>	<u>10,681,695</u>	<u>4,278,206</u>
Total noncurrent assets	<u>3,564,441</u>	<u>14,216,852</u>	<u>7,231,455</u>
Total assets	<u>3,714,719</u>	<u>15,632,082</u>	<u>7,537,316</u>
<b>LIABILITIES</b>			
Current liabilities, unrestricted:			
Accounts payable	788	3,896	45,901
Accrued expenses	-	7,888	12,087
Unearned revenue	-	-	-
Total current liabilities, unrestricted	<u>788</u>	<u>11,784</u>	<u>57,988</u>
Current liabilities payable from restricted assets:			
Accounts payable	-	1,107,385	-
Total current liabilities payable from restricted assets	<u>-</u>	<u>1,107,385</u>	<u>-</u>
Noncurrent liabilities:			
Compensated absences	-	46,834	85,501
Net OPEB Obligation	-	62,570	102,611
Unearned revenue	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>109,404</u>	<u>188,112</u>
Total liabilities	<u>788</u>	<u>1,228,573</u>	<u>246,100</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,277,140	10,681,695	4,278,206
Restricted	-	2,522,417	-
Unrestricted	2,436,791	1,199,397	3,013,010
Total net assets	<u>\$ 3,713,931</u>	<u>\$ 14,403,509</u>	<u>\$ 7,291,216</u>

<u>Sanitation</u>		<u>Stormwater</u>		<u>Total</u>	
\$	447,659	\$	609,278	\$	1,504,650
	-		-		290,215
	-		24,370		60,235
	585,355		218,939		804,294
	106,104		44,955		1,103,000
	416,667		-		416,667
	-		8,704		17,020
	-		-		137,319
	<u>1,555,785</u>		<u>906,246</u>		<u>4,333,400</u>
	247,867		6,336,905		12,020,892
	-		-		3,339,587
	2,083,333		-		2,083,333
	-		-		60,992
	-		874,161		6,533,474
	-		-		3,504,381
	-		6,268,156		17,141,154
	-		7,060,979		13,220,152
	391,475		1,681,598		3,818,446
	<u>(242,982)</u>		<u>(4,723,627)</u>		<u>(16,731,798)</u>
	148,493		11,161,267		27,546,801
	<u>2,479,693</u>		<u>17,498,172</u>		<u>44,990,613</u>
	<u>4,035,478</u>		<u>18,404,418</u>		<u>49,324,013</u>
	12,212		104,419		167,216
	9,340		7,987		37,302
	416,667		-		416,667
	<u>438,219</u>		<u>112,406</u>		<u>621,185</u>
	-		-		1,107,385
	-		-		<u>1,107,385</u>
	20,439		25,845		178,619
	14,099		66,922		246,202
	833,333		-		833,333
	<u>867,871</u>		<u>92,767</u>		<u>1,258,154</u>
	<u>1,306,090</u>		<u>205,173</u>		<u>2,986,724</u>
	148,493		11,161,267		27,546,801
	-		-		2,522,417
	2,580,895		7,037,978		16,268,071
\$	<u>2,729,388</u>	\$	<u>18,199,245</u>	\$	<u>46,337,289</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, 2011**

	<u>Pier</u>	<u>Airpark</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 105,340	\$ 979,402
Contract extension fee	-	-
Total operating revenues	<u>105,340</u>	<u>979,402</u>
<b>OPERATING EXPENSES</b>		
Personal services	35,766	370,886
Other current expenses	157,920	615,640
Depreciation	73,664	439,194
Total operating expenses	<u>267,350</u>	<u>1,425,720</u>
Operating income (loss)	<u>(162,010)</u>	<u>(446,318)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest and investment revenue	22,331	36,529
Miscellaneous revenue	-	-
Total nonoperating revenue (expenses)	<u>22,331</u>	<u>36,529</u>
Income (loss) before contributions and transfers	(139,679)	(409,789)
Capital grants and contributions	-	1,578,015
Transfers in	-	-
Transfers out	-	-
Change in net assets	<u>(139,679)</u>	<u>1,168,226</u>
Total net assets—beginning	3,853,610	13,235,283
Total net assets—ending	<u>\$ 3,713,931</u>	<u>\$ 14,403,509</u>

<b>Golf</b>		<b>Sanitation</b>		<b>Stormwater</b>		<b>Total</b>	
\$	2,475,617	\$	5,419,414	\$	2,457,922	\$	11,437,695
	-		416,667		-		416,667
	<u>2,475,617</u>		<u>5,836,081</u>		<u>2,457,922</u>		<u>11,854,362</u>
	589,561		248,503		406,086		1,650,802
	2,650,905		3,497,164		744,558		7,666,187
	406,626		62,696		868,513		1,850,693
	<u>3,647,092</u>		<u>3,808,363</u>		<u>2,019,157</u>		<u>11,167,682</u>
	(1,171,475)		2,027,718		438,765		686,680
	31,925		(4,362)		65,575		151,998
	-		-		-		-
	<u>31,925</u>		<u>(4,362)</u>		<u>65,575</u>		<u>151,998</u>
	(1,139,550)		2,023,356		504,340		838,678
	3,089		-		-		1,581,104
	4,469,526		-		-		4,469,526
	-		(1,982,044)		(155,591)		(2,137,635)
	<u>3,333,065</u>		<u>41,312</u>		<u>348,749</u>		<u>4,751,673</u>
	3,958,151		2,688,076		17,850,496		41,585,616
\$	<u>7,291,216</u>	\$	<u>2,729,388</u>	\$	<u>18,199,245</u>	\$	<u>46,337,289</u>

CITY OF POMPANO BEACH, FLORIDA  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Pier	Airpark
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 105,340	\$ 979,402
Payments to suppliers	(160,179)	(854,835)
Payments to employees	(35,766)	(369,563)
Net cash provided (used) by operating activities	<u>(90,605)</u>	<u>(244,996)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
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>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	-	(2,867,833)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(2,867,833)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Calls/maturities of investments	803,844	4,787,202
Purchase of investments	(901,784)	(2,255,495)
Interest income	30,169	65,834
Net cash provided by investing activities	<u>(67,771)</u>	<u>2,597,541</u>
Net increase (decrease) in cash and cash equivalents	(158,376)	(515,288)
Cash and cash equivalents at beginning of the year	297,604	825,243
Cash and cash equivalents at end of the year	<u>\$ 139,228</u>	<u>\$ 309,955</u>
Cash and cash equivalents, unrestricted	\$ 139,228	\$ 19,740
Cash and cash equivalents, restricted	-	290,215
Cash and cash equivalents, end of the year	<u>\$ 139,228</u>	<u>\$ 309,955</u>
Non-cash transactions (Capital & Related Financing Activities):		
Contribution of capital assets from developers	\$ -	\$ 626,074
Donation of equipment	-	-
Non-cash transactions (Investing Activities):		
Changes in fair value of investments	6,517	10,076
	<u>\$ 6,517</u>	<u>\$ 636,150</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (162,010)	\$ (446,318)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	73,664	439,194
<b>Change in assets and liabilities:</b>		
<b>(Increase) decrease in assets:</b>		
Accounts receivables	-	-
Inventories	(2,367)	-
Other assets and prepaids	-	(137,319)
<b>Increase (decrease) in liabilities:</b>		
Accounts and other payables	108	(116,600)
Accrued expenses	-	907
Unearned revenue	-	-
Other post employment benefits (OPEB)	-	14,724
Compensated absences	-	416
Net cash provided (used) by operating activities	<u>\$ (90,605)</u>	<u>\$ (244,996)</u>

