

Comprehensive Annual Financial Report

**City Of**  
**Pompano Beach,**  
**Florida**

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Fiscal Year Ended September 30, 2012

Prepared by the  
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**CITY OF POMPANO BEACH, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED SEPTEMBER 30, 2012**

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## **INTRODUCTORY SECTION**

# 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 28, 2013

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, 2012. This report, presented in conformity with accounting principles generally accepted in the United States of America (GAAP), was prepared by the City's Finance Department and audited by an independent firm of certified public accountants, McGladrey LLP, as mandated by Florida Statutes, Chapter 218.39, Annual Financial Audit Reports. The audit was conducted in accordance with 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 CAFR fairly presents the financial position of the City and complies with applicable reporting standards.

The City is responsible for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. Management has established an internal control structure designed to 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 airpark operations are reported as enterprise funds.

Located in Broward County, Florida, the City is centrally located between Palm Beach and Miami, and is the year round home to 102,239 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-fourth 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 AND FINANCIAL CONDITION**

Broward County continues to lead South Florida in employment. CBRE MarketView report states: "For over a year it has seen unemployment rates that are at least 160 basis points better than neighboring counties of Palm Beach and Miami-Dade. Broward County's current unemployment rate of 6.7% beats both the state and national rates of 8.0% and 7.8%, respectively."

### **Industrial & Aviation Market(s)**

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. On a positive note, the submarkets vacancy rate dropped from 9.1% to 8.2% from the beginning of last year through the 3rd Quarter.

The CBRE MarketView report for the 3rd Quarter 2012 states: "The Broward County industrial market grew stronger since the start of the year as it continues to stabilize and vacancy rates declines." Pompano Beach has several proposed plans that could break ground in the coming months as vacancy continues to fall dramatically.

In terms of absorption, the Pompano Beach submarket continued to perform well in the 3rd quarter. This improvement can be attributed to the move-ins of The Stacole Company at the Atlantic Business Center, which was almost 57,000 sf of absorption, and a number of smaller move-ins, including New Horizon Restoration at the Gateway Industrial Center and Aaron's Imports at the 1721 Building.

There were three significant sales of industrial property in the 3rd quarter, the largest being in the Pompano Beach submarket as Weeks Robinson Properties acquired the 100,000 sf Unaflex Building at 3901 NE 12th Avenue for \$3 million (see below).

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. The final two phases of the project are in the works. 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.)

The Pompano Beach Air Park has seen more development activity in the past year:

- ◇ The Goodyear Blimp is expanding its existing hangar to 52,560 sf at its current location 1500 NE 5th Avenue.
- ◇ Sheltair Aviation is in the process of developing 46,363 sf of hangar and office space on 8.21 acres on the Air Park at 1401 NE 10th Street.

Other industrial development projects include:

- AMR, a national ambulance company, purchased 2500 NW 29th Manor with plans of expanding the property to 53,071 sf facility on 6.26 acres and relocating its corporate headquarters there. The building will initially house 200 employees with hopes to ultimately employ 600.
- Ayco Group, a food and related products distribution company, has located at 1501 NW 12th Ave. The existing building is 32,053 sf, with plans to expand the building to 57,953 sf.

- Save-A-Lot was the company that expanded into the old 262,253 sf US Foods facility at 2800 N Andrews Ave. They also opened a new retail store on N. Powerline Rd.
- Fed Ex Ground at 2700 NW 25th Street is expanding their facilities to 293,006 sf on 26.76 acres.
- Sun Recycling is upgrading its facility at 2241 NW 15th Court on 2.84 acres.
- Automotive Customizers proposed constructing a 4,744 sf warehouse at 1359 NW 17th Place.
- The old Unaflex facility at 3901 NE 12th Ave has been purchased and is expected to be demolished with plans for a new 202,103 sf distribution center.

## **Residential Market**

While a number of projects (including some mixed use) have obtained site plan, rezoning and/or land use plan amendment approvals (listed below) in the City, only one broke ground in the past year: Captiva Cove on South Dixie Highway.

"We expected 2012 to be a good year for housing, and it delivered in spades," Zillow.com chief economist Stan Humphries said in a statement. "Strong demand paired with limited inventory in many markets helped fuel a robust and often rapid recovery in overall home values, good news for homeowners after years of poor performance. We expect this recovery to continue into 2013, but at a more sustainable pace."

The Detroit News reported, "the housing market is recovering and most analysts expect that should continue this year. Steady hiring, record-low mortgage rates and a tight supply of new and previously occupied homes available for sale have helped boost sales and prices in most markets."

The National Association of Realtors reported that sales reached \$4.65 billion in 2012, which is the most since 2007. "Sales are still below the roughly \$5.5 billion that are consistent with a healthy market." CoreLogic, a real estate data provider reported that U.S. home prices rose 7.4% annually in November, which is the biggest annual increase since 2006, when the housing bubble burst.

The npr.com blog, the two-way reported, "...the Census Bureau and Department of Housing and Urban Development say there was a 12.1% gain in housing starts in December from November. Starts were up 36.9% from December 2011. According to the Associated Press, it was 'the best year since 2008.' Home construction is a closely watched economic indicator not only because of the jobs it creates in the building industry, but for its ripple effects on other parts of the economy – including appliances, furniture and retail industries."

Other residential projects in the City include:

- The Captiva Cove site (formerly the Captiva Club & Skycrest Mobile Home Park) at 1201 South Dixie Highway is constructing 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). More than 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.

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

**Office** - 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% of the entire Broward County office market and includes no Class A space.

The CBRE MarketView report for the 3rd Quarter 2012 states: The major industries of the Broward County office market – legal, financial and consulting services – are responsible for a large portion of the current vacancy rate, but these industries seem to be returning to market, which is a sign of better times. Brokers have reported an increase in tour traffic from both large and small firms. There have also been positive signs in regards to absorption. Investment sales activity in the 3rd Quarter nearly doubled the yearly activity to date, which signals that investors have confidence in Broward County's office market. That stated, countywide office development activity has not yet returned in earnest.

"Many brokers believe that Broward County's office market is on its way to recovery as it enters the back stretch of 2012 and heads into 2013. While the market as a whole has stabilized, certain subsections of the market are starting to see increased demand. While it's difficult to put a timeframe on when the market will see a true recovery, these indicators, as well as the re-emergence of Broward's business services tenants, show the signs are positive."

**Retail** - The CBRE MarketView report for the 3rd Quarter 2012 states: Broward County's retail market has seen all the signs of a modest recovery – improving rents, declining vacancies and increased tenant activity. Some especially good signs for the market are the new-to-market tenants, sales of retail property which have continued at a strong pace and the strongest unemployment figures in the region. Identifiable trends in the market have been low-cost shopping outlets and fast-serve dine-in concepts. These have also assisted the retail market in its recovery. Vacancy rates throughout the county remain around 9%.

The report concludes that when the market does begin its recovery in earnest, it is expected that much of the new space delivered in Broward County will be in the form of mixed-use developments with smaller square footage footprints.

**Tourism** - The Sun Sentinel reports that "South Florida is poised for another record year in tourism in 2013, fueled by gains in international visitors. In 2012, South Florida hosted record numbers of visitors who spent more than ever...". "Broward County hit a new record high for the budget year: 12 million visitors who spent \$9.8 billion, up about 9 percent, thanks largely to surging arrivals from South America." According to the airports, Brazil is the #1 source of overseas travelers to Florida. Port Everglades has also benefited from international visitors on cruises. Other factors spurring tourism are rebounds in real estate prices and credit, also reviving the market for new hotels which had stalled during the recession."

"I think international arrivals will be the main driver for growth in 2013 because of new flights to South Florida," said Nikki Grossman, president of the Greater Fort Lauderdale Convention and Visitors Bureau. "And the U.S. dollar remains cheap compared to other currencies, which makes it easier for visitors to come here and buy when they're here."

The Isle of Capri Casino opened in April 2007 at the Pompano Park Harness Track. The Isle applied for a future land use plan amendment to change from the existing CR and Regional Activity Center (RAC) to a new RAC with new development levels. Those new development levels are 135 acres of commercial recreation uses, 27 acres of commercial uses, 26 acres of office use, and 1,300 dwelling units on 42 acres (including 250 garden apartments and 1,050 mid-rise apartments) on a total of 223 acres.

Other commercial development projects include:

- Marriott hotel is redeveloping an old hotel site at 1208 N. Ocean Blvd and the adjacent property with plans to renovate and expand the facilities to a 211 room full service hotel on 2.37 acres.
- A developer has assembled parcels along N. Ocean Blvd and has approval to construct a 123 unit hotel on 2.69 acres. A portion of N. Riverside Drive is to be relocated in the process.
- Atlantic 3350, a mixed use commercial project, has been given approval for development. The project consists of 77 residential units, 110 hotel units and 23,066 sf of commercial facilities (which includes the existing Walgreens) on 2.08 acres at the southeast corner of Atlantic Blvd. and A1A.
- Wal Mart has plans to construct a new 91,750 sf store at 5001 N. Federal Hwy on 8.43 acres.
- The Pompano Beach CRA has approval to construct a 7,000 sf facility on the 1.38 acre property at 731 Dr. MLK Jr. Blvd.
- Chase Bank has plans to construct a 4,312 sf bank on 1.18 acres at 3571 N. Federal Hwy.
- Bank United has plans to construct a 2,197 sf bank on 0.499 acres at the southwest corner of Sample Road and N. Powerline Rd.
- Bank United has plans to construct a 3,790 sf bank on 0.48 acres at the southeast corner of US1 and E. Atlantic Blvd.
- USA Storage has plans to construct a 59,925 sf storage facility on 3.058 vacant acres at 51 N.E. 10th Street.
- Pollo Tropical has approvals to construct a 3,419 sf restaurant on 2.645 vacant acres at 2300 N. Federal Highway.
- Ritz Safety has approvals to construct a 19,287 sf retail facility on 2.5 vacant acres at 2200 N. Copans Road.
- A number of existing restaurants, including multiple properties in the Harbor Village Shopping Center, have applied for site plan approval for outdoor seating. The City expects this trend to continue over the next couple of years.

## **Revenues and Expenditures**

The City continues to closely monitor revenue levels given the anticipated continued impact of various economic and political factors on the City's revenue sources, such as unemployment, foreclosures, property values, U.S. deficit etc. In addition, the City has to remain cognizant of the impact future Florida Legislative measures may have on the City's local revenue sources. As an example, Florida Statute, Chapter 205, *Local Business Tax Act*, allows for cities to impose taxes for the privilege of engaging in or managing any business, occupation, or profession within its jurisdiction. This tax is administered through the issuance of a local business tax receipt (BTR). During the 2012 Florida Legislative Session, a House Bill was introduced to repeal the BTR (except for where these funds have been pledged to secure debt). Fortunately this item did not survive the Finance and Tax Committee, as elimination of business taxes would have resulted in a revenue loss to the City of approximately \$1.9 million annually. The consequences of similar measures being successful could have a significant impact on the City's ability to maintain and/or improve services to residents. As such, the City will continue to demonstrate its opposition to similar proposals to erode the City's local revenue sources as we encroach upon the 2013 legislative session. It is also uncertain how the U.S. attempt to reduce the fiscal deficit might impact the City's fiscal condition. As an example, the City receives federal grant funding in order to subsidize services to our residents. In addition, the City periodically issues tax exempt bonds in order to finance major infrastructure improvements throughout the City. As a result of the tax exempt status of these bonds, investors usually accept lower interest payments than on other types of borrowings, saving up to two percentage points on borrowing rates, which allows state & local governments to invest more in critical infrastructure and reduce borrowing costs to taxpayers. There are currently discussions in the U.S. House of Representatives Ways and Means Committee to either reduce or eliminate the tax exempt status of these bonds. This measure would result in increased

borrowing costs to local governments, potentially reducing or delaying critical projects or resulting in an increase in various revenue sources in order to compensate for the increased cost.