Golf	Sanitation	Stormwater	Total
\$ 2,475,617	\$ 5,388,900	\$ 2,449,427	\$ 11,398,686
(2,625,146)	(3,485,961)	(673,119)	(7,799,240)
(566,093)	(227,840)	(416,528)	(1,615,790)
<u>(715,622)</u>	<u>1,675,099</u>	<u>1,359,780</u>	<u>1,983,656</u>
-	416,666	-	416,666
-	(1,982,044)	(155,591)	(2,137,635)
4,469,526	-	-	4,469,526
<u>4,469,526</u>	<u>(1,565,378)</u>	<u>(155,591)</u>	<u>2,748,557</u>
(1,012,922)	-	(901,791)	(4,782,546)
<u>(1,012,922)</u>	<u>-</u>	<u>(901,791)</u>	<u>(4,782,546)</u>
407,566	313,273	1,909,451	8,221,336
(2,940,647)	(46,559)	(2,472,297)	(8,616,782)
24,828	(4,363)	84,454	200,922
<u>(2,508,253)</u>	<u>262,351</u>	<u>(478,392)</u>	<u>(194,524)</u>
232,729	372,072	(175,994)	(244,857)
56,016	75,587	785,272	2,039,722
<u>\$ 288,745</u>	<u>\$ 447,659</u>	<u>\$ 609,278</u>	<u>\$ 1,794,865</u>
\$ 288,745	\$ 447,659	\$ 609,278	\$ 1,504,650
-	-	-	290,215
<u>\$ 288,745</u>	<u>\$ 447,659</u>	<u>\$ 609,278</u>	<u>\$ 1,794,865</u>
\$ -	\$ -	\$ -	\$ 626,074
3,089	-	-	3,089
8,412	1,809	18,062	44,876
<u>\$ 11,501</u>	<u>\$ 1,809</u>	<u>\$ 18,062</u>	<u>\$ 674,039</u>
\$ (1,171,475)	\$ 2,027,718	\$ 438,765	\$ 686,680
406,626	62,696	868,513	1,850,693
-	(30,515)	(8,495)	(39,010)
(284)	-	1,204	(1,447)
-	-	-	(137,319)
15,260	11,179	64,221	(25,832)
1,688	7,041	523	10,159
-	(416,666)	-	(416,666)
10,783	24	6,014	31,545
21,780	13,622	(10,965)	24,853
<u>\$ (715,622)</u>	<u>\$ 1,675,099</u>	<u>\$ 1,359,780</u>	<u>\$ 1,983,656</u>

## **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, 2011

	<u>Central Stores</u>	<u>Information Technology</u>	<u>Central Services</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 32,360	\$ 104,657	\$ 116,707
Interest Receivable	-	4,169	3,521
Due from other governments	-	-	-
Inventories	650,822	-	26,665
Total current assets	<u>683,182</u>	<u>108,826</u>	<u>146,893</u>
Noncurrent assets:			
Investments	-	1,067,623	918,670
Capital assets:			
Buildings	247,163	-	7,373
Improvements	-	-	-
Machinery and equipment	45,466	4,698,643	15,177
Less accumulated depreciation	(232,735)	(4,471,290)	(9,978)
Total capital assets (net of accumulated depreciation)	<u>59,894</u>	<u>227,353</u>	<u>12,572</u>
Total noncurrent assets	<u>59,894</u>	<u>1,294,976</u>	<u>931,242</u>
Total assets	<u>743,076</u>	<u>1,403,802</u>	<u>1,078,135</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	33,528	6,033	25,553
Accrued expenses	5,238	22,071	7,581
Due to other funds	420,000	-	-
Claims and judgments	-	-	-
Total current liabilities	<u>458,766</u>	<u>28,104</u>	<u>33,134</u>
Noncurrent liabilities:			
Compensated absences	28,730	99,464	44,710
Net OPEB Obligation	6,059	108,234	52,850
Claims and judgments	-	-	-
Total noncurrent liabilities	<u>34,789</u>	<u>207,698</u>	<u>97,560</u>
Total liabilities	<u>493,555</u>	<u>235,802</u>	<u>130,694</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	59,894	227,353	12,572
Unrestricted	189,627	940,647	934,869
Total net assets	<u>\$ 249,521</u>	<u>\$ 1,168,000</u>	<u>\$ 947,441</u>

Risk Management Health	Risk Management General	Vehicle Services	Total
\$ 159,560	\$ 1,990,510	\$ 78,810	\$ 2,482,604
5,548	75,155	3,711	92,104
-	-	9,136	9,136
-	-	108,720	786,207
<u>165,108</u>	<u>2,065,665</u>	<u>200,377</u>	<u>3,370,051</u>
1,638,266	19,866,823	1,066,409	24,557,791
-	-	-	254,536
-	-	423,838	423,838
-	4,441	607,563	5,371,290
-	(4,441)	(916,327)	(5,634,771)
-	-	115,074	414,893
<u>1,638,266</u>	<u>19,866,823</u>	<u>1,181,483</u>	<u>24,972,684</u>
<u>1,803,374</u>	<u>21,932,488</u>	<u>1,381,860</u>	<u>28,342,735</u>
-	39,294	9,462	113,870
-	7,630	11,740	54,260
-	-	-	420,000
-	2,076,195	-	2,076,195
-	<u>2,123,119</u>	<u>21,202</u>	<u>2,664,325</u>
-	66,814	52,105	291,823
-	33,915	75,022	276,080
-	14,235,805	-	14,235,805
-	<u>14,336,534</u>	<u>127,127</u>	<u>14,803,708</u>
-	<u>16,459,653</u>	<u>148,329</u>	<u>17,468,033</u>
-	-	115,074	414,893
1,803,374	5,472,835	1,118,457	10,459,809
<u>\$ 1,803,374</u>	<u>\$ 5,472,835</u>	<u>\$ 1,233,531</u>	<u>\$ 10,874,702</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, 2011**

	<u>Central Stores</u>	<u>Information Technology</u>	<u>Central Services</u>
<b>OPERATING REVENUES</b>			
Charges for services—internal	\$ 264,945	\$ 1,783,240	\$ 938,010
Charges for services—other	-	-	2,543
Miscellaneous	-	-	-
Total operating revenues	<u>264,945</u>	<u>1,783,240</u>	<u>940,553</u>
<b>OPERATING EXPENSES</b>			
Personal services	160,713	967,699	360,599
Other current expenses	77,808	886,110	546,415
Depreciation	9,062	88,230	5,890
Total operating expenses	<u>247,583</u>	<u>1,942,039</u>	<u>912,904</u>
Operating income (loss)	<u>17,362</u>	<u>(158,799)</u>	<u>27,649</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income (loss)	(5,110)	11,325	9,532
Miscellaneous expense	-	(1,412)	-
Miscellaneous revenue	452	135	2,375
Total nonoperating revenues (expenses)	<u>(4,658)</u>	<u>10,048</u>	<u>11,907</u>
Income (loss)	12,704	(148,751)	39,556
Net assets—beginning	236,817	1,316,751	907,885
Net assets (deficit)—ending	<u>\$ 249,521</u>	<u>\$ 1,168,000</u>	<u>\$ 947,441</u>

Risk Management Health	Risk Management General	Vehicle Services	Total
\$ 6,586,848	\$ 4,949,642	\$ 2,762,194	\$ 17,284,879
2,320,520	-	-	2,323,063
101,700	52,154	22,547	176,401
<u>9,009,068</u>	<u>5,001,796</u>	<u>2,784,741</u>	<u>19,784,343</u>
-	381,598	533,993	2,404,602
8,317,477	5,833,657	1,956,869	17,618,336
-	-	61,934	165,116
<u>8,317,477</u>	<u>6,215,255</u>	<u>2,552,796</u>	<u>20,188,054</u>
<u>691,591</u>	<u>(1,213,459)</u>	<u>231,945</u>	<u>(403,711)</u>
16,919	199,054	11,159	242,879
-	-	-	(1,412)
-	-	100	3,062
<u>16,919</u>	<u>199,054</u>	<u>11,259</u>	<u>244,529</u>
708,510	(1,014,405)	243,204	(159,182)
1,094,864	6,487,240	990,327	11,033,884
<u>\$ 1,803,374</u>	<u>\$ 5,472,835</u>	<u>\$ 1,233,531</u>	<u>\$ 10,874,702</u>