While the City's revenue sources have remained static or will continue to be susceptible to State and/or Federal influences, the City's expenditures continue to increase (i.e. pension and health care costs). The City continues to explore opportunities to control these costs in an effort to ensure short-term and long-term sustainability.

## **MAJOR CITY INITIATIVES**

The City commenced/completed many significant improvements and programs during the year to meet the needs of the community. The most significant programs/ improvements for the fiscal year ending September 30, 2012 were:

- The City's redesigned/ rehabilitated 18-hole signature golf course (the Pines) by the Greg Norman Golf Course Design Company is complete. The grand opening was held on January 18, 2013. The project had a cost of approximately \$3.4 million and included a redesign/replacement of irrigation on all 36 holes.
- A new beach fire station (#11) is to be located on the northern portion of the Oceanside Parking lot and is under construction at an approximate cost of \$3 million. The project is almost complete.
- A new fire station (#103) to serve the annexed areas is being planned in the Highlands at 3721 N.E. 12th Ave. The 13,204 sf project has an estimated cost of \$4.6 million on 0.964 acres.
- The City's proposed future land use map amendment for a Downtown Pompano Beach Transit Oriented Corridor (DP-TOC) has been approved by the County and is at the State of Florida for review. The proposed area encompasses over 269 acres. The new land use will allow for a mix of uses with designations that permit a maximum of 1,368 residential units and 9 million square feet of nonresidential uses.
- The Renaissance Planning Group (RPG) won the contract for a Corridor Study to prepare specific economic analysis of the major corridors in the City and create a vision plan that will help guide the future regulatory structure and stimulate development and redevelopment along those corridors. RPG intends to focus primarily on three major corridors: Atlantic Blvd, US1 and Dixie Highway. RPG has met with and interviewed City Commissioners, the City Manager and staff, Pompano Beach Community Redevelopment Agency (CRA) staff, and others including the Economic Development Council, who has agreed to act as an advisory committee for the project. The project team has initiated City wide activities focusing on economic opportunities, multimodal and other assessments; including the collection and analysis of land use, zoning, parcel level data, as well as, transportation and infrastructure data. They have also reviewed the City's Comprehensive Plan, the CRA redevelopment plans and land development regulations. They have provided an economic overview of the City, identifying major employers and businesses. They continue to collect and analyze data, applying corridor level recommendations to development concepts, revising accordingly. They've also evaluated the capacities of the corridors under the current plans to provide guidance and refine concepts. They continue to evaluate the City's policies and plans and how they influence the corridor's development patterns. They developed a Community Viz land use model to assist in testing development scenarios, including identifying targeted industries and location criteria.
- 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 apply for available grants. The reclaimed water will be used for irrigation of landscaped areas, thus saving the City's drinking water supplies for household use. In July of 2011, the City

launched the IcanWater program. This program has already been successful in 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 latest comprehensive drainage study and model was completed in 1999. Stormwater modeling techniques have improved drastically since then allowing for better predictions of flooding and water quality analysis. This study will be a tool to plan a new stormwater capital improvements plan. The cost for the study is approximately \$1 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.

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

**Risk Management** – The City is exposed to various risks and losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and group health. The City is self-insured except for commercial insurance purchased for airpark liability and group health insurance, and purchases of excess commercial insurance beyond the self-insured retention for general liability, auto liability, property damage and workers' compensation and has not incurred a reduction in insurance coverage. No workers' compensation settlements exceeded the City's current self-insured retention levels in fiscal year 2012.

**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, 2011. The City has received the GFOA's prestigious Certificate of Achievement for Excellence in Financial Reporting award for thirty 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.

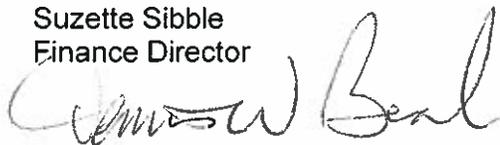
This report, which conforms to all the latest effective standards of local government financial reporting, could not have been prepared without the extraordinary devotion of the Finance Department team. Their dedication merits special attention. Sincere appreciation is extended to them for their efforts 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 2013 budget.

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

Sincerely,

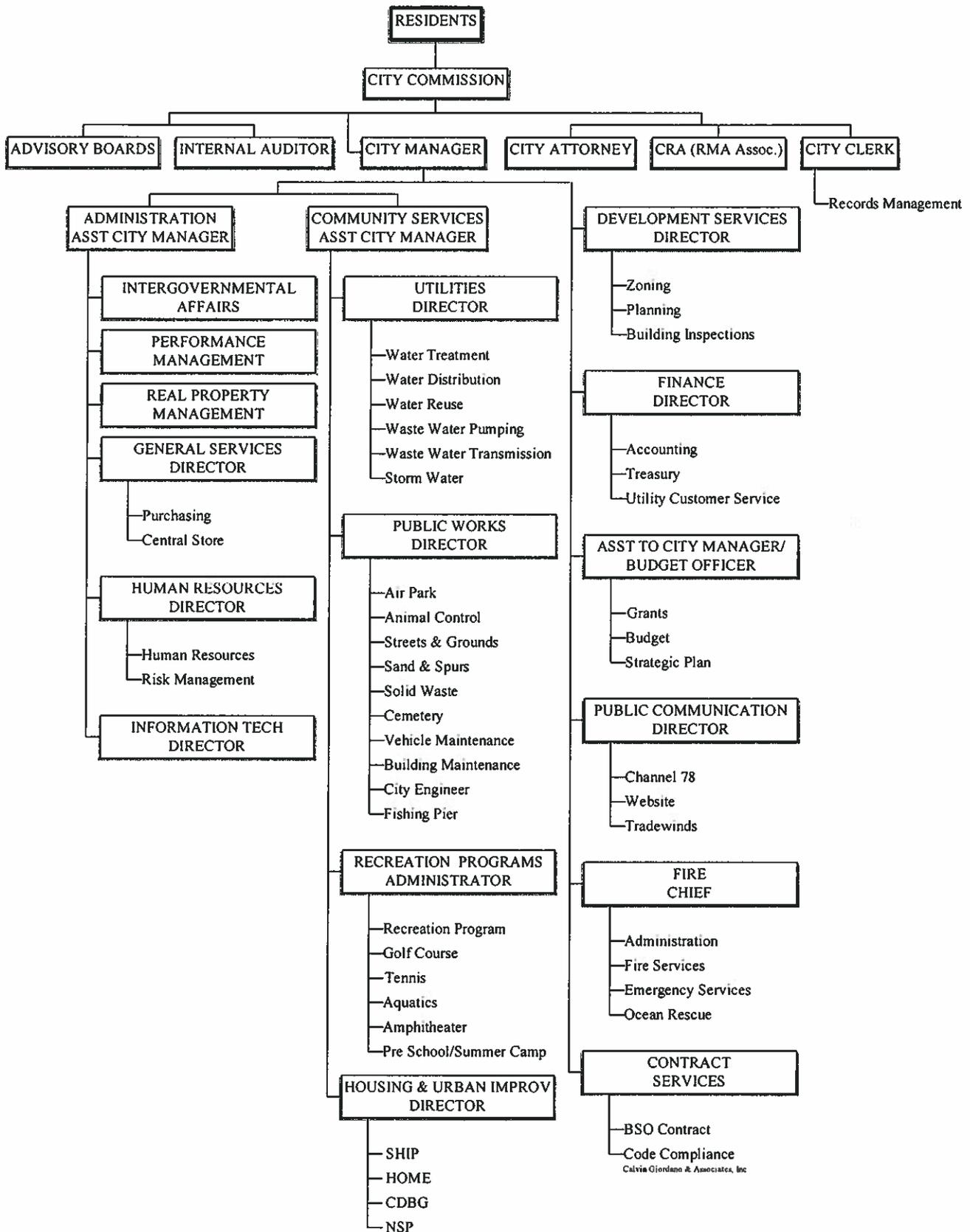


Suzette Sibble  
Finance Director



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, 2011

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.



*Christopher P. Moynell*

President

*Jeffrey R. Enos*

Executive Director

## **FINANCIAL SECTION**

## **Independent Auditor's Report**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pompano Beach, Florida (the "City"), as of and for the year ended September 30, 2012, 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 79% of the total assets and 52% 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, and 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 previously 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated April 3, 2013 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.

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

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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financials or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described previously, and the report of the other auditors, the combining and individual fund financial statements and schedules is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

*McGladrey LLP*

Fort Lauderdale, Florida  
April 3, 2013

**City of Pompano Beach, Florida**  
**Management Discussion and Analysis for the Fiscal Year Ended September 30, 2012**  
**(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, 2012. 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 had 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 intent of the Recovery Act was 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 active Recovery Act grants that have been awarded to the City as of September 30, 2012, fiscal year 2012 expenditure activity and grant expenditures since inception related to each program:

Grant Awarding Agency	Grant Name	Award Amount	Fiscal Year 2012 Expenditures	Expenditures Since Awarded
U.S. Department of Housing and Urban Development	Homelessness Prevention and Rapid Re-Housing Program	507,694	103,350	507,694
U.S. Department of Energy	Energy Efficiency and Conservation	1,038,200	557,479	1,038,077
<b>TOTAL FUNDS AWARDED &amp; EXPENDED</b>		<b>\$1,545,894</b>	<b>\$660,829</b>	<b>\$1,545,771</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>.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

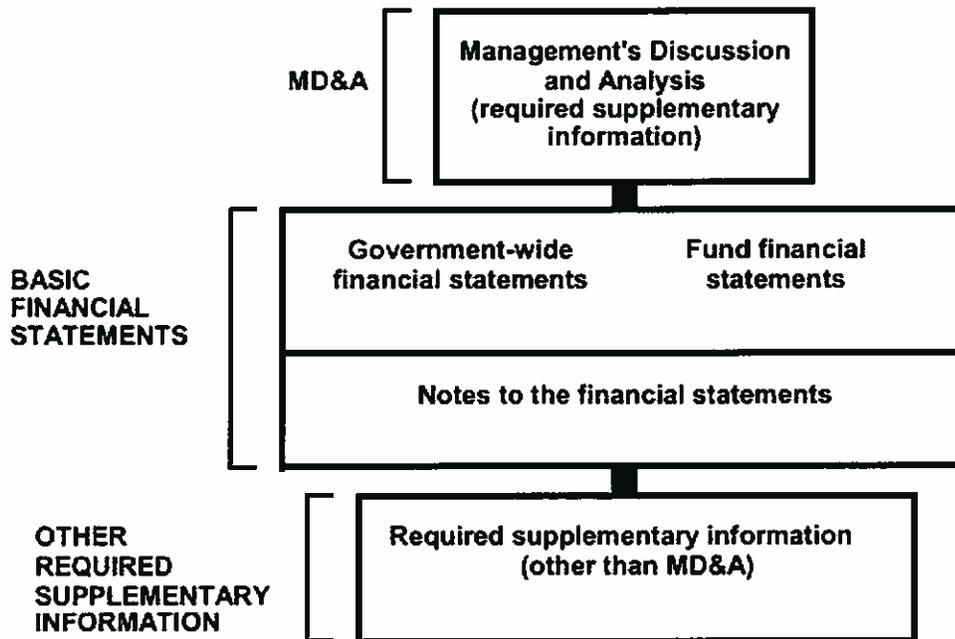
- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City’s overall financial status.