**CITY OF POMPANO BEACH, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>Central Stores</u>	<u>Information Technology Systems</u>	<u>Central Services</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from other funds	\$ 264,945	\$ 1,783,240	\$ 938,010
Receipts from customers	-	-	2,543
Receipts from subrogation	-	-	-
Payments to suppliers	(5,723)	(880,453)	(525,273)
Payments to employees	(157,275)	(951,658)	(356,486)
Claims paid	-	-	-
Net cash provided (used) by operating activities	<u>101,947</u>	<u>(48,871)</u>	<u>58,794</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Advances from (to) other funds	(110,000)	-	-
Net cash provided (used) by noncapital financing activities	<u>(110,000)</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from sale of surplus materials/capital assets	452	135	2,375
Acquisition of capital assets	-	(79,658)	-
Net cash provided (used) by capital and related financing activities	<u>452</u>	<u>(79,523)</u>	<u>2,375</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Calls/maturities of investments	136,442	532,803	288,822
Purchase of investments	(99,324)	(469,257)	(360,801)
Interest income (loss)	(6,413)	15,454	12,288
Net cash provided (used) by investing activities	<u>30,705</u>	<u>79,000</u>	<u>(59,691)</u>
Net cash provided (used) by investing activities	<u>\$ 30,705</u>	<u>\$ 79,000</u>	<u>\$ (59,691)</u>
Net increase (decrease) in cash and cash equivalents	23,104	(49,394)	1,478
Cash and cash equivalents at beginning of the year	9,256	154,051	115,229
Cash and cash equivalents at end of the year	<u>\$ 32,360</u>	<u>\$ 104,657</u>	<u>\$ 116,707</u>
Non-cash transactions (Investing Activities):			
Changes in fair value of investments	<u>\$ -</u>	<u>\$ 3,041</u>	<u>\$ 2,687</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 17,362	\$ (158,799)	\$ 27,649
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Cash flows reported in other categories:			
Depreciation expense	9,062	88,230	5,890
Change in assets and liabilities:			
Inventories	-	-	-
Prepays	84,833	-	3,524
Estimated claims payable	-	-	-
Accounts and other payables	(10,928)	(8,423)	8,607
Accrued expenses	955	4,674	774
Other post employment benefits (OPEB)	(1,820)	14,080	9,011
Compensated absences	2,483	11,367	3,339
Net cash provided (used) by operating activities	<u>\$ 101,947</u>	<u>\$ (48,871)</u>	<u>\$ 58,794</u>

Risk Management Health	Risk Management General	Vehicle Services	Total
\$ 6,586,848	\$ 4,949,642	\$ 2,762,195	\$ 17,284,880
2,320,520	-	32,649	2,355,712
101,700	52,154	-	153,854
(8,318,124)	(1,601,647)	(1,975,547)	(13,306,767)
-	(363,139)	(540,009)	(2,368,567)
-	(2,358,773)	-	(2,358,773)
<u>690,944</u>	<u>678,237</u>	<u>279,288</u>	<u>1,760,339</u>
-	-	-	(110,000)
-	-	-	(110,000)
-	-	100	3,062
-	-	(14,768)	(94,426)
-	-	(14,668)	(91,364)
504,859	6,205,180	371,407	8,039,513
(1,184,852)	(7,702,207)	(674,154)	(10,490,595)
19,752	260,105	13,569	314,755
(660,241)	(1,236,922)	(289,178)	(2,136,327)
<u>\$ (660,241)</u>	<u>\$ (1,236,922)</u>	<u>\$ (289,178)</u>	<u>\$ (2,136,327)</u>
30,703	(558,685)	(24,558)	(577,352)
128,857	2,549,195	103,368	3,059,956
<u>\$ 159,560</u>	<u>\$ 1,990,510</u>	<u>\$ 78,810</u>	<u>\$ 2,482,604</u>
<u>\$ 4,666</u>	<u>\$ 56,593</u>	<u>\$ 2,972</u>	<u>\$ 69,959</u>
\$ 691,591	\$ (1,213,459)	\$ 231,945	\$ (403,711)
-	-	61,934	165,116
-	-	10,102	10,102
-	-	(29,194)	59,163
-	1,888,000	-	1,888,000
(647)	(14,475)	(521)	(26,387)
-	959	2,880	10,242
-	(288)	11,038	32,021
-	17,500	(8,896)	25,793
<u>\$ 690,944</u>	<u>\$ 678,237</u>	<u>\$ 279,288</u>	<u>\$ 1,760,339</u>

## 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, 2011**

	<b>General Employees' Retirement System</b>	<b>Police and Firefighters' Retirement System</b>	<b>Defined Contribution Retirement System</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,382,871	\$ 754	\$ -	\$ 3,383,625
Receivables:				
Accrued interest and dividends	255,487	434,372	-	689,859
Due from brokers	125,715	4,801,550	-	4,927,265
Other	2,978	157,171	-	160,149
Total receivables	<u>384,180</u>	<u>5,393,093</u>	<u>-</u>	<u>5,777,273</u>
Other assets	-	1,118,901	-	1,118,901
Investments:				
U.S. Government obligations	7,419,468	11,980,501	-	19,399,969
Mortgage backed securities	-	13,122,754	-	13,122,754
Municipal Obligations	-	641,084	-	641,084
Corporate obligations	13,949,436	16,386,335	-	30,335,771
Equity securities	35,113,863	109,675,180	-	144,789,043
Mutual funds and collective trusts	-	7,513,063	1,292,289	8,805,352
Domestic equity funds	11,577,298	-	-	11,577,298
International equity funds	12,806,113	-	-	12,806,113
Private equity funds	12,147,445	-	-	12,147,445
Real estate funds	10,277,221	3,475,477	-	13,752,698
Money market funds	-	13,578,932	-	13,578,932
Total investments	<u>103,290,844</u>	<u>176,373,326</u>	<u>1,292,289</u>	<u>280,956,459</u>
Property & equipment, net of accumulated depreciation	5,492	65,424	-	70,916
Total assets	<u>107,063,387</u>	<u>182,951,498</u>	<u>1,292,289</u>	<u>291,307,174</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	136,250	254,594	-	390,844
Deferred retirement option plan payable	3,512,291	-	-	3,512,291
Due to brokers	233,203	2,665,119	-	2,898,322
Total liabilities	<u>3,881,744</u>	<u>2,919,713</u>	<u>-</u>	<u>6,801,457</u>
<b>NET ASSETS</b>				
Held in trust for pension benefits	<u>\$ 103,181,643</u>	<u>\$ 180,031,785</u>	<u>\$ 1,292,289</u>	<u>\$ 284,505,717</u>

**CITY OF POMPANO BEACH, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**PENSION TRUST FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<b>General Employees' Retirement System</b>	<b>Police and Firefighters' Retirement System</b>	<b>Defined Contribution Retirement System</b>	<b>Total</b>
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 4,926,040	\$ 4,560,434	\$ -	\$ 9,486,474
Broward County Sheriff's Office	396,377	3,415,969	-	3,812,346
Broward County - Library	29,104	-	-	29,104
Members	2,680,517	1,613,075	8,298	4,301,890
State	-	1,934,985	-	1,934,985
Total contributions	<u>8,032,038</u>	<u>11,524,463</u>	<u>8,298</u>	<u>19,564,799</u>
Investment income (loss):				
Net appreciation (depreciation) in fair value of investments	(1,220,959)	208,883	-	(1,012,076)
Interest and dividends	2,903,208	3,866,320	22,593	6,792,121
Commission recapture	3,362	-	-	3,362
Other	14,872	60,271	-	75,143
Total investment income (loss)	<u>1,700,483</u>	<u>4,135,474</u>	<u>22,593</u>	<u>5,858,550</u>
Less: investment expenses	814,784	1,170,465	-	1,985,249
Deferred retirement option plan participants' earnings	250,311	-	-	250,311
Net investment income (loss)	<u>635,388</u>	<u>2,965,009</u>	<u>22,593</u>	<u>3,622,990</u>
Total	<u>8,667,426</u>	<u>14,489,472</u>	<u>30,891</u>	<u>23,187,789</u>
<b>DEDUCTIONS</b>				
Participant benefit payments	8,207,177	15,048,904	9,986	23,266,067
Refunds of participant contributions	277,886	-	-	277,886
Administrative expenses	483,843	567,853	-	1,051,696
Total	<u>8,968,906</u>	<u>15,616,757</u>	<u>9,986</u>	<u>24,595,649</u>
Net increase (decrease)	<u>(301,480)</u>	<u>(1,127,285)</u>	<u>20,905</u>	<u>(1,407,860)</u>
<b>Net assets held in trust for pension benefits</b>				
Beginning of the year	103,483,123	181,159,070	1,271,384	285,913,577
End of the year	<u>\$ 103,181,643</u>	<u>\$ 180,031,785</u>	<u>\$ 1,292,289</u>	<u>\$ 284,505,717</u>

CITY OF POMPANO BEACH, FLORIDA  
GENERAL AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	BALANCE OCTOBER 1, 2010	ADDITIONS	DELETIONS	BALANCE SEPTEMBER 30, 2011
<b>Assets:</b>				
Cash and cash equivalents	\$ 477,973	\$ 23,014,530	\$ 22,940,018	\$ 552,485
Accounts receivable	5,163	199,259	198,527	5,895
Total assets	<u>483,136</u>	<u>23,213,789</u>	<u>23,138,545</u>	<u>558,380</u>
<b>Liabilities:</b>				
Deposits, sales tax & payroll payable	483,136	33,834,681	33,759,437	558,380
Total liabilities	<u>\$ 483,136</u>	<u>\$ 33,834,681</u>	<u>\$ 33,759,437</u>	<u>\$ 558,380</u>

## STATISTICAL SECTION SUMMARY

This part of the City of Pompano Beach, Florida's comprehensive annual financial report presents additional information to assist users in understanding how the information provided in the financial statements, note disclosures, and required supplementary information impacts the City's overall financial health.

<u>Schedules</u>	<u>Page</u>
<u>Financial Trends</u> <i>These schedules provide financial trend information, which shows how the City's financial performance has changed over time.</i>	124-129
<u>Revenue Capacity</u> <i>These schedules provide additional information about Property Tax, the City's most significant local revenue source.</i>	130-136
<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>	137-141
<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>	142-143
<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>	144-149

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)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 58,234,658	\$ 76,140,040	\$ 86,322,113	\$ 209,504,464	\$ 211,412,441
Restricted	11,222,779	16,353,467	21,208,028	39,354,857	49,646,102
Unrestricted	<u>64,962,457</u>	<u>51,241,673</u>	<u>61,047,680</u>	<u>64,936,137</u>	<u>91,455,665</u>
<b>Total government-type activities net assets</b>	<b><u>\$ 134,419,894</u></b>	<b><u>\$ 143,735,180</u></b>	<b><u>\$ 168,577,821</u></b>	<b><u>\$ 313,795,458</u></b>	<b><u>\$ 352,514,208</u></b>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$ 79,050,408	\$ 84,055,172	\$ 88,417,544	\$ 89,791,002	\$ 92,410,002
Restricted	4,204,071	2,864,258	4,063,445	4,542,956	5,272,280
Unrestricted	<u>29,014,441</u>	<u>32,589,390</u>	<u>36,192,206</u>	<u>43,870,319</u>	<u>47,578,565</u>
<b>Total business-type activities net assets</b>	<b><u>\$ 112,268,920</u></b>	<b><u>\$ 119,508,820</u></b>	<b><u>\$ 128,673,195</u></b>	<b><u>\$ 138,204,277</u></b>	<b><u>\$ 145,260,847</u></b>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$ 137,285,066	\$ 160,195,212	\$ 174,739,657	\$ 299,295,466	\$ 303,822,443
Restricted	7,398,254	11,051,187	25,271,473	43,897,813	54,918,382
Unrestricted	<u>102,005,494</u>	<u>91,997,601</u>	<u>97,239,886</u>	<u>108,806,456</u>	<u>139,034,230</u>
<b>Total primary government net assets</b>	<b><u>\$ 246,688,814</u></b>	<b><u>\$ 263,244,000</u></b>	<b><u>\$ 297,251,016</u></b>	<b><u>\$ 451,999,735</u></b>	<b><u>\$ 497,775,055</u></b>

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 207,930,782	\$ 205,458,533	\$ 212,893,367	\$ 218,753,518
Restricted	83,854,283	91,297,882	80,138,395	64,179,337
Unrestricted	<u>69,996,425</u>	<u>73,578,264</u>	<u>99,545,328</u>	<u>100,532,438</u>
Total government-type activities net assets	<u>\$ 361,781,490</u>	<u>\$ 370,334,679</u>	<u>\$ 392,577,090</u>	<u>\$ 383,465,293</u>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ 97,062,152	\$ 99,197,519	\$ 102,762,337	\$ 117,815,651
Restricted	13,573,396	4,476,707	9,897,046	\$ 8,506,787
Unrestricted	<u>45,222,436</u>	<u>53,626,361</u>	<u>44,225,710</u>	<u>\$ 38,536,872</u>
Total business-type activities net assets	<u>\$ 155,857,984</u>	<u>\$ 157,300,587</u>	<u>\$ 156,885,093</u>	<u>\$ 164,859,310</u>
<b>Primary government</b>				
Invested in capital assets, net of related debt	\$ 304,992,934	\$ 304,656,052	\$ 315,655,704	\$ 336,569,169
Restricted	97,427,679	33,932,548	90,035,441	72,688,124
Unrestricted	<u>115,218,861</u>	<u>189,046,666</u>	<u>143,771,038</u>	<u>139,067,310</u>
Total primary government net assets	<u>\$ 517,639,474</u>	<u>\$ 527,635,266</u>	<u>\$ 549,462,183</u>	<u>\$ 548,324,603</u>

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

	2003	2004	2005	2006	2007
<b>Expenses</b>					
Governmental activities:					
General government	\$ 10,033,437	\$ 19,227,611	\$ 18,188,353	\$ 21,820,752	\$ 25,148,265
Public safety	48,602,881	55,534,006	62,213,355	75,536,195	62,159,383
Physical environment	8,741,619	11,346,851	12,598,056	12,039,673	11,449,782
Transportation	2,813,659	3,049,025	3,497,449	3,603,850	3,638,120
Culture and recreation	7,141,814	7,506,086	7,729,885	8,884,491	9,475,841
Interest on long-term debt	571,687	502,117	515,383	716,712	1,237,318
Total governmental activities expenses	<u>77,905,097</u>	<u>97,165,696</u>	<u>104,742,481</u>	<u>122,601,673</u>	<u>113,108,709</u>
Business-type activities:					
Utility	26,036,524	28,250,487	27,693,796	30,272,697	31,992,234
Sanitation	3,006,744	2,648,916	2,743,126	2,992,911	3,225,228
Stormwater	835,673	968,628	1,122,731	1,105,559	1,726,205
Pier	97,879	113,674	132,227	102,549	168,163
Airpark	684,474	791,356	778,833	816,978	982,881
Golf course	3,047,382	3,435,026	3,352,711	3,360,456	3,481,714
Total business-type activities expenses	<u>33,708,676</u>	<u>36,208,087</u>	<u>35,823,424</u>	<u>38,651,150</u>	<u>41,576,425</u>
Total primary government expenses	<u>\$ 111,613,773</u>	<u>\$ 133,373,783</u>	<u>\$ 140,565,905</u>	<u>\$ 161,252,823</u>	<u>\$ 154,685,134</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 2,520,557	\$ 9,477,577	\$ 10,036,240	\$ 10,472,216	\$ 11,107,609
Public safety	21,649,694	19,248,638	25,288,195	28,350,939	24,255,117
Physical environment	64,689	1,118,655	43,732	44,866	40,784
Transportation	388,132	553,626	530,426	351,144	313,483
Culture and recreation	1,229,084	1,202,009	1,678,643	1,593,176	1,679,976
Operating grants and contributions	-	7,122,439	7,368,835	14,700,056	3,371,646
Capital grants and contributions	-	13,885,144	2,707,025	2,076,119	5,171,273
Total governmental activities program revenues	<u>25,852,156</u>	<u>52,608,088</u>	<u>47,653,096</u>	<u>57,588,516</u>	<u>45,939,888</u>
Business-type activities:					
Charges for services:					
Utility	26,382,469	31,542,855	33,946,822	35,228,573	34,401,872
Sanitation	3,662,287	3,980,771	3,835,940	4,367,157	4,530,033
Stormwater	2,238,820	2,222,999	2,413,050	2,538,085	2,476,036
Pier	227,302	239,029	254,500	173,267	-
Airpark	1,762,827	1,814,416	1,842,943	1,935,268	1,994,752
Golf course	3,473,909	2,715,116	2,714,559	2,989,740	2,999,136
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	599,567	300,000	410,591	671,911
Total business-type activities program revenues	<u>37,747,614</u>	<u>43,114,753</u>	<u>45,307,814</u>	<u>47,642,681</u>	<u>47,073,740</u>
Total primary government program revenues	<u>\$ 63,599,770</u>	<u>\$ 95,722,841</u>	<u>\$ 92,960,910</u>	<u>\$ 105,231,197</u>	<u>\$ 93,013,628</u>
<b>Net (Expense) Revenue</b>					
Governmental activities	(48,044,524)	(42,903,292)	(55,302,516)	(63,231,928)	(65,307,223)
Business-type activities	4,217,480	7,323,333	9,484,390	8,991,531	5,497,315
Total primary government net expense	<u>\$ (43,827,044)</u>	<u>\$ (35,579,959)</u>	<u>\$ (45,818,126)</u>	<u>\$ (54,240,397)</u>	<u>\$ (59,809,908)</u>
<b>General Revenues and other Changes in Net Assets</b>					
Governmental activities:					
Taxes					
Property taxes, levied of general purposes	\$ 27,673,163	\$ 32,227,515	\$ 38,204,731	\$ 43,482,560	\$ 48,799,437
Sales and use taxes	1,662,687	1,748,357	1,760,344	2,036,007	1,986,157
Business tax receipts	1,558,098	1,654,316	1,786,869	1,781,229	1,861,598
Utility taxes	7,844,245	7,781,933	9,032,695	8,966,542	9,318,447
Communication service taxes	5,602,373	5,405,724	5,298,126	5,258,898	5,188,605
Pari-mutuel taxes	-	-	-	-	884,443
Tax increment fees-Community Redevelmt.Agency	2,837,239	3,398,189	4,317,644	5,742,736	8,287,120
Franchise fees	6,071,058	6,589,987	7,525,435	8,847,598	8,916,247
State revenue sharing	6,826,837	9,538,735	9,024,747	9,389,982	8,940,830
Investment earnings	1,241,823	1,162,064	2,187,611	5,872,788	8,752,035
Gain on disposal of capital assets	-	151,082	-	5,222,114	193,257
Miscellaneous revenue	4,373,285	1,336,652	1,069,740	754,716	759,627
Other Revenue	-	-	-	-	-
Special Assessments-Fire/EMS	-	-	-	-	-
Special item	19,250,000	-	-	-	-
Transfers	1,165,104	1,337,091	1,724,084	1,882,938	1,999,768
Total governmental activities	<u>\$ 86,105,912</u>	<u>\$ 72,331,645</u>	<u>\$ 81,932,026</u>	<u>\$ 99,238,108</u>	<u>\$ 105,887,571</u>
Business-type activities:					
Proceeds from disposal of capital assets	-	-	-	-	-
Investment earnings	790,427	836,991	987,402	1,996,618	2,635,502
Miscellaneous revenue	-	-	416,667	425,871	923,521
Special item	-	-	-	-	-
Transfers	(1,165,104)	(1,337,091)	(1,724,084)	(1,882,938)	(1,999,768)
Total business-type activities	<u>(374,677)</u>	<u>(500,100)</u>	<u>(320,015)</u>	<u>539,551</u>	<u>1,559,255</u>
Total primary government	<u>\$ 85,731,235</u>	<u>\$ 71,831,545</u>	<u>\$ 81,612,011</u>	<u>\$ 99,777,659</u>	<u>\$ 107,446,826</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ 38,061,388	\$ 27,774,037	\$ 24,842,641	\$ 34,224,951	\$ 38,718,750
Business-type activities	3,842,803	6,823,233	9,164,375	9,531,082	7,056,570
Total primary government	<u>\$ 41,904,191</u>	<u>\$ 34,597,270</u>	<u>\$ 34,007,016</u>	<u>\$ 43,756,033</u>	<u>\$ 45,775,320</u>