**City of Pompano Beach, Florida**  
**Management Discussion and Analysis for the Fiscal Year Ended September 30, 2012**  
**(Unaudited)**

- 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 \$550.8 million. Of this amount, \$150.8 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies. The City's total net assets increased by \$2.5 million.
2. At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$172.1 million, representing a decrease of \$15.7 million from the previous fiscal

**City of Pompano Beach, Florida**  
**Management Discussion and Analysis for the Fiscal Year Ended September 30, 2012**  
**(Unaudited)**

year. The following activity in governmental funds primarily accounted for the net decrease noted:

- A decrease of \$10.7 million in the Pompano Beach Community Redevelopment Agency's East District fund balance primarily due to capital outlays on a variety of projects, such as Pompano Beach Boulevard Streetscape North and South, Pompano Beach Boulevard Bend, Harbor Village Improvements, Dune Restoration and Beach Plaza and Parking Improvements.
- A decrease of \$1.9 million in the Pompano Beach Community Redevelopment Agency's Northwest District fund balance primarily due to capital outlays on a variety of projects, notably Old Pompano Redevelopment, Civic Campus - Public Library and Martin Luther King Boulevard, Phases I and II.
- A decrease of \$3.7 million in the Capital Project's fund balance primarily due to the net effect of transfers from the General Fund to commit to projects for Road Resurfacing, North Pompano Park Center Renovation, Major Bridge Repairs, Warehouse renovations and capital outlays for N.E. 27th Avenue Bridge, Rebuild of Fire Station 11, Seawall Repairs, George Brummer Park Improvements and Road Resurfacing.

**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.

**City of Pompano Beach, Florida**  
**Management Discussion and Analysis for the Fiscal Year Ended September 30, 2012**  
**(Unaudited)**

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 \$550.8 million at September 30, 2012. The City's net assets increased by \$2.5 million during the current fiscal year. The largest portion of the City's net assets 61.9% 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 10.7% or \$59.1 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, 2012 and 2011**

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 213,719,482	\$ 227,598,862	\$ 60,439,049	\$ 66,698,521	\$ 274,158,531	\$ 294,297,383
Capital assets	230,608,243	218,753,518	149,772,687	143,635,253	380,380,930	362,388,771
Total assets	<u>444,327,725</u>	<u>446,352,380</u>	<u>210,211,736</u>	<u>210,333,774</u>	<u>654,539,461</u>	<u>656,686,154</u>
Long-term liabilities	51,898,582	55,219,146	35,041,967	39,611,196	86,940,549	94,830,342
Other liabilities	10,273,357	7,667,941	6,499,838	5,863,268	16,773,195	13,531,209
Total liabilities	<u>62,171,939</u>	<u>62,887,087</u>	<u>41,541,805</u>	<u>45,474,464</u>	<u>103,713,744</u>	<u>108,361,551</u>
Net assets:						
Invested in capital assets net of related debt	221,483,539	218,753,518	119,425,239	117,815,651	340,908,778	336,569,169
Restricted	52,668,454	64,179,337	6,465,995	8,506,787	59,134,449	72,686,124
Unrestricted	108,003,793	100,532,438	42,778,697	38,536,872	150,782,490	139,069,310
Total net assets	<u>\$ 382,155,786</u>	<u>\$ 383,465,293</u>	<u>\$ 168,669,931</u>	<u>\$ 164,859,310</u>	<u>\$ 550,825,717</u>	<u>\$ 548,324,603</u>

At September 30, 2012, the City is able to report positive balances in all three categories of net assets, for the government as a whole, as well as for its separate categories-governmental and business-type activities.

**Governmental Activities** – There was a decrease of \$13.9 million in current and other assets for

**City of Pompano Beach, Florida**  
**Management Discussion and Analysis for the Fiscal Year Ended September 30, 2012**  
**(Unaudited)**

governmental activities, primarily as a result of current year operations, as discussed in detail on page 8. There was an increase of \$11.9 million in capital assets. The increase noted was primarily due to the purchase of vehicles, a medtec ambulance, rescue equipment, lawn equipment, computer software and equipment and lighting for several departments (Public Works, Fire, EMS, Development Services, Parks & Recreation etc.), as well as the net effect of current fiscal year construction activity (as discussed in more detail on page 15) and the recognition of current fiscal year depreciation expense.

The decrease of \$3.3 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);
- The satisfaction of annual rent payments related to the City's energy performance equipment lease (\$.3 million);
- A net increase in the recorded liability for other post employment benefits (OPEB) in the current fiscal year (approximately \$0.7 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 net increase in the compensated absence liability (\$.3 million) ; and
- An decrease in the claims and judgments liability (approximately \$1.5 million) as actuarially determined, primarily due to a decrease in ultimate losses for certain accident years, as well as a revision of previous claims data submitted by the City.

The increase of \$2.6 million in other liabilities is primarily the result of the timing of vendor payments accrued at fiscal year end compared to prior fiscal year end.

**Business-type Activities** – The decrease of \$6.3 million in current and other assets is primarily a result of current year's operations, as discussed on page 16.

The increase of \$6.1 million in capital assets is primarily due to current fiscal year construction activity (as discussed in more detail on page 16) and the recognition of current fiscal year depreciation expense. The decrease of \$4.6 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 and the satisfaction of the annual rent requirement related to the energy performance equipment lease in the current fiscal year. The increase of \$0.6 million in other liabilities is primarily the result of an increase in the current portion of deferred revenue amounts related to a lump sum payment received from a contractor in a prior fiscal year (amounts recognized over contract life), as well as 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, 2012.

**City of Pompano Beach, Florida**  
**Management Discussion and Analysis for the Fiscal Year Ended September 30, 2012**  
**(Unaudited)**

**TABLE 2**  
**CHANGES IN NET ASSETS**  
**FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 and 2011**

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 34,661,621	\$ 33,471,486	\$ 52,916,149	\$ 52,100,813	\$ 87,577,770	\$ 85,572,299
Operating grants & contribs.	3,487,028	3,551,981	-	-	3,487,028	3,551,981
Capital grants and contribs.	3,886,738	3,763,722	575,691	1,643,613	4,462,429	5,407,335
<b>General Revenues</b>						
Taxes	70,400,055	70,338,174	-	-	70,400,055	70,338,174
Pari mutuel	2,067,263	1,897,796	-	-	2,067,263	1,897,796
Franchise fees	7,597,790	7,410,674	-	-	7,597,790	7,410,674
State revenue sharing	7,985,879	7,664,439	-	-	7,985,879	7,664,439
Gain from sale of capital assets	115,058	3,062	84,125	120,761	199,183	123,823
Investment earnings	1,495,590	1,607,688	425,541	407,549	1,921,131	2,015,237
Miscellaneous	1,288,255	988,393	611,077	427,910	1,899,332	1,416,303
<b>Total revenues</b>	<b>132,985,277</b>	<b>130,697,415</b>	<b>54,612,583</b>	<b>54,700,646</b>	<b>187,597,860</b>	<b>185,398,061</b>
<b>Expenses</b>						
General government	33,337,008	31,870,782	-	-	33,337,008	31,870,782
Public safety	72,981,195	76,787,154	-	-	72,981,195	76,787,154
Physical environment	16,514,775	15,550,874	-	-	16,514,775	15,550,874
Transportation	3,205,628	3,996,841	-	-	3,205,628	3,996,841
Culture and recreation	7,830,956	7,964,422	-	-	7,830,956	7,964,422
Interest costs	924,518	1,307,248	-	-	924,518	1,307,248
Utility	-	-	39,006,357	37,906,357	39,006,357	37,906,357
Sanitation	-	-	4,161,979	3,815,493	4,161,979	3,815,493
Stormwater	-	-	1,887,886	2,008,840	1,887,886	2,008,840
Pier	-	-	246,386	267,233	246,386	267,233
Airpark	-	-	1,383,706	1,417,254	1,383,706	1,417,254
Golf course	-	-	3,616,352	3,643,143	3,616,352	3,643,143
<b>Total expenses</b>	<b>134,794,080</b>	<b>137,477,321</b>	<b>50,302,666</b>	<b>49,058,320</b>	<b>185,096,746</b>	<b>186,535,641</b>
<b>Increase (decrease) in net assets before special item and transfers</b>						
	(1,808,803)	(6,779,906)	4,309,917	5,642,326	2,501,114	(1,137,580)
Transfers	499,296	(2,331,891)	(499,296)	2,331,891	-	-
<b>Increase (decrease) in net assets</b>	<b>(1,309,507)</b>	<b>(9,111,797)</b>	<b>3,810,621</b>	<b>7,974,217</b>	<b>2,501,114</b>	<b>(1,137,580)</b>
<b>Beginning net assets - 10/01/2011</b>						
	<b>383,465,293</b>	<b>392,577,090</b>	<b>164,859,310</b>	<b>156,885,093</b>	<b>548,324,603</b>	<b>549,462,183</b>
<b>Ending net assets - 09/30/2012</b>	<b>\$ 382,155,786</b>	<b>\$ 383,465,293</b>	<b>\$ 168,669,931</b>	<b>\$ 164,859,310</b>	<b>\$ 550,825,717</b>	<b>\$ 548,324,603</b>

**Governmental Activities** – Governmental activities decreased the City’s net assets by \$1.3 million.

Charges for services increased by \$1.2 million primarily due to an increase in building permit revenues due to an increase in construction and build out activity (such as the Marriott North Tower Hotel, Captiva Cove Apartments, Walmart, Save A Lot, PNC Bank, airport hangers, Pompano Community Redevelopment Agency project activity, and a 2-story single family residence) and an increase in general enforcement activity.

General government expenses increased by \$1.5 million primarily as a result of an increase in water and sewer expenditures due to the second step to a two tier water rate increase being in effect for all of fiscal year 2012 compared to only nine months in fiscal year 2011, an increase in professional services

**City of Pompano Beach, Florida**  
**Management Discussion and Analysis for the Fiscal Year Ended September 30, 2012**  
**(Unaudited)**

expenditures related to code compliance services (City only paid eight months on the contract in fiscal year 2011, compared to a full twelve months in fiscal year 2012), an increase in facade improvement and incentive and business attraction and development expenditures related to the Pompano Beach Community Redevelopment Agency and the recognition of current fiscal year depreciation expense.

Public safety expenses decreased by \$3.8 million primarily as a result of the City recording one time pension credits as a prepaid contribution and reduction in employer contributions for the Police and Fire Retirement System (\$2.7 million). The credits were the result of a combination of the City utilizing the percentage of payroll amount for its employer contribution amount, as opposed to the actual dollar amount as determined by the Plan's actuary for fiscal years 2011 and 2012, as well as Chapter 175 credits elected by the City. The remaining decrease is primarily due to a reduction in general risk management charges to the EMS function based on reduced claim activity.

Physical environment expenses increased by \$1.0 million primarily as a result of increased activity in the Community Development Block (CDBG), Economic Development Revolving Loan Fund and Home Grant Programs during the fiscal year.

**Business-type Activities** - The business-type activities increased the City's net assets by \$3.8 million. The operating activity for the Utility Fund resulted in a \$3.2 million increase in net assets, while primarily activity related to the Golf Fund (transfers from the General Fund and Capital Projects Fund for golf course improvements) and Stormwater Fund accounted for the remainder of the increase noted.

Charges for services reported in business-type activities increased by \$0.8 million in comparison to the prior year primarily as a result of the second step to a two tier rate increase being in effect for twelve months in fiscal year 2012, compared to only nine months in fiscal year 2011. Capital grants and contributions decreased by \$1.1 million, primarily as a result of the receipt of grant funds for the Airport runway rehabilitation project in fiscal year 2011. Transfers decreased by \$2.8 million primarily as a result of more transfers from the General Fund to the Golf Fund to re-grass the greens and fairways at the City's golf course in the prior fiscal year.

Utility operating expenses increased by \$1.1 million primarily as a result of the net effect of the recognition of current fiscal year depreciation expense and the discontinuation of the utility fund billing itself for utility service (amount also eliminated from charges for services revenue).