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.

	2008	2009	2010	2011
<b>Expenses</b>				
Governmental activities:				
General government	\$ 30,134,110	\$ 30,976,218	\$ 22,614,054	\$ 31,870,782
Public safety	70,342,631	72,982,320	75,248,897	76,787,154
Physical environment	11,987,508	13,122,352	13,945,306	15,550,874
Transportation	3,811,263	3,837,107	3,742,998	3,996,841
Culture and recreation	9,183,233	8,632,761	7,669,285	7,964,422
Interest on long-term debt	884,964	932,515	1,236,656	1,307,248
Total governmental activities expenses	<u>126,343,709</u>	<u>130,483,273</u>	<u>124,457,196</u>	<u>137,477,321</u>
Business-type activities:				
Utility	33,570,638	36,050,530	36,710,226	37,906,357
Sanitation	3,302,781	3,605,435	3,338,231	3,815,493
Stormwater	1,646,758	1,891,753	1,955,262	2,008,840
Pier	127,568	139,979	230,969	267,233
Airpark	1,412,469	1,399,077	1,461,977	1,417,254
Golf course	3,386,558	3,469,586	3,464,818	3,643,143
Total business-type activities expenses	<u>43,446,772</u>	<u>46,556,360</u>	<u>47,161,483</u>	<u>49,058,320</u>
Total primary government expenses	<u>\$ 169,790,481</u>	<u>\$ 177,039,633</u>	<u>\$ 171,618,679</u>	<u>\$ 186,535,641</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 10,751,746	\$ 11,584,971	\$ 12,007,347	\$ 10,249,276
Public safety	20,559,395	20,623,910	19,978,399	20,800,209
Physical environment	33,938	38,491	70,676	74,417
Transportation	297,829	352,597	452,867	611,102
Culture and recreation	1,575,211	1,689,470	1,683,521	1,736,482
Operating grants and contributions	4,718,209	3,384,796	3,021,158	3,551,981
Capital grants and contributions	2,367,151	3,736,634	8,016,883	3,763,722
Total governmental activities program revenues	<u>40,303,479</u>	<u>41,410,869</u>	<u>45,230,851</u>	<u>40,787,189</u>
Business-type activities:				
Charges for services:				
Utility	33,868,521	35,633,508	34,324,271	40,663,118
Sanitation	4,618,938	5,026,680	5,287,117	5,419,414
Stormwater	2,456,094	2,529,879	2,468,001	2,457,922
Pier	-	-	29,552	105,340
Airpark	1,074,271	800,461	946,942	979,402
Golf course	3,034,441	2,893,132	2,571,980	2,475,617
Operating grants and contributions	35,268	-	-	-
Capital grants and contributions	805,267	796,775	732,036	1,643,613
Total business-type activities program revenues	<u>45,892,800</u>	<u>47,680,435</u>	<u>46,359,899</u>	<u>53,744,426</u>
Total primary government program revenues	<u>\$ 86,196,279</u>	<u>\$ 89,091,304</u>	<u>\$ 91,590,750</u>	<u>\$ 94,531,615</u>
<b>Net (Expense) Revenue</b>				
Governmental activities	(86,040,230)	(89,072,404)	(79,226,345)	(96,690,132)
Business-type activities	2,446,028	1,124,075	(801,584)	4,686,106
Total primary government net expense	<u>\$ (83,594,202)</u>	<u>\$ (87,948,329)</u>	<u>\$ (80,027,929)</u>	<u>\$ (92,004,026)</u>
<b>General Revenues and other Changes in Net Assets</b>				
Governmental activities:				
Taxes				
Property taxes, levied of general purposes	\$ 46,615,842	\$ 46,139,749	\$ 49,080,745	\$ 43,120,938
Sales and use taxes	1,989,190	1,942,087	1,868,720	1,867,765
Business tax receipts	1,878,968	1,852,958	1,883,460	1,900,445
Utility taxes	9,087,211	8,940,920	9,366,079	9,603,801
Communication service taxes	6,345,750	5,349,898	5,711,305	5,775,772
Par-mutuel taxes	2,053,356	1,795,128	1,881,081	1,897,796
Tax increment fees-Community Redevelmt Agency	9,142,152	9,527,042	10,405,002	8,069,453
Franchise fees	9,161,456	9,097,345	8,316,234	7,410,674
State revenue sharing	8,299,249	7,417,427	7,341,044	7,664,439
Investment earnings	5,571,020	3,518,665	3,584,734	1,607,688
Gain on disposal of capital assets	39,875	3,626	3,001	3,062
Miscellaneous revenue	704,511	835,460	850,783	988,393
Other Revenue	-	-	-	-
Special Assessments-Fire/EMS	-	-	-	-
Special item	-	-	-	-
Transfers	(5,581,068)	1,205,288	1,176,568	(2,331,891)
Total governmental activities	<u>\$ 95,307,512</u>	<u>\$ 97,625,593</u>	<u>\$ 101,468,756</u>	<u>\$ 87,578,335</u>
Business-type activities:				
Proceeds from disposal of capital assets	100,184	6,800	15,295	120,761
Investment earnings	1,690,003	1,099,783	1,129,631	407,549
Miscellaneous revenue	439,655	417,233	417,732	427,910
Special item	340,199	-	-	-
Transfers	5,581,068	(1,205,288)	(1,176,568)	2,331,891
Total business-type activities	<u>8,151,109</u>	<u>318,528</u>	<u>386,090</u>	<u>3,288,111</u>
Total primary government	<u>\$ 103,458,621</u>	<u>\$ 97,944,121</u>	<u>\$ 101,854,846</u>	<u>\$ 90,866,446</u>
<b>Change in Net Assets</b>				
Governmental activities	\$ 9,267,282	\$ 8,553,189	\$ 22,242,411	\$ (9,111,797)
Business-type activities	10,597,137	1,442,603	(415,494)	7,974,217
Total primary government	<u>\$ 19,864,419</u>	<u>\$ 9,995,792</u>	<u>\$ 21,826,917</u>	<u>\$ (1,137,580)</u>

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

Schedule 3

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$ 8,987,024	\$ 7,160,458	\$ 11,779,092	\$ 16,535,345	\$ 23,630,235	\$ 29,189,048	\$ 32,368,977	\$ 30,732,081	\$ -	\$ -
Unreserved	20,444,486	29,017,441	23,860,152	26,139,018	38,934,060	57,038,234	56,776,076	65,678,740	-	-
Nonspendable									284,411	245,514
Restricted									29,886,617	8,190,183
Committed									12,382,653	-
Assigned									5,655,377	3,367,131
Unassigned									49,431,868	55,359,991
<b>Total General Fund</b>	<b>\$ 29,431,510</b>	<b>\$ 36,177,899</b>	<b>\$ 35,639,244</b>	<b>\$ 42,674,363</b>	<b>\$ 62,564,295</b>	<b>\$ 86,227,282</b>	<b>\$ 89,145,053</b>	<b>\$ 96,410,821</b>	<b>\$ 97,640,926</b>	<b>\$ 67,162,819</b>
All Other Governmental Funds										
Reserved	\$ 18,176,238	\$ 17,893,404	\$ 19,808,908	\$ 19,425,023	\$ 26,619,823	\$ 29,838,745	\$ 33,502,820	\$ 33,949,258	\$ -	\$ -
Unreserved, reported in:										
Northwest CRA District funds	1,066,294	2,438,970	2,370,454	5,870,023	14,934,185	18,922,736	23,976,295	25,870,780		
Capital projects funds	6,534,613	5,574,885	10,914,581	11,519,371	10,040,185	15,916,597	14,992,002	16,287,994		
Emergency Medical Services	112,865	(124,127)	441,589	987,904	1,466,400	1,620,835	1,042,259	1,136,142		
Cultural Arts	11,430	13,897	19,535	20,804	21,275	17,390	20,594	21,601		
East CRA	-	84,218	360,944	836,908	1,702,438	2,527,275	4,082,431	5,238,264		
Cemetery	-	820,145	834,606	839,030	842,196	774,696	741,611	748,036		
1993 GO Bonds	-	-	-	-	-	-	-	-		
Nonspendable									367,410	1,089,593
Restricted									79,152,172	81,364,830
Committed									23,873,993	38,375,578
Assigned									-	-
Unassigned									773,761	(209,951)
<b>Total all other governmental funds</b>	<b>\$ 25,901,440</b>	<b>\$ 26,701,392</b>	<b>\$ 34,750,617</b>	<b>\$ 39,499,063</b>	<b>\$ 55,626,502</b>	<b>\$ 69,618,274</b>	<b>\$ 78,358,012</b>	<b>\$ 83,252,075</b>	<b>\$ 104,167,336</b>	<b>\$ 120,620,050</b>

**Note:** The City implemented GASB 54 beginning with the fiscal year ended September 30, 2010.

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

Schedule 4

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>REVENUES</b>										
Taxes	\$ 51,295,617	\$ 53,500,138	\$ 57,151,705	\$ 66,138,975	\$ 74,334,341	\$ 82,496,013	\$ 74,034,933	\$ 74,292,736	\$ 78,637,580	\$ 70,255,567
Judgments, fines and forfeitures	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	1,204,590
Permits, fees and special assessments	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	23,283,619
Intergovernmental	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	14,182,824
Charges for services	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	16,172,851
Pari-Mutuel						884,443	2,053,356	1,795,128	1,881,081	1,897,796
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	59,539
Interest/Investment earnings	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	1,364,809
Cemetery lot sales							125	3,050	21,775	42,975
Recaptured funds							96,025			23,571
Program income							15,083			790,129
Other revenue	11,740,581	21,409,022	1,409,424	929,370	439,552	652,161	499,470	458,782	683,291	768,841
<b>Total revenues</b>	<b>94,233,322</b>	<b>104,159,566</b>	<b>109,996,350</b>	<b>124,703,300</b>	<b>151,757,892</b>	<b>148,326,221</b>	<b>137,189,776</b>	<b>136,209,022</b>	<b>142,976,289</b>	<b>130,047,111</b>
<b>EXPENDITURES</b>										
<b>Current:</b>										
General government	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	22,249,998
Public safety	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	74,794,319
Physical environment	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	14,822,990
Transportation	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	3,353,568
Culture and recreation	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	6,927,009
<b>Debt service:</b>										
Principal	2,509,400	2,604,400	2,526,900	1,744,400	1,280,000	930,000	970,000	20,000	3,257,162	2,462,162
Interest and other charges	768,107	637,163	530,391	484,358	616,923	1,183,814	987,830	889,628	1,179,245	1,252,726
<b>Capital outlay</b>	<b>9,648,717</b>	<b>11,380,642</b>	<b>10,084,618</b>	<b>14,726,995</b>	<b>12,306,298</b>	<b>11,357,692</b>	<b>8,130,010</b>	<b>9,968,462</b>	<b>7,078,998</b>	<b>18,929,429</b>
<b>Total expenditures</b>	<b>88,727,352</b>	<b>97,778,329</b>	<b>101,194,753</b>	<b>118,011,757</b>	<b>126,564,439</b>	<b>116,622,469</b>	<b>120,644,568</b>	<b>125,818,111</b>	<b>132,089,937</b>	<b>144,792,201</b>
Excess (deficiency) of revenues over expenditures	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	(14,745,090)
<b>OTHER FINANCING SOURCES (USES)</b>										
Debt proceeds	-	-	3,481,153	3,367,938	8,940,980	3,751,960	457,968		10,000,000	53,150
Proceeds from energy performance lease										2,998,438
Proceeds from sale of capital assets	-	-	(1,562,500)	-	-	199,279	127,347	457,567	82,446	
Transfers in	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	35,052,824
Transfers out	(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)	(37,384,715)
<b>Total other financing sources (uses)</b>	<b>1,338,150</b>	<b>1,165,104</b>	<b>3,444,496</b>	<b>5,092,022</b>	<b>10,823,918</b>	<b>5,951,007</b>	<b>(4,887,699)</b>	<b>1,768,920</b>	<b>11,259,014</b>	<b>719,697</b>
<b>Net change in fund balances</b>	<b>\$ 6,844,120</b>	<b>\$ 7,546,341</b>	<b>\$ 12,246,093</b>	<b>\$ 11,783,565</b>	<b>\$ 36,017,371</b>	<b>\$ 37,654,759</b>	<b>\$ 11,657,509</b>	<b>\$ 12,159,831</b>	<b>\$ 22,145,366</b>	<b>\$ (14,025,393)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>4.1%</b>	<b>3.8%</b>	<b>3.4%</b>	<b>2.2%</b>	<b>1.7%</b>	<b>2.0%</b>	<b>1.7%</b>	<b>0.8%</b>	<b>3.5%</b>	<b>3.0%</b>

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

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

<b>FISCAL YEAR ENDED</b>	<b>TAX ROLL *</b>	<b>REAL PROPERTY **</b>	<b>PERSONAL PROPERTY **</b>	<b>TOTAL ASSESSED VALUE</b>
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
2011	2010	10,890,774,507	659,397,108	11,550,171,615

**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.

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<u>ALLOWABLE EXEMPTIONS</u>	<u>TAXABLE VALUE FOR OPERATIONS AND DEBT</u>	<u>TOTAL DIRECT TAX RATE</u>
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
2,301,421,085	9,170,445,898	4.9077