## **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

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**(Unaudited)**

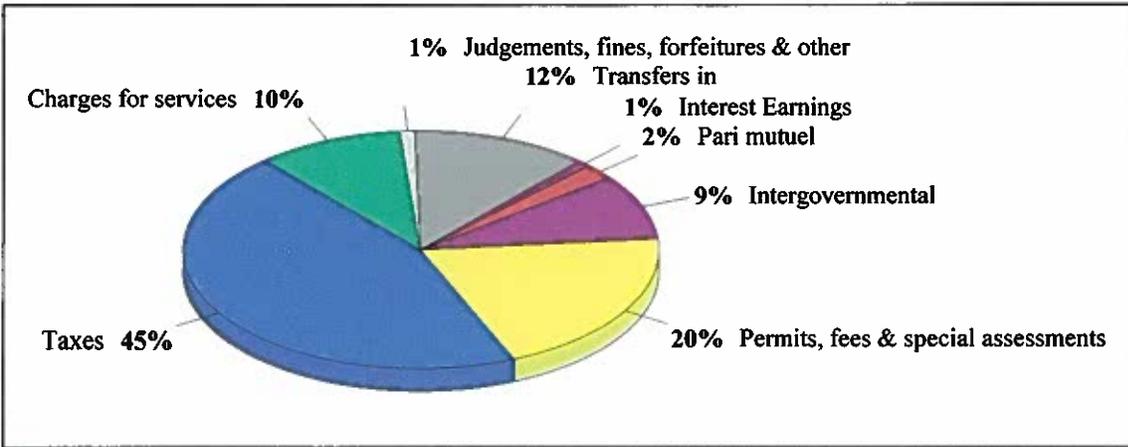
financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those of the governmental activities of the Government-wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

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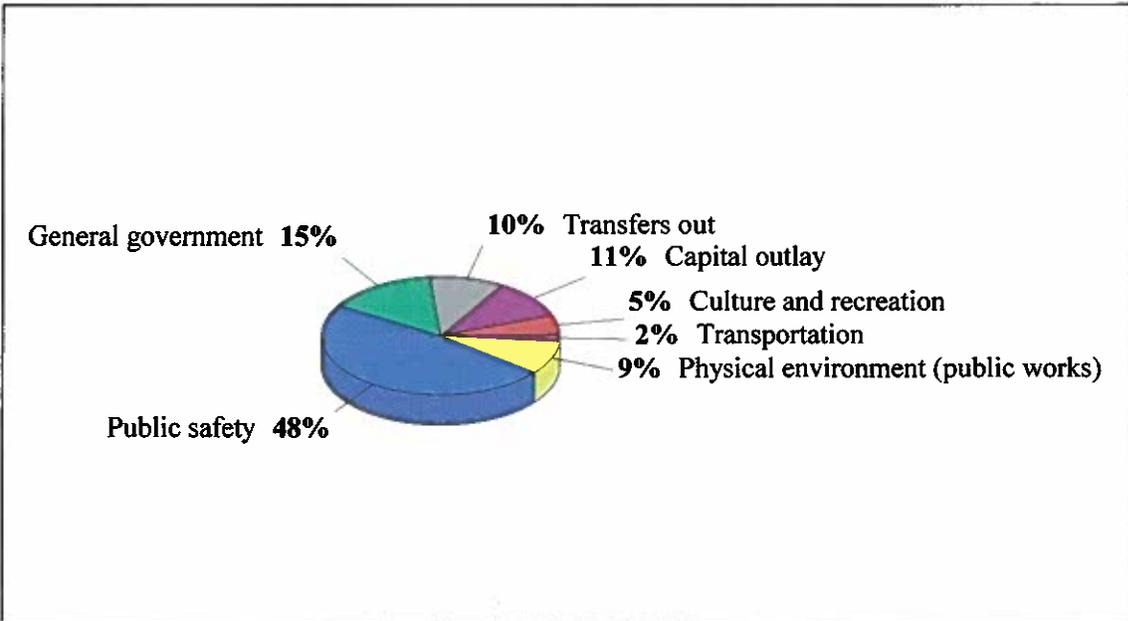
**The General Fund**

The General Fund is the chief operating fund of the City. The following pie charts depict the breakdown of actual receipts by revenue source and expenditures, by function, for the fiscal year ended September 30, 2012:

**Revenues Received by Source**



**Actual Expenditures By Function**



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At the end of the current fiscal year, unassigned fund balance for the General Fund was \$53.8 million, while total fund balance was \$66.5 million. The fund balance for the City's General Fund decreased by \$0.7 million during the current fiscal year.

Compared to the prior fiscal year, there was an increase of \$1.1 million in tax revenue, primarily due to an increase in ad valorem revenues mainly due to the combination of a decrease in valuation revisions by the Broward County Property Appraiser Value Adjustment Board, as well as new construction.

The increase of \$1.3 million in permits, fees and special assessments is primarily due to an increase in building permit fees due to increased construction and build out activity, as well as increased enforcement activity during the current fiscal year, as discussed earlier.

The increase of \$0.4 million in intergovernmental revenue is primarily due to the net effect of 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 in the prior fiscal year, receipt of COPs grant funds in the current fiscal year and an increase in half cent sales tax revenue from the State of Florida.

The increase of \$7.2 million in transfers-in is primarily due to the net effect of the transfer of expenditures from the Pompano Beach Community Redevelopment Agency related to improvements made to City owned infrastructure, as well as the close out of a hurricane reserve fund and the 1993 G.O. Bond Fund to the General Fund in the prior fiscal year.

The increase of \$0.5 million in general government expenditures is primarily the result of the net effect of an increase in water and sewer expenditures due to the second step to a two tier water rate increase being in effect for all of fiscal year 2012 compared to only nine months in fiscal year 2011, an increase in professional services expenditures related to code compliance professional services expenditures, (City only paid eight months on the contract in fiscal year 2011, compared to a full twelve months in fiscal year 2012), and a decrease in the NW 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 decrease of \$1.1 million in public safety expenditures is primarily the result of the City recording one time pension credits as a prepaid contribution and reduction in employer contributions for the Police and Fire Retirement System (\$1.2 million). The credits were the result of a combination of the City utilizing the percentage of payroll amount for its employer contribution amount, as opposed to the actual dollar amount as determined by the Plan's actuary for fiscal years 2011 and 2012, as well as Chapter 175 credits elected by the City.

The increase of \$0.5 million in physical environment expenditures is primarily the result of a decrease in general risk management charges in the Grounds Maintenance and Building Maintenance Divisions due to a reduction in claims activity.

The \$7.1 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 decrease of \$18.1 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

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(\$12.1 million) in the prior fiscal year. The remainder of the decrease is attributable to decreased activity in the transfer of funds from the General Fund unassigned fund balance for various projects, compared to prior fiscal year.

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

The fund balance of the Northwest Community Redevelopment Agency Fund decreased by \$1.9 million during the current fiscal year. This is primarily the result of a project activity during the fiscal year, primarily related to Old Pompano Redevelopment, Civic Campus - Public Library and Martin Luther King Boulevard, Phases I and II.

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

The fund balance of the East Community Redevelopment Agency Fund decreased by \$10.7 million primarily due to increased project activity during the current fiscal year, primarily related to Pompano Beach Boulevard Streetscape North and South, Pompano Beach Boulevard Bend, Harbor Village Improvements, Dune Restoration and Beach Plaza and Parking Improvements.

**Emergency Management Service Fund**

The fund balance for the EMS Fund increased by \$1.4 million. This was primarily the result of the City recording one time pension credits (\$1.6 million) as a prepaid contribution and reduction in employer contributions for the Police and Fire Retirement System. The credits were the result of a combination of the City utilizing the percentage of payroll amount for its employer contribution amount, as opposed to the actual dollar amount as determined by the Plan's actuary for fiscal years 2011 and 2012, as well as Chapter 175 credits elected by the City.

**Capital Projects Fund**

The fund balance of the Capital Projects Fund decreased by \$3.7 million during the current fiscal year primarily due to less transfers from the General Fund for projects compared to the prior fiscal year, as well as expenditure of funds for projects during the current fiscal year, as discussed in the capital assets section below.

**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 \$0.9 million increase in operating revenue for proprietary funds, is primarily the result of the second step to a two tier water rate increase only being in effect for nine months in the prior fiscal year, compared to twelve months in the current fiscal year.

The approximately \$1.4 million increase in operating expenses in proprietary funds was primarily the result of the net effect of the recognition of current fiscal year depreciation expense and the discontinuation of the utility fund billing itself for utility service (amount also eliminated from charges for services revenue).

Capital grants and contributions decreased by \$1.1 million, primarily as a result of the receipt of grant

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funds for the Airport runway rehabilitation project in fiscal year 2011.

Transfers-in decreased by \$2.5 million, primarily as a result of significant transfers from the General Fund unassigned fund balance to the Golf Fund to re-grass the greens and fairways at the City's golf course in prior fiscal year.

### **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 \$5.3 million.

The increase of \$0.8 million in the Development Services expenditure budget is primarily related to the roll of encumbrances from prior fiscal year related to code compliance services and the purchase of Florida Building Code books and software for the Building Inspections Division.

The increase of \$0.5 million in the Police expenditure budget was the result of the City being approved for a COPs Grant in the current fiscal year to cover additional officers under the City's police services contract with the Broward Sheriff's Office (BSO).

The increase of \$0.4 million in the Public Works expenditure budget is primarily due to additional funds required for repair and maintenance of City facilities and vehicles by the Building Maintenance Division.

The decrease of \$0.5 million in the Non-departmental expenditure budget is primarily due to the reclass of budgeted funds to capital outlay line items during the fiscal year, as well as a correction (decrease) in the amount budgeted for amortization expense (related decrease in transfers-in) related to an advance between the General and Sanitation Funds.

The increase of \$.5 million in the capital outlay budget is primarily due to capital purchases during the fiscal year, most notably related to land acquisition and parking meters.

The decrease of \$.4 million in the transfers-in budget is related to the correction in the amount budgeted for amortization expense, as discussed for the non-departmental expenditure function above.

The transfers-out budget increased by \$3.2 million primarily related to transfers from the General Fund unassigned fund balance to the Capital Projects Fund to commit funds for various projects, notably the Oceanside Parking Lot, the Pines Golf Course, A1A Underground Utilities, Cresthaven Fire Station #103 and Cresthaven Community Center Land Acquisition.

**Final budget compared to actual** – Taxes revenue was \$.7 million higher than the final budget primarily due to the net effect of less ad valorem collections than anticipated and greater than anticipated collections for utility electric tax, water utility tax and communication service taxes. The City received approximately \$.3 million in additional communication service tax revenue during the fiscal year as a result of a jurisdictional audit performed by the Department of Revenue, resulting in a redistribution of these funds to the City.

Permits, fees and special assessments revenue was \$2.9 million higher than the final budget primarily as a result of greater than anticipated collections for building permit revenues due to an increase in construction and build out activity (such as the Marriott North Tower Hotel, Captiva Cove Apartments, Walmart, Save A Lot, PNC Bank, airport hangers, Pompano Community Redevelopment Agency project

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activity, and a 2-story single family residence) and an increase in general enforcement activity.

Charges for services revenue was \$0.7 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 the building permit function fund balance reserve, an actual current revenue amount was not recorded.

Investment earnings were \$0.9 million lower than the final budget primarily due to a decline in surplus funds available due to transfers out of the General Fund from unassigned fund balance, to fund capital projects in the prior fiscal year. There was also unrealized investment losses recognized at fiscal year end resulting in a write-down of the City's investment book value.

Non-departmental expenditures were \$0.6 million lower than the final budget primarily due to the budgeting for amortization expense in the General Fund as an offset to record a transfer from the Sanitation Fund related to the pay down of an advance between the funds.

Culture and recreation expenditures were \$0.7 million less than the final budget due to lower than anticipated expenditures for salaries and benefits due to prolonged vacancies, in the Parks, Recreation and Cultural Arts Recreational Activities Division.