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

FISCAL YEAR ENDED SEPT. 30	TAX ROLL	City of Pompano Beach				DIRECT TOTAL	BROWARD COUNTY	SCHOOL BOARD
		GENERAL FUND	SPECIAL TAX DISTRICT	DEBT SERVICE				
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	
2011	2010	4.4077	0.5000	-	4.9077	5.553	7.631	

**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.

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Overlapping Rates

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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	2.4803	-	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
0.6240	1.875	0.4696	0.086	0.0345	21.1808

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

Schedule 7

2011				2002			
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	\$ 43,848,800	1	0.50%	Palm Vacation Group	\$ 29,513,230	1	0.52%
John Knox Village of Florida (451 Heritage Drive)	41,919,680	2	0.48%	Cordia at Palm Aire LLC	25,945,310	2	0.45%
EQR Bayview LLC	36,652,950	3	0.42%	Sharp Sabal Palms LLC	25,642,440	3	0.45%
John Knox Village of Florida (621 6th Street)	31,824,560	4	0.36%	Pompano Property Corporation (Winn Dixie)	20,468,990	4	0.36%
Associate Grocers	30,627,800	5	0.35%	GP Stones. Ltd	18,138,970	5	0.32%
SNH/LTA Properties Trust	22,590,000	6	0.26%	McNab-KC3, Ltd	17,210,270	6	0.29%
John Knox Village of Florida (400 3rd Street)	21,737,280	7	0.25%	Regency Venture, Ltd	16,562,160	7	0.28%
Archdiocese of Miami	20,208,160	8	0.23%	Palm Court Joint Venture	15,809,850	8	0.27%
Ft Lauderdale BTS LLC	19,800,000	9	0.23%	Eastrich #188 Corporation	15,379,650	9	0.27%
Centro Heritage SPE 1 LLC	19,608,580	10	0.23%	CDC Pompano Property Trust (Pompano Fashion Sq)	13,995,170	10	0.24%
Total taxable assessed value of principal taxpayers	\$ 288,817,810		3.29%	Total taxable assessed value of principal taxpayers	\$ 198,666,040		3.47%
Total taxable assessed value of other taxpayers	8,479,106,925		96.71%	Total taxable assessed value of other taxpayers	5,520,979,744		96.53%
Total taxable assessed valuation of all taxpayers	\$ 8,767,924,735		100.00%	Total taxable assessed valuation of all taxpayers	\$ 5,719,645,784		100.00%

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Source: Broward County Property Appraiser  
 2011 Tax Roll

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

<b>FISCAL YEAR ENDED</b>	<b>TAX ROLL</b>	<b>TOTAL AMENDED TAX LEVY</b>	<b>CURRENT GROSS TAX COLLECTIONS *</b>	<b>PERCENT OF LEVY COLLECTED</b>
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
2011	2010	45,005,797	42,489,007	94.41

**Source:** City Finance Department

\* Gross taxes exclusive of discounts, penalties and interest.

\*\* Delinquent tax revenues are recognized when received.

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<u>DELINQUENT TAX COLLECTIONS **</u>	<u>TOTAL TAX COLLECTIONS</u>	<u>PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY</u>
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
1,840,642	44,329,649	98.50

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

Schedule 9

	<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>Notes Payable</u>	<u>Installment Notes</u>	<u>Water and Sewer Bonds</u>	<u>Notes Payable</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income <sup>a</sup></u>	<u>Per Capita <sup>a</sup></u>
2002	7,785,000	1,875,000	2,595,000	2,562,412	478,200	47,975,000	-	63,270,612	2.84	733.15
2003	6,300,000	1,625,000	1,885,000	1,253,850	318,800	46,050,000	-	57,432,650	2.49	665.24
2004	4,745,000	3,481,153	1,135,000	955,500	159,400	44,020,000	-	54,496,053	2.37	625.07
2005	3,900,000	6,849,091	395,000	649,350	-	41,875,000	-	53,668,441	2.19	527.65
2006	3,015,000	15,790,071	-	331,500	-	41,325,000	-	60,461,571	2.34	598.02
2007	2,085,000	19,542,031	-	-	-	38,870,000	-	60,497,031	2.48	598.22
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
2011	-	25,375,676	-	3,060,164	-	27,129,506	10,717,747	66,283,093	2.56	660.72

**Notes:**

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

<sup>a</sup> See Schedule 14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

CITY OF POMPANO BEACH, FLORIDA  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

Schedule 10

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>(a)</sup> of Property	Per <sup>(b)</sup> Capita
	General Obligation Bonds	Amount Available in Fund Balance	Total		
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
2011	-	-	-	0.00%	0.00

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

<sup>a</sup> See schedule 5 for property value data

<sup>b</sup> See schedule 14 for population data

**CITY OF POMPANO BEACH, FLORIDA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF SEPTEMBER 30, 2011**

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	\$ -	0%	\$ -
Broward County	355,915,000	0% *	-
Subtotal, overlapping debt			-
City direct debt			-
Total direct and overlapping debt			-

**Sources:** City Finance Department  
 Broward County Accounting Division

\* Percentage of overlap debt determined by dividing the assessed value of property in the City of Pompano Beach by the assessed value of property for Broward County

CITY OF POMPANO BEACH, FLORIDA  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed Value	9,170,445,898
Debt Limit (15% of assessed value)	1,375,566,885
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>1,375,566,885</u>

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 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	\$ 1,375,566,885
Total net debt applicable to limit	<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>	-	-
Legal debt margin	<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>	<u>\$ 1,375,566,885</u>
Total net debt applicable to the limit as a percentage of debt limit	0.79%	0.57%	0.36%	0.23%	0.13%	0.05%	0.00%	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**

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	
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
2011	40,662,838	24,135,671	16,527,167	3,110,000	1,262,506	4,372,506	3.78

**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				
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	41,974	43.9	74.8	11,520	5.4
2009	99,031	26,376	*	39.2	87.2	11,629	9.1
2010	98,711	25,900	*	42.7	79.2	11,576	10.7
2011	100,319	*	*	*	*	11,754	9.5

**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>	<b>2011</b>		<b>Percentage of Total City Employment</b>
	<u>Employees</u>	<u>Rank</u>	
PPI, Inc (Isle Capri)	1,100	1	2.05%
City of Pompano Beach	712	2	1.33%
Broward County Correctional	700	3	1.30%
Wal Mart	687	4	1.28%
Publix	655	5	1.22%
Aetna RX Home Delivery LLC	490	6	0.91%
Point Blank Solutions	400	7	0.75%
Associated Grocers of Florida	300	8	0.56%
Pompano Maxonry Corporator	300	9	0.56%
Fresh Point Produce/Dairy	284	10	0.53%

**Note:** Data for 2002 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

<u>Function / Program</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>	<u>2011</u>
General government:										
City Commission	5	5	5	6	6	6	6	6	6	6
City Manager	4	4	4	4	4	4	4	5	5	5
Advisory Board	2	2	2	2	2	3	3	2	2	2
Public Information Ofc.	4	4	4	4	4	4	4	4	3	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	5	5	5	5	5	5	5	5	5	5
Internal Audit	3	3	3	3	3	3	3	3	3	3
Internal Services	34	34	34	34	34	34	34	33	33	33
Economic Development	0	0	0	0	0	1	1	0	0	0
Northwest CRA	0	0	0	0	0	0	0	0	0	2
East CRA	0	0	0	0	0	0	0	0	0	2
Finance	20	20	20	20	20	21	21	20	22	22
Fire & EMS	179	179	193	194	194	199	199	199	217	217
Development Services	48	51	51	54	58	68	68	62	62	62
Office of Housing & Urban Improvement	6	6	6	6	7	6	6	7	5	5
Public Works	121	121	126	138	138	141	141	136	136	136
Parks and Recreation	60	60	64	77	79	79	83	81	56	56
Utilities	116	116	117	118	118	118	118	118	118	118
Stormwater	8	8	8	8	8	8	8	8	8	8
Airpark	5	5	5	5	5	5	5	6	5	5
Golf	9	9	9	9	9	9	9	9	9	9
Solid Waste	0	1	1	1	2	2	2	2	3	3
Total	639	643	667	698	706	726	730	716	708	712

Source: City Budget Office

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

Schedule 17

LAST TEN FISCAL YEARS

Function / Program	2001	2002	2003	2005	2006	2007	2008	2009	2010	2011
<b>Public Safety:</b>										
<i>Fire</i>										
Emergency responses	13,830	14,755	15,957	18,190	17,571	18,031	17,962	17,505	17,746	18,015
Fires extinguished	462	407	390	495	571	432	415	371	346	355
Inspections	1,676	2,970	3,465	2,402	1,683	1,458	3,168	5,151	5,284	6,118
Uniformed employees	167	167	169	182	179	184	179	186	185	184
Non-uniformed employees	7	7	10	10	11	10	11	8	8	8
<i>Building permits</i>										
Permits issued	11,254	11,299	11,439	13,731	18,636	15,293	13,606	12,473	13,715	11,864
Estimated value	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	123,406,754
<i>City Clerk</i>										
No. of registered voters	48,592	50,023	52,876	57,904	55,199	52,378	52,921	55,621	55,829	57,043
No. of ballots cast	1,700	5,333	3,208	3,556	2,507	1,702	4,364	768	1,225	977
Districts voting	4	1,3 & 5	2 & 4	2 & 4	1	2 & 3	1 & 3	4	5	4
<i>Recreation Centers-Attendance</i>										
Emma Lou Olson	83,476	83,311	79,826	68,729	61,436	67,307	70,804	68,042	69,564	75,387
McNair	103,490	96,492	94,297	81,261	80,382	107,127	110,278	104,243	116,317	97,194
Mitchell/Moore	105,312	100,468	84,625	78,811	66,909	63,312	62,105	54,149	63,070	69,717
Skolnick	*	*	*	48,655	63,523	62,257	74,409	71,018	63,033	62,496
Pompano Highlands	*	*	*	18,808	19,445	23,398	25,323	26,258	21,636	21,611
North Broward	*	*	*	76,436	46,531	51,742	109,570	93,286	94,484	115,797
E. Pat Larkins	*	*	*	*	34,538	40,815	32,994	31,661	26,905	33,440
<b>Utility:</b>										
<i>Municipal Water System</i>										
Active water accounts	17,554	17,731	17,777	18,149	18,143	18,334	18,182	18,094	17,983	18,062
New Active Accounts	43	177	46	267	47	170	107	123	47	35
Active reclaimed water accts.	*	*	11	19	19	193	84	117	142	310
Metered sales (billion gallons)	5.299	5.554	5.756	5.883	6	5.214	4.640	4.75	4.83	4.81
Avg.gals.(1,000) billed per day	15,335	15,958	14,816	17,151	14,257	12,984	12,718	13,010	13,228	13,167
Reclaimed water (million gals.)	*	*	360.965	483.836	425.628	491.4	487	558	511	572
Water main breaks	184	184	241	150	229	156	152	130	134	95
Plant capacity million gals./day	40	40	40	50	50	50	50	50	50	50
<i>Municipal Sewer System</i>										
Active accounts	15,162	15,319	15,319	15,549	15,543	15,825	15,787	15,805	15,945	16,044
<b>General Government:</b>										
<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	6	5	5	5	7	7	7	7	7
Gas	10	10	10	10	10	10	10	10	10	10
<i>Franchises:</i>										
Electric	6	6	6	6	6	5.9	5.9	6	5.9	5.9
Communication Service	1	-	-	-	-	-	-	-	-	-
Gas	6	6	6	6	6	6	6	6	6	6
Cable Television	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**

Schedule 18

<b>Function / Program</b>	<b>Fiscal Year</b>									
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<i>Area</i>										
Land excluding airport (sq.miles)	21.200	21.200	23.570	23.570	23.570	23.570	23.570	23.570	23.570	23.570
Airport land (sq.miles)	0.586	0.586	0.586	0.586	0.586	0.586	0.586	0.586	0.586	0.586
Water (sq.miles)	0.924	0.924	0.924	0.924	0.924	0.924	0.924	0.924	0.924	0.924
<i>Infrastructure</i>										
Paved streets	282	309	309	251	251.5	270.5	270.5	270.5	270.5	270.5
Unpaved streets	5	15	15	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Sidewalks	84	75	78	138	139	155	155	155	155	171
Canals and waterways	32	32	32	32	32	32	32	32	32	32
Storm drainage	50	55	55	55	55	69	70	70	79	82.7
City-owned streetlights	550	550	1019	1364	1300	1400	1400	1199	1199	1199
FP&L owned streetlights	2500	3000	4792	4823	7000	7000	7000	5364	5376	5375
<i>Fire</i>										
Stations	5	5	5	6	6	6	6	6	6	6
<i>Police</i>										
Stations	1	1	1	1	1	1	1	1	1	1
<i>Recreation</i>										
Public beach (miles)	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51
Municipal parks	36	39	41	48	45	45	46	46	48	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	231	257.23	257.23	257.23	258.17	258.17	258.17	258.17
Golf course (acres)	307	307	307	307	307	307	307	307	307	307
Recreation centers	3	3	4	6	7	7	7	7	7	7
<i>Municipal Water System</i>										
Water mains (miles)	261	279	273	275	276	281	283	284	303.6	303.5
Reuse water mains (miles)	*	4	5	6	8.1	18	20	22	23	24.2
Fire hydrants	1570	1658	1689	1707	1716	1817	1865	1879	1943	1968
Fire hydrants (reuse water)	*	*	*	2	3	3	4	4	5	5
<i>Municipal Sewer System</i>										
Gravity sewer (miles)	185	187	189	190	191	195	196	199	193.8	194.4
Wastewater force main (miles)	59	71	71	71	71	67	68	69	69	76.1
Wastewater lift stations	71	73	70	73	72	74	75	75	75	75

Sources: Various City departments

\* Operation not established

**City of Pompano Beach  
Schedule of Insurance  
September 30, 2011**

**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>&amp;</u> <u>Retentions</u>	<u>Premium</u>
	<u>FROM</u>	<u>TO</u>		
Airpark Liability ACE Property & Cas. Ins. Co. Policy No. AAP N05616943-04	02/05/11	02/05/12	\$10,000,000	\$4,054.00
Building & Contents (City SIR 1st 100K per occ.)* Lexington Ins. Co. Policy No.017728007 (excludes Utilities)	03/01/11	03/01/12	\$10,000,000 (Primary Layer, in xs of \$100,000 AOP, *5% Named Hurricane/Windstorm) \$30,000,000 - (1st Excess),	\$384,637.18
Westchester Surplus Policy No. D3737586A002	03/01/11	03/01/12	\$2.5 M p/o \$10M	\$128,212.74
Landmark Amer. Ins. Policy No. LHD370533	03/01/11	03/01/12	30M in xs of \$10M	\$ 47,809.93
Utilities Building & Contents (City SIR 1 <sup>st</sup> 100K per occ.) Ace American Ins. Co. Policy No. EUTN05101621	03/01/11	03/01/12	\$35,000,000 (Primary on all Utilities Dept. Bldg & Cont includes AOP, Wind 5% & B&M. 10M Named Hurricane/Windstorm)	\$234,726.64
Group Health Blue Cross/Blue Shield Policy Nos: 98854(PPO)&98854(HMO) (Includes Dental through Florida Combined Life)	10/01/11	09/30/12	Per policy schedules	HMO \$455.54/Single \$1,233.53/Family PPO \$657.12/Single \$1,529.79/Family PPO-Fire Bargaining \$664.44/Single \$1,546.57/Family
Boiler & Machinery Zurich American Ins.Co. Policy No. BM9376560-07	03/01/11	03/01/12	\$50,000,000	\$5,329.64
Flood American Bankers Inc. Co. Policy Nos: 1011136736 1011136737 1011136738 1011136739 1011136740 1011136741 1011136742	01/04/11	01/04/12	Buildings \$133,000 - \$500,000 Contents \$0 – \$500,000	\$1,342 \$1,466 \$1,246 \$1,706 \$2,173 \$1,785 \$1,390
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. CP0513747	03/01/11	03/01/12	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)	\$163,093.

H/beeedd/schedule of insurance 2011

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

## **CITY OF POMPANO BEACH, FLORIDA**

### **GENERAL BACKGROUND INFORMATION SEPTEMBER 30, 2011**

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, 2011**

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 2011 population of an estimated 100,319.

**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.