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2012, amounts to \$380.4 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, 2012**

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$ 59,683,178	\$ 58,744,581	\$ 277,365	\$ 277,365	\$ 59,960,543	\$ 59,021,946
Construction in Progress	18,195,182	22,284,146	19,167,717	20,152,393	37,362,899	42,436,539
Buildings	13,197,355	14,340,952	30,549,668	31,733,869	43,747,023	46,074,821
Infrastructure	76,575,468	71,621,098	55,794,048	55,840,661	132,369,516	127,461,759
Improvements	55,420,999	42,680,692	35,622,605	25,120,077	91,043,604	67,800,769
Machinery & Equipment	7,536,061	9,082,049	8,361,284	10,510,888	15,897,345	19,592,937
<b>TOTALS</b>	<b>\$ 230,608,243</b>	<b>\$ 218,753,518</b>	<b>\$ 149,772,687</b>	<b>\$ 143,635,253</b>	<b>\$ 380,380,930</b>	<b>\$ 362,388,771</b>

Major capital assets events during the fiscal year included:

- Land increased by approximately \$0.9 million in governmental activities primarily as a result of the transfer of 731 Hammondville Road from the Northwest CRA District to the City in an effort to create unity of title for two properties that the Northwest CRA wanted to develop. The CRA owned one property and the City the other and the CRA needed to combine both parcels for a development project. This transaction was necessitated due to the City's

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charter provisions stipulating that the City cannot transfer property to the CRA. Ultimately the City leased both properties back to the CRA, stipulating the ultimate benefit to the CRA will be increase in its tax increment as development of the parcels occur.

- Capital projects under construction in governmental activities had a net decrease of approximately \$4.1 million, primarily as a result of the net effect of several projects being underway in the current fiscal year, primarily Bridge Replacement and Maintenance, Road Resurfacing, Seawall Repairs, Rebuilding of Fire Station #11, George Brummer Park Improvements, City Hall Security enhancements and the improvement of various City infrastructure assets by the CRA (i.e. Pompano Boulevard Streetscape, Pompano Beach Boulevard Bend, Harbor Village Improvements, Dune Restoration and Beach Plaza and Parking enhancements) and the capitalization of costs for other projects such as City Park Amenities, Community Park improvements, Mitchell Moore Park Improvements, Road Resurfacing, Roof Replacement, George Brummer Park Improvements, Atlantic and Pompano Beach Boulevard Streetscape, Dune Restoration and Beach Plaza and Parking.
- 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 increased by approximately \$5.0 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 increased by approximately \$12.7 million primarily due to the net effect of the recognition of current fiscal year depreciation expense and the completion and capitalization of costs related to City Park Amenities, Community and Mitchell Moore Parks, Roof Replacement, George Brummer Park, Atlantic and Pompano Beach Boulevard Streetscape, Dune Restoration and Beach Plaza and Parking improvements.
- Machinery and Equipment decreased by approximately \$1.5 million primarily due to the net effect of the recognition of current fiscal year depreciation expense, the disposal of equipment during the fiscal year and the purchase of vehicles, rescue equipment and vehicles, computers and lighting equipment by several City departments.
- Capital projects in business-type activities decreased by approximately \$1.0 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 Golf Course Rehab., Airpark Storage Shed, Airpark Runway Rehab., Sub-basins, Gravity Mains, Lift Station Rehab., Water Main Replacement and Water Treatment Plant Electric Rehab. During the fiscal year costs were capitalized related to Drainage Improvements, Airpark Pavement Maintenance, Water Treatment Plant Security, Gravity Mains, Reuse Distribution Expansion, Water Main Replacements, Lift Station Rehab. and Water Treatment Plant Electric Rehab.

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- Buildings for business-type activities decreased by approximately \$1.2 million. This is primarily the result of the recognition of current fiscal year depreciation expense.
- Improvements increased by approximately \$10.5 million due to the net effect of the recognition of current fiscal year depreciation expense and the capitalization of costs related to several projects during the fiscal year, as discussed above.
- The decrease of approximately \$2.1 million in machinery and equipment is primarily due to the net effect of the recognition of current fiscal year depreciation expense, the disposal of equipment during the fiscal year and the purchase of reuse connection equipment as it relates to the City's reuse connection program, which assists customers with connecting to the City's reuse system.

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 \$59,121,455 outstanding compared to \$65,740,628 last year, a 10% decrease.

**TABLE 4 - OUTSTANDING DEBT**  
**September 30, 2012**

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenue Bonds	\$ -	\$ -	\$ 23,429,839	\$ 26,587,042	\$ 23,429,839	\$ 26,587,042
Tax increment bonds	22,898,514	25,375,676	-	-	22,898,514	25,375,676
Notes	2,768,670	3,060,164	10,024,432	10,717,746	12,793,102	13,777,910
<b>Total</b>	<b>\$ 25,667,184</b>	<b>\$ 28,435,840</b>	<b>\$ 33,454,271</b>	<b>\$ 37,304,788</b>	<b>\$ 59,121,455</b>	<b>\$ 65,740,628</b>

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, 2012, National was assigned a BBB rating by Standard and Poor's and a rating of Baa2 by Moody's.

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

On December 9, 2008, the City Commission authorized the issuance of special facility airport revenue bonds in an aggregate principal amount not to exceed \$8,000,000, for the purpose of making a loan of funds to Sheltair Pompano Beach, LLC (Sheltair) in order to finance the costs of the acquisition, renovation, construction and equipping of certain general aviation facilities located at the Pompano Beach Airpark, to be leased by Sheltair. The bonds were subsequently issued on December 22, 2008. The bonds are limited obligations of the City payable from lease payments required to be made by

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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, 2012, total principal and interest outstanding related to this debt issue was \$7,457,658 and \$2,481,934, 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, 2012, total principal and interest outstanding related to this debt issue was \$27,200,000 and \$5,119,589 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.

One of the most important economic factors affecting local government's finances is property values. The City of Pompano Beach continues to feel effects of the current economic conditions as assessed taxable values decreased again (for budgeted purposes), marking the fifth straight year the City's tax base declined. However, of the 24 Broward municipalities only seven experienced value declines when compared to last year's final value. Moving forward, market indicators and residential sales from the first few months of 2012 reflect slight increases in most parts of Broward County, an indication that we should expect to see the tax roll remain relatively flat for next year. This economic decline is also evidenced by decreases in new construction activity. As shown in the July 2012 taxable value report, the City added \$15 million in new construction. A sharp decline when compared to the \$177 million net new taxable value reported in July 2006.

Home values have remained relatively low and is mostly due to the continued high occurrence of foreclosures. Nationwide, 1 in every 730 housing units received a foreclosure filing in September 2012. Moreover, Florida is one of the leaders in foreclosures and the City of Pompano Beach has received a foreclosure rating of 1 in every 188 housing units, as reported by realtytrac.com. Due to the large number of foreclosed houses that continue to come into the market, home prices are expected to remain relatively flat for a while as supply remains high. Distressed properties will require further attention in 2013 to expedite transfer of ownership and tax-base recapture.

The adopted budget for FY 2013 is \$219 million, which is 2.9% more than the FY 2012 adopted budget

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of \$212 million. The General Fund budget is \$113 million, which is 2.85% more than FY 2012 adopted budget of \$110 million. The millage rate for FY 2013 was increased by 5% at 5.4700 when compared to last year's adopted rate of 5.2027. The operating millage rate of 4.9700 increased by 5.68% compared to last year's rate of 4.7027 and represents an 4.74% increase in property taxes when compared to the rolled back millage rate of 5.2223, considering a .84% decline in taxable property values.

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 +4.47% for FY 2013. While no new legislation was passed in the 2012 Florida Legislative session that affects the City's FY 2013 Budget, Constitutional Amendments placed on the ballot in November 2012, which passed, will have a negative impact on City finances and operation for the following fiscal year and beyond. The amendments are as follows:

- Property tax discount on the homestead of Veterans who became disabled as a result of combat injury who were not Florida residents when they entered the military.
- An additional homestead exemption for low-income seniors who maintain long-term residency on property equal to the assessed value of the homestead property up to a value of \$250,000.
- Homestead property tax exemption for surviving spouse of a military veteran or first responder.

Based on the preceding discussion, local economic conditions are not expected to significantly improve for calendar year 2013. 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, 2012**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 47,122,649	\$ 6,481,261	\$ 53,603,910
Restricted cash and cash equivalents	2,278,352	4,548,319	6,826,671
Restricted investments	11,331,909	4,664,931	15,996,840
Unrestricted investments	106,254,095	36,866,029	143,120,124
Interest receivable	461,011	122,935	583,946
Accounts receivables (net)	5,802,835	4,881,082	10,683,917
Internal balances	(1,746,971)	1,746,971	-
Due from other governments	3,060,728	510,034	3,570,762
Inventories	1,215,106	496,585	1,711,691
Prepays	2,773,370	2,070	2,775,440
Other assets	35,658	-	35,658
Unamortized bond costs	21,209	118,832	140,041
Assets held for resale for development	33,947,831	-	33,947,831
Net pension asset	1,161,700	-	1,161,700
Capital assets:			
Land and construction in progress	77,878,360	19,445,082	97,323,442
Other capital assets net of accumulated depreciation	152,729,883	130,327,605	283,057,488
Total capital assets net of accumulated depreciation	<u>230,608,243</u>	<u>149,772,687</u>	<u>380,380,930</u>
Total assets	<u>444,327,725</u>	<u>210,211,736</u>	<u>654,539,461</u>
<b>LIABILITIES</b>			
Accounts payable	2,611,879	2,537,044	5,148,923
Accrued expenses	1,048,525	254,179	1,302,704
Due to other governments	87,774	122,542	210,316
Customer deposits payable	47	-	47
Unearned revenue	3,569,664	833,879	4,403,543
Liabilities payable from restricted assets:			
Customer deposits payable	6,429	1,015,030	1,021,459
Accounts payable	2,501,281	641,468	3,142,749
Accrued expenses	260,897	-	260,897
Accrued interest payable	186,861	289,607	476,468
Long term obligations	-	806,089	806,089
Noncurrent liabilities:			
Due within one year:			
Long term obligations	2,492,162	2,563,911	5,056,073
Notes Payable	218,988	792,882	1,011,870
Claims and judgments	2,198,822	-	2,198,822
Compensated absences	320,253	20,520	340,773
Due in more than one year:			
Long term obligations	20,406,352	20,059,839	40,466,191
Notes Payable	2,549,682	9,231,550	11,781,232
Claims and judgments	12,593,178	-	12,593,178
Compensated absences	4,841,993	959,468	5,801,461
Net OPEB obligation	6,277,152	1,413,797	7,690,949
Total liabilities	<u>62,171,939</u>	<u>41,541,805</u>	<u>103,713,744</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	221,483,539	119,425,239	340,908,778
Restricted for:			
Renewal and replacement/rate stabilization	-	3,411,164	3,411,164
Capital projects	1,079,080	3,054,831	4,133,911
Building permit function	10,522,648	-	10,522,648
Community Redevelopment	40,235,970	-	40,235,970
Cultural Arts	21,495	-	21,495
Transportation	809,261	-	809,261
Unrestricted	108,003,793	42,778,697	150,782,490
Total net assets	<u>\$ 382,155,786</u>	<u>\$ 168,669,931</u>	<u>\$ 550,825,717</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, 2012**

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental Activities:</b>				
General government	\$ 33,337,008	\$ 10,043,560	\$ 16,127	\$ 43,946
Public safety	72,981,195	22,086,284	3,086,556	147,144
Physical environment	16,514,775	92,024	285,968	3,621,454
Transportation	3,205,628	519,767	-	-
Culture and recreation	7,830,956	1,919,986	98,377	74,194
Interest on long-term debt	924,518	-	-	-
<b>Total governmental activities</b>	<b>134,794,080</b>	<b>34,661,621</b>	<b>3,487,028</b>	<b>3,886,738</b>
<b>Business-Type Activities:</b>				
Utility	39,006,357	41,457,871	-	220,000
Sanitation	4,161,979	5,734,397	-	-
Stormwater	1,887,886	2,440,888	-	-
Pier	246,386	124,299	-	-
Airpark	1,383,706	1,021,156	-	355,691
Golf course	3,616,352	2,137,538	-	-
<b>Total business-type activities</b>	<b>50,302,666</b>	<b>52,916,149</b>	<b>-</b>	<b>575,691</b>
<b>Total government</b>	<b>\$ 185,096,746</b>	<b>\$ 87,577,770</b>	<b>\$ 3,487,028</b>	<b>\$ 4,462,429</b>

**General revenues:**

- Taxes:
  - Property taxes, levied for general purposes
  - Sales and use taxes
  - Business tax receipts
  - Utility taxes
  - Communication service taxes
  - Tax increment fees - Community Redevelopment Agency
- Pari Mutuel taxes
- Franchise fees
- State revenue sharing
- Gain on sale of capital assets
- Investment earnings
- Miscellaneous revenue
- Transfers
  - Total General Revenues and Transfers
- Changes in Net Assets
- Net assets-beginning
- Net assets, ending

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

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

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (23,233,375)	\$ -	\$ (23,233,375)
(47,661,211)	-	(47,661,211)
(12,515,329)	-	(12,515,329)
(2,685,861)	-	(2,685,861)
(5,738,399)	-	(5,738,399)
<u>(924,518)</u>	<u>-</u>	<u>(924,518)</u>
<u>(92,758,693)</u>	<u>-</u>	<u>(92,758,693)</u>
-	2,671,514	2,671,514
-	1,572,418	1,572,418
-	553,002	553,002
-	(122,087)	(122,087)
-	(6,859)	(6,859)
-	<u>(1,478,814)</u>	<u>(1,478,814)</u>
-	<u>3,189,174</u>	<u>3,189,174</u>
<u>(92,758,693)</u>	<u>3,189,174</u>	<u>(89,569,519)</u>
43,713,354	-	43,713,354
1,847,983	-	1,847,983
1,962,253	-	1,962,253
9,830,191	-	9,830,191
5,694,717	-	5,694,717
7,351,557	-	7,351,557
2,067,263	-	2,067,263
7,597,790	-	7,597,790
7,985,879	-	7,985,879
115,058	84,125	199,183
1,495,590	425,541	1,921,131
1,288,255	611,077	1,899,332
<u>499,296</u>	<u>(499,296)</u>	<u>-</u>
<u>91,449,186</u>	<u>621,447</u>	<u>92,070,633</u>
<u>(1,309,507)</u>	<u>3,810,621</u>	<u>2,501,114</u>
<u>383,465,293</u>	<u>164,859,310</u>	<u>548,324,603</u>
<u>\$ 382,155,786</u>	<u>\$ 168,669,931</u>	<u>\$ 550,825,717</u>

**CITY OF POMPANO BEACH, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2012**

	<u>General</u>	<u>Northwest Community Redevelopment District</u>	<u>East Community Redevelopment District</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,574,730	\$ 3,447,049	\$ 1,147,302
Restricted cash and cash equivalents	-	-	1,069,807
Restricted investments	8,175,752	-	-
Unrestricted investments	49,968,430	20,646,800	6,433,051
Interest receivable	203,899	62,657	21,657
Accounts receivables, net	2,363,145	-	-
Assets held for resale for development	-	32,445,889	-
Due from other funds	708,500	-	-
Due from other governments	2,035,302	47,484	167,779
Inventories	172,705	-	-
Prepays	1,207,478	7,808	-
Other assets	26,732	-	-
Total assets	<u>\$ 71,436,673</u>	<u>\$ 56,657,687</u>	<u>\$ 8,839,596</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 620,398	\$ 230,159	\$ 2,096,687
Accrued expenses	970,482	-	-
Due to other governments	87,774	-	-
Due to other funds	-	-	-
Advances from other funds	1,666,667	-	-
Deposits	-	6,429	-
Unearned/Deferred revenue	1,580,516	4,500	-
Total Liabilities:	<u>4,925,837</u>	<u>241,088</u>	<u>2,096,687</u>
Fund Balances:			
Nonspendable	1,380,183	7,808	-
Restricted	8,175,752	56,408,791	6,742,909
Committed	-	-	-
Assigned	3,131,562	-	-
Unassigned	53,823,339	-	-
Total fund balances	<u>66,510,836</u>	<u>56,416,599</u>	<u>6,742,909</u>
Total liabilities and fund balances	<u>\$ 71,436,673</u>	<u>\$ 56,657,687</u>	<u>\$ 8,839,596</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>
\$ 137,501	\$ 32,340,758	\$ 886,254	\$ 44,533,594
-	1,208,545	-	2,278,352
-	-	3,156,157	11,331,909
1,306,910	-	3,699,189	82,054,380
8,887	88,373	6,419	391,892
3,298,892	139,798	1,000	5,802,835
-	-	1,501,942	33,947,831
-	-	-	708,500
915	411,857	388,135	3,051,472
233,720	-	-	406,425
1,555,634	-	-	2,770,920
-	8,926	-	35,658
<u>\$ 6,542,459</u>	<u>\$ 34,198,257</u>	<u>\$ 9,639,096</u>	<u>\$ 187,313,768</u>
\$ 39,084	\$ 1,852,365	\$ 90,746	\$ 4,929,439
260,897	7,117	4,080	1,242,576
-	-	-	87,774
-	-	308,500	308,500
-	-	-	1,666,667
-	47	-	6,476
<u>2,710,066</u>	<u>47,899</u>	<u>2,640,092</u>	<u>6,983,073</u>
<u>3,010,047</u>	<u>1,907,428</u>	<u>3,043,418</u>	<u>15,224,505</u>
1,789,354	-	-	3,177,345
-	1,079,080	4,679,595	77,086,127
1,743,058	-	1,879,847	3,622,905
-	31,211,749	46,910	34,390,221
-	-	(10,674)	53,812,665
<u>3,532,412</u>	<u>32,290,829</u>	<u>6,595,678</u>	<u>172,089,263</u>
<u>\$ 6,542,459</u>	<u>\$ 34,198,257</u>	<u>\$ 9,639,096</u>	<u>\$ 187,313,768</u>



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**CITY OF POMPANO BEACH, FLORIDA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2012**

Fund Balances - total governmental funds		\$ 172,089,263
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	341,134,145	
Less accumulated depreciation	<u>(110,834,278)</u>	230,299,867
Net pension asset is not a financial resources and therefore is not reported in the governmental funds.		1,161,700
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.		(5,966,625)
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		2,710,066
FEMA-Urban Area Security Initiative Grant (UASI)		69,187
FEMA-Hurricane Wilma		341,459
CDBG/HOME/HPRP/EDRLF Grants		47,899
Communication service taxes		244,798
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	(22,898,514)	
Notes payable	(2,768,670)	
Accrued interest payable	(186,861)	
Compensated absences	<u>(4,864,819)</u>	(30,718,864)
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.		21,209
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds that are reported with governmental activities are as follows:		
	27,986,652	
	<u>(16,050,521)</u>	11,936,131
Adjustment for Internal Service Funds look-back		<u>(80,304)</u>
Net assets of governmental activities		<u>\$ 382,155,786</u>

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, 2012**

	<u>General</u>	<u>Northwest Community Redevelopment District</u>	<u>East Community Redevelopment District</u>
<b>Revenues</b>			
Taxes	\$ 56,378,024	\$ 5,579,667	\$ 1,771,890
Judgments, fines and forfeitures	1,085,139	-	-
Permits, fees and special assessments	24,323,177	-	-
Intergovernmental	10,779,454	74,194	-
Charges for services	12,942,350	83,192	-
Pari-Mutuel	2,067,263	-	-
Donations	15,117	-	-
Program Income	-	-	-
Recaptured Funds	-	-	-
Interest and investment revenue	782,000	88,084	13,315
Cemetery lot sales	-	-	-
Other revenue	<u>827,852</u>	<u>87,426</u>	<u>-</u>
<b>Total Revenues</b>	<u>109,200,376</u>	<u>5,912,563</u>	<u>1,785,205</u>
<b>EXPENDITURES</b>			
Current:			
General government	18,674,081	2,839,144	1,407,259
Public safety	60,036,752	-	-
Physical environment	11,590,163	-	-
Transportation	2,297,206	-	-
Culture and recreation	6,546,615	-	-
Debt Service:			
Principal	213,131	2,162,162	315,000
Interest	78,943	652,436	489,530
Capital outlay	<u>14,174,254</u>	<u>13,990</u>	<u>-</u>
<b>Total expenditures</b>	<u>113,611,145</u>	<u>5,667,732</u>	<u>2,211,789</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,410,769)</u>	<u>244,831</u>	<u>(426,584)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	107,860	-	-
Transfers in	15,319,089	-	489,829
Transfers out	<u>(11,668,163)</u>	<u>(2,110,469)</u>	<u>(10,777,207)</u>
<b>Total other financing sources (uses)</b>	<u>3,758,786</u>	<u>(2,110,469)</u>	<u>(10,287,378)</u>
<b>Net change in fund balances</b>	<b>(651,983)</b>	<b>(1,865,638)</b>	<b>(10,713,962)</b>
Fund balances - beginning	<u>67,162,819</u>	<u>58,282,237</u>	<u>17,456,871</u>
Fund Balances - ending	<u>\$ 66,510,836</u>	<u>\$ 56,416,599</u>	<u>\$ 6,742,909</u>

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

<u>Emergency Medical Svc. District</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,201,215	\$ 2,303,140	\$ 260,551	\$ 70,494,487
-	-	-	1,085,139
-	198,732	165,011	24,686,920
187,918	2,498,510	1,560,798	15,100,874
2,873,644	-	143,831	16,043,017
-	-	-	2,067,263
809	500	27,107	43,533
-	7,684	839,724	847,408
-	-	1,270	1,270
39,450	317,055	9,403	1,249,307
-	-	52,332	52,332
12	1,040	-	916,330
<u>7,303,048</u>	<u>5,326,661</u>	<u>3,060,027</u>	<u>132,587,880</u>
-	120,296	28,021	23,068,801
11,410,800	-	81,903	71,529,455
-	1,795,867	2,579,653	15,965,683
-	-	254,970	2,552,176
-	14,160	150,488	6,711,263
-	-	-	2,690,293
-	-	-	1,220,909
325,423	10,535,717	100,678	25,150,062
<u>11,736,223</u>	<u>12,466,040</u>	<u>3,195,713</u>	<u>148,888,642</u>
<u>(4,433,175)</u>	<u>(7,139,379)</u>	<u>(135,686)</u>	<u>(16,300,762)</u>
-	-	-	107,860
5,793,904	4,296,324	61,600	25,960,746
-	(901,611)	(4,000)	(25,461,450)
<u>5,793,904</u>	<u>3,394,713</u>	<u>57,600</u>	<u>607,156</u>
1,360,729	(3,744,666)	(78,086)	(15,693,606)
<u>2,171,683</u>	<u>36,035,495</u>	<u>6,673,764</u>	<u>187,782,869</u>
<u>\$ 3,532,412</u>	<u>\$ 32,290,829</u>	<u>\$ 6,595,678</u>	<u>\$ 172,089,263</u>

**CITY OF POMPANO BEACH, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

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Net change in fund balances - total governmental funds \$ (15,693,606)

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

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

Expenditures for capital assets	\$ 25,150,062	
Less depreciation	<u>(13,403,200)</u>	11,746,862

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	(23,727)	
Change in deferred revenue-franchise payment	(94,432)	
Change in deferred revenue-FEMA UASI Grant	69,187	
Change in deferred revenue-Neighborhood Stabilization Program Grant	(133,809)	
Change in deferred revenue-U.S. Department Interior Grant	(87,779)	
Change in deferred revenue-FEMA-Hurricane Wilma Grant	86,516	
Change in deferred revenue-CDBG/HOME/HPRP/EDRLF Grants	(121,271)	
Change in deferred revenue- Broward County Challenge Grant	(77,282)	
Change in net pension asset	5,979	
Change in net OPEB Obligation	(697,630)	
Loss on sale of capital assets	(28,257)	
Donation of equipment	242,637	
Change in compensated absences liability	(230,411)	
Change in accrued interest	<u>19,337</u>	(1,070,942)

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	2,690,293	
Change in note payable due to change in project allocated work	78,363	
Amortization of bond issuance costs	<u>(3,264)</u>	2,765,392

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. 1,061,429

Adjustment for Internal Service Funds look-back	<u>(118,642)</u>	
Change in Net Assets - Governmental Activities	<u>\$ (1,309,507)</u>	

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

**CITY OF POMPANO BEACH, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2012**

	Business-type Activities -Enterprise Funds			Governmental
	Utility	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 5,405,666	\$ 1,075,595	\$ 6,481,261	\$ 2,589,055
Restricted cash and cash equivalents	4,411,460	136,859	4,548,319	-
Interest receivable	84,917	38,018	122,935	69,119
Accounts receivables, net	4,017,317	863,765	4,881,082	-
Due from other governments	363,672	146,362	510,034	9,256
Inventories	476,614	19,971	496,585	808,681
Prepays	2,070	-	2,070	2,450
Unamortized bond costs	20,193	-	20,193	-
Total current assets:	<u>14,781,909</u>	<u>2,280,570</u>	<u>17,062,479</u>	<u>3,478,561</u>
Noncurrent assets:				
Restricted investments	3,411,164	1,253,767	4,664,931	-
Unrestricted investments	26,460,865	10,405,164	36,866,029	24,199,715
Advances to other funds	-	1,666,667	1,666,667	-
Unamortized bond costs	98,639	-	98,639	-
Capital assets:				
Land	216,373	60,992	277,365	-
Construction in progress	5,818,189	13,349,528	19,167,717	-
Buildings	47,635,353	3,830,172	51,465,525	254,536
Infrastructure	105,664,802	17,141,154	122,805,956	-
Improvements	44,245,399	14,358,166	58,603,565	423,838
Machinery and equipment	18,306,431	3,441,144	21,747,575	5,566,257
Less accumulated depreciation	(106,269,030)	(18,025,986)	(124,295,016)	(5,936,255)
Total capital assets (net of accumulated depreciation)	<u>115,617,517</u>	<u>34,155,170</u>	<u>149,772,687</u>	<u>308,376</u>
Total Noncurrent assets:	<u>145,588,185</u>	<u>47,480,768</u>	<u>193,068,953</u>	<u>24,508,091</u>
Total assets	<u>\$ 160,370,094</u>	<u>\$ 49,761,338</u>	<u>\$ 210,131,432</u>	<u>\$ 27,986,652</u>
<b>LIABILITIES</b>				
Current liabilities, unrestricted:				
Accounts payable	1,338,085	1,198,959	2,537,044	183,721
Accrued expenses	204,769	49,410	254,179	66,846
Due to other funds	-	-	-	400,000
Unearned revenue	-	416,667	416,667	-
Due to other governments	-	122,542	122,542	-
Compensated absences	20,520	-	20,520	-
Claims and judgments	-	-	-	2,198,822
Current portion of long term debt	2,563,911	-	2,563,911	-
Notes Payable	792,882	-	792,882	-
Total Current liabilities, unrestricted	<u>4,920,167</u>	<u>1,787,578</u>	<u>6,707,745</u>	<u>2,849,389</u>
Current liabilities payable from restricted assets:				
Accounts payable	412,806	228,662	641,468	-
Customer deposits payable	1,015,030	-	1,015,030	-
Accrued interest payable	289,607	-	289,607	-
Current portion of long term debt	806,089	-	806,089	-
Total current liabilities payable from restricted assets	<u>2,523,532</u>	<u>228,662</u>	<u>2,752,194</u>	<u>-</u>
Total current liabilities	<u>7,443,699</u>	<u>2,016,240</u>	<u>9,459,939</u>	<u>2,849,389</u>
Noncurrent liabilities:				
Unearned revenue	-	417,212	417,212	-
Compensated absences	781,292	178,176	959,468	297,427
Net OPEB obligation	1,135,768	278,029	1,413,797	310,527
Claims and judgments	-	-	-	12,593,178
Notes payable	9,231,550	-	9,231,550	-
Revenue bonds payable	20,059,839	-	20,059,839	-
Total noncurrent liabilities	<u>31,208,449</u>	<u>873,417</u>	<u>32,081,866</u>	<u>13,201,132</u>
Total liabilities	<u>38,652,148</u>	<u>2,889,657</u>	<u>41,541,805</u>	<u>16,050,521</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	85,270,069	34,155,170	119,425,239	308,376
Restricted:				
Renewal & replacement/rate stabilization	3,411,164	-	3,411,164	-
Capital Projects	1,887,435	1,167,396	3,054,831	-
Unrestricted	31,149,278	11,549,115	42,698,393	11,627,755
Total net assets	<u>\$ 121,717,946</u>	<u>\$ 46,871,681</u>	<u>\$ 168,589,627</u>	<u>\$ 11,936,131</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, 2012**

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Net assets- Enterprise Funds	\$ 168,589,627
Adjustment to Enterprise Funds for Internal Service Funds look-back	<u>80,304</u>
Net Assets - Business-type Activities	<u>\$ 168,669,931</u>

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 NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Utility</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Activities Internal Service Funds</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 41,457,871	\$ 11,460,222	\$ 52,918,093	\$ 17,667,778
Contract fee extension	-	416,667	416,667	-
Miscellaneous	55,279	-	55,279	371,925
Total operating revenues	<u>41,513,150</u>	<u>11,876,889</u>	<u>53,390,039</u>	<u>18,039,703</u>
<b>OPERATING EXPENSES</b>				
Personal services	8,018,115	1,669,341	9,687,456	2,568,535
Other current expenses	21,109,920	7,678,730	28,788,650	14,514,560
Depreciation and amortization	8,535,683	1,905,924	10,441,607	148,077
Total operating expenses	<u>37,663,718</u>	<u>11,253,995</u>	<u>48,917,713</u>	<u>17,231,172</u>
Operating income (loss)	<u>3,849,432</u>	<u>622,894</u>	<u>4,472,326</u>	<u>808,531</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and investment revenue	302,233	123,308	425,541	246,285
Miscellaneous revenue	174,724	46,581	221,305	7,198
Miscellaneous expense	(6,966)	(51,544)	(58,510)	(585)
Interest expense and fiscal agent fees	(1,445,078)	-	(1,445,078)	-
Total nonoperating revenue (expenses)	<u>(975,087)</u>	<u>118,345</u>	<u>(856,742)</u>	<u>252,898</u>
Income (loss) before contributions and transfers	2,874,345	741,239	3,615,584	1,061,429
Capital grants and contributions	220,000	355,691	575,691	-
Transfers in	76,782	1,864,875	1,941,657	-
Transfers out	(13,540)	(2,427,413)	(2,440,953)	-
Change in net assets	3,157,587	534,392	3,691,979	1,061,429
Total net assets - beginning	<u>118,560,359</u>	<u>46,337,289</u>	<u>164,897,648</u>	<u>10,874,702</u>
Total net assets - ending	<u>\$ 121,717,946</u>	<u>\$ 46,871,681</u>	<u>\$ 168,589,627</u>	<u>\$ 11,936,131</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, 2012**

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Net change in Net Assets - Enterprise Funds	\$ 3,691,979
Adjustment to Enterprise Funds for Internal Service Funds look-back	<u>118,642</u>
Change in Net Assets - Business-type Activities	<u>\$ 3,810,621</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, 2012**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from other funds for charges for services	\$ -	\$ -	\$ -	\$ 15,210,990
Receipts from customers	41,932,478	11,406,075	53,338,553	2,491,402
Receipts from subrogation	-	-	-	337,191
Payments to suppliers/insurer	(21,226,603)	(7,236,973)	(28,463,576)	(12,115,040)
Payments to employees	(8,026,687)	(1,657,676)	(9,684,363)	(2,550,345)
Claims paid	-	-	-	(3,841,449)
Net cash provided (used) by operating activities	<u>12,679,188</u>	<u>2,511,426</u>	<u>15,190,614</u>	<u>(467,251)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Advances from other funds	-	833,333	833,333	(20,000)
Transfers to other funds	(13,540)	(2,427,413)	(2,440,953)	-
Transfers from other funds	76,782	1,864,875	1,941,657	-
Interest paid on utility deposits	(1,557)	-	(1,557)	-
Net cash provided (used) by non capital financing activities	<u>61,685</u>	<u>270,795</u>	<u>332,480</u>	<u>(20,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(8,033,700)	(8,210,145)	(16,243,845)	(42,146)
Capital grants and contributions	(139,704)	951,941	812,237	-
Proceeds from the sale of capital assets	174,724	46,499	221,223	7,199
Principal paid on bonds/notes	(3,850,518)	-	(3,850,518)	-
Payments to fiscal agents	(750)	-	(750)	-
Interest paid on bonds/notes	(1,494,831)	-	(1,494,831)	-
Net cash provided (used) by capital and related financing activities	<u>(13,344,779)</u>	<u>(7,211,705)</u>	<u>(20,556,484)</u>	<u>(34,947)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Calls/maturities of investments	7,800,095	8,091,908	15,892,003	7,380,354
Purchase of investments	(8,668,271)	(4,390,360)	(13,058,631)	(7,022,278)
Interest earnings	331,336	145,525	476,861	270,573
Net cash provided (used) by investing activities	<u>(536,840)</u>	<u>3,847,073</u>	<u>3,310,233</u>	<u>628,649</u>
Net increase (decrease) in cash and cash equivalents	(1,140,746)	(582,411)	(1,723,157)	106,451
Cash and cash equivalents, beginning 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, end of the year	<u>\$ 9,817,126</u>	<u>\$ 1,212,454</u>	<u>\$ 11,029,580</u>	<u>\$ 2,589,055</u>
Cash and cash equivalents, unrestricted	\$ 5,405,666	\$ 1,075,595	\$ 6,481,261	\$ 2,589,055
Cash and cash equivalents, restricted	4,411,460	136,859	4,548,319	-
Cash and cash equivalents, end of the year	<u>\$ 9,817,126</u>	<u>\$ 1,212,454</u>	<u>\$ 11,029,580</u>	<u>\$ 2,589,055</u>
<b>Non-cash transactions (Capital &amp; Related Financing Activities):</b>				
Contribution of capital assets from developers	\$ -	\$ 325,791	\$ 325,791	\$ -
Donation of equipment	-	29,900	29,900	-
<b>Non-cash transactions (Investing Activities):</b>				
Changes in fair value of investments	(110,512)	(42,954)	(153,466)	(88,226)
	<u>\$ (110,512)</u>	<u>\$ 312,737</u>	<u>\$ 202,225</u>	<u>\$ (88,226)</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, 2012**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ 3,849,432	\$ 622,894	\$ 4,472,326	\$ 808,531
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization expense	8,535,683	1,905,924	10,441,607	148,077
<b>Changes in assets and liabilities:</b>				
<b>(Increase) decrease in assets:</b>				
Accounts receivables	329,234	(54,774)	274,460	-
Inventories	(82,257)	(2,951)	(85,208)	(24,924)
Other assets and prepaids	(2,070)	137,319	135,249	(120)
<b>Increase (decrease) in liabilities:</b>				
Accounts and other payables	(200,750)	275,643	74,893	68,548
Accrued expenses	37,935	12,108	50,043	12,586
Customer deposits payable	90,094	-	90,094	-
Unearned revenue	-	(416,121)	(416,121)	-
Other Post Employment Benefits (OPEB)	168,394	31,827	200,221	34,447
Compensated absences	(46,507)	(443)	(46,950)	5,604
Estimated claims payable	-	-	-	(1,520,000)
<b>Net cash provided (used) by operating activities</b>	<b>\$ 12,679,188</b>	<b>\$ 2,511,426</b>	<b>\$ 15,190,614</b>	<b>\$ (467,251)</b>

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, 2012**

	<u>Employee Retirement Plans</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,303,770	\$ 547,457
Receivables:		
Accrued interest and dividends	746,718	-
Due from brokers	3,823,362	-
Other	390,232	2,828
Total receivables	<u>4,960,312</u>	<u>2,828</u>
Other assets	4,328	-
Investments:		
U.S. Government obligations	24,037,342	-
Mortgage backed securities	15,082,781	-
Municipal obligations	665,661	-
Corporate obligations	33,064,704	-
Equity securities	173,984,159	-
Mutual funds and collective trusts	14,135,983	-
Domestic equity funds	15,044,386	-
International equity funds	15,086,262	-
Private equity funds	12,280,477	-
Real estate funds	14,931,457	-
Money market funds	9,213,177	-
Total investments	<u>327,526,389</u>	<u>-</u>
Property & equipment, net of accumulated depreciation	57,465	-
Total assets	<u>335,852,264</u>	<u>550,285</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	478,895	-
Deferred retirement option plan payable	3,605,893	-
Due to brokers	7,094,048	-
Deposits, sales tax & payroll taxes payable	-	550,285
Advance contribution from employer	4,206,642	-
Total liabilities	<u>15,385,478</u>	<u>\$ 550,285</u>
<b>NET ASSETS</b>		
Held in trust for pension benefits	<u>\$ 320,466,786</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, 2012**

	<u><b>Employee Retirement Plans</b></u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 7,324,932
Broward County Sheriff's Office	2,092,438
Broward County - Library	21,426
Members	4,081,199
State	<u>2,152,540</u>
Total contributions:	<u>15,672,535</u>
Investment income (loss)	
Net appreciation in fair value of investments	41,784,604
Interest and dividends	7,034,918
Commission recapture	3,108
Other	<u>108,408</u>
Total investment income (loss)	<u>48,931,038</u>
Less: investment expenses	1,945,061
deferred retirement option plan earnings	<u>258,131</u>
Net Investment Income	<u>46,727,846</u>
Total	<u>62,400,381</u>
<b>DEDUCTIONS</b>	
Participant benefit payments	24,897,317
Refunds of participant contributions	456,479
Administrative expenses	<u>1,085,516</u>
Total	<u>26,439,312</u>
Net Increase (decrease)	<u>35,961,069</u>
<b>Net assets held in trust for pension benefits</b>	
Beginning of the year	<u>284,505,717</u>
End of the year	<u><u>\$ 320,466,786</u></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, 2012

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**CITY OF POMPANO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**(I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

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

**(A) The Financial Reporting Entity**

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

- City of Pompano Beach General Employees' Retirement System, established in 1972 by Ordinance 73-3;
- Pompano Beach Police and Firefighter's Retirement System, established in 1973

**CITY OF POMPANO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

by Ordinance 73-11; and

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

**(B) Blended Component Unit Disclosure**

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

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

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

Herb Skolnick Cultural Arts Foundation (the "CAF"), established in 1999 by Resolution 99-13, is reported as a blended component unit because it is governed by the City Commission. The CAF is reported as a special revenue fund.1. The CAF does not issue separate financial statements.

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

**(C) Government-wide and Fund Financial Statements**

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

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

**CITY OF POMPANO BEACH, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

rely to a significant extent on fees and charges for support. The City has no discretely presented component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items, which are not classified as program revenues, are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Activities of non-major governmental funds and non-major enterprise funds are aggregated in the respective fund financial statements.

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

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

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

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

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

**CITY OF POMPANO BEACH, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

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, 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

**CITY OF POMPANO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

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

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

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

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

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

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

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

**(E) Cash and Cash Equivalents**

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

**(F) Investments**

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

**CITY OF POMPANO BEACH, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

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

**(G) Inventories/Prepays**

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

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

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

**(I) Capital Assets**

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

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

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

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

Buildings	15-50 Years
Improvements	5-50 Years
Equipment	3-15 Years
Computer Software - Intangible	5-10 Years

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Bridges	50 Years
Roads	15-20 Years
Other Infrastructure	15-50 Years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred net of any interest earned on specific bonds during the construction phase of the capital assets of enterprise funds and business-type activities is capitalized as part of the capitalized value of the assets constructed. The total interest expense incurred by the Utility fund during the current fiscal year was \$1,442,771, of which \$17,820 was capitalized.

**(J) Risk Management**

The City is self-insured for automobile liability, general liability, including public official's liability and property damage claims pursuant to Florida Statute Section 768.28 (Waiver of Sovereign Immunity in Tort Actions; Recovery Limits; Limitation on Attorney Fees; Statute of Limitations; Exclusions; Indemnification; Risk Management Programs). Per Florida Statute Section 768.28, the City has sovereign immunity up to \$100,000 per person/\$200,000 per occurrence (\$200,000 and \$300,000, respectively effective October 1, 2011). The City is also self-insured for workers' compensation claims, in accordance with Florida Statute Section 440. Workers' compensation claims are self-insured up to \$350,000 per occurrence and property damage (buildings and contents) up to \$100,000, with property damage claims, related to named hurricane/windstorm, having a 5% of total location value deductible. Excess insurance policies apply above these self-insured levels.

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

**(K) Compensated Absences**

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

**(L) Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, gain/loss on bond refunding and issuance costs, are deferred and amortized over the life of the bonds using

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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, 2012 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 actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

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

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

**(O) Pollution Remediation Obligations**

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

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

The City measures pollution remediation obligations using the expected cash flow technique. Estimates of a pollution remediation liability are adjusted when benchmarks are met or when new information indicates changes in estimated outlays due to, for example, changes in the remediation plan or operating conditions. These changes may include the type of equipment, facilities, and services that will be used, price increases or reductions for specific outlay elements such as ongoing monitoring requirements, changes in technology, and changes in legal or regulatory requirements. The City has adopted a minimum reporting threshold of \$100,000, per obligating event. Therefore only remediation sites with outlays estimated to meet or exceed that amount are reported in the financial statements. The City did not have any such pollution remediation obligations at September 30, 2012.

**(P) Unearned/Deferred Revenue**

Resources that do not meet revenue recognition requirements (not earned) are recorded

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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 City Ordinance by the City Commission, which is the City's highest level of legal authorization. Constraints may only be removed by similar City Commission action.
- **Assigned Fund Balance** – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Assignments are made by City management based on the City Commission's direction.
- **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** – 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

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enabling legislations.

- Unrestricted Net Assets – have no third party limitations on their use. While City management may have categorized and segmented portions for various purposes, the City Commission has the unrestricted authority to revisit or alter these managerial decisions.

**(R) Restricted Net Assets**

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, 2012, the Government-wide statement of net assets reports \$59,134,449 in restricted net assets. Of this amount, \$51,567,879 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, 2012:

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	Unrestricted		Restricted		Total cash, cash equivalents and investments
	Cash and cash equivalents	Investments	Cash and cash equivalents	Investments	
<b>Governmental activities:</b>					
General	\$ 6,574,730	\$ 49,968,430	\$ -	\$ 8,175,752	\$ 64,718,912
Northwest CRA	3,447,049	20,646,800	-	-	24,093,849
East CRA	1,147,302	6,433,051	1,069,807	-	8,650,160
EMS	137,501	1,306,910	-	-	1,444,411
Capital Projects	32,340,758	-	1,208,545	-	33,549,303
Nonmajor Governmental	886,254	3,699,189	-	3,156,157	7,741,600
Internal Service Funds	2,589,055	24,199,715	-	-	26,788,770
<b>Total governmental</b>	<b>47,122,649</b>	<b>106,254,095</b>	<b>2,278,352</b>	<b>11,331,909</b>	<b>166,987,005</b>
<b>Business-type activities:</b>					
Utility	5,405,666	26,460,865	4,411,460	3,411,164	39,689,155
Nonmajor Enterprise	1,075,595	10,405,164	136,859	1,253,767	12,871,385
<b>Total business-type</b>	<b>6,481,261</b>	<b>36,866,029</b>	<b>4,548,319</b>	<b>4,664,931</b>	<b>52,560,540</b>
<b>Fiduciary Funds</b>	<b>3,851,227</b>	<b>327,526,389</b>	<b>-</b>	<b>-</b>	<b>331,377,616</b>
<b>Total</b>	<b>\$ 57,455,137</b>	<b>\$ 470,646,513</b>	<b>\$ 6,826,671</b>	<b>\$ 15,996,840</b>	<b>\$ 550,925,161</b>

**Public Deposits:**

At September 30, 2012, the book balance of the City's deposits was \$15,862,123 and the bank balance was \$17,948,120. Deposits whose balance exceeds the limits of federal depository insurance are collateralized pursuant to Florida Statutes, Chapter 280, Florida Security for Public Deposits Act (the Act). Under this Act, financial institutions which are qualified as public depositories place with the State Board of Administration ("SBA"), securities which have a market value equal to 50 percent of the average daily balance for each month of all public deposits in excess of applicable deposit insurance. The Public Deposit Security Trust Funds have a procedure to allocate and recover losses in the event of default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. It is the City's practice to ensure that all its public deposits are maintained with a qualified depository and as a result, all City depositories at fiscal year end were designated as qualified public depositories in accordance with Florida Statute.

**Investment Authorization:**

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

The City has a General Employees' Retirement Pension Plan and a Police and

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

(1) 10% for treasury strips

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

NA-not applicable

At September 30, 2012 the City held investments in the Florida Municipal Investment Trust (FMIT), which is a local government investment pool authorized under Section 218.415, Florida Statutes, Local Government Investment Policies, for units of local government in Florida. The operation and administration of the FMIT is the responsibility of a Board of Trustees who are selected from the ranks of elected officials of governmental entities participating in the FMIT. The fair value of the City's position in the FMIT is the same as the value of the pool shares.

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

<b>Authorized Investments</b>	<b>Maximum % Portfolio Composition</b>
Domestic Equities	30%
Equities (small/mid cap)	10%
Fixed Income	25%
International Equities	15%
Direct real estate	10%
Absolute return funds	10%

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

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

<b>Authorized Investments</b>	<b>Maximum % Portfolio Composition</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

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purchase agreements. Securities purchased in the City's or Pension Plan's name are registered in the name of the City or Pension Plans by an agent of the City and are confirmed with safekeeping statements.

**Risk Disclosures:**

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

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

The City's overnight investments have an effective duration of 1 day. The City's short term and core portfolios have durations of 0.43 years and 1.7 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 1.64 years at September 30, 2012.

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, 2012:

<u>Investment Type</u>	<u>Remaining Maturity (in years)</u>					
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 2</u>	<u>2 to 3</u>	<u>3 to 4</u>	<u>4 to 5</u>
U.S Agency Notes	\$ 10,155,791	\$ 5,667,332	\$ 1,372,744	\$ 2,631,557	\$ 484,158	\$ -
U.S. Treasury Notes	64,289,748	11,781,734	13,167,922	29,047,095	10,292,997	-
U.S. Sponsored Agencies	64,787,183	28,302,634	17,229,921	6,972,622	4,903,431	7,378,575
Commercial Paper	4,208,019	4,208,019	-	-	-	-
Corporate Notes	28,228,542	17,044,975	11,183,567	-	-	-
State/Local Govt. Debt	7,760,789	524,884	5,909,605	823,845	502,455	-
Money Market Mutual Funds	18,982,492	18,982,492	-	-	-	-
Intergovernmental Investment Pool	5,853,944	-	-	5,853,944	-	-
	<u>\$ 204,266,508</u>	<u>\$ 86,512,070</u>	<u>\$ 48,863,759</u>	<u>\$ 45,329,063</u>	<u>\$ 16,183,041</u>	<u>\$ 7,378,575</u>
<b>Breakdown Government-wide</b>						
Investments --						
(subject to interest rate risk)	\$ 204,266,508					
Deposits --						
(not subject to interest rate risk)						
Certificate of Deposit	3,243,954					
Money Market Savings	6,408,597					
Cash & Cash Equivs. (other deposits)	<u>6,175,943</u>					
Total Government-wide & Agency						
Fund	<u>\$ 220,095,002</u>					

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As a means of limiting its exposure to interest rate risk over time, the General Employees Retirement Plan diversifies its investments by security type and durations of maturities. Information about the sensitivity of the fair values of the investments for the plan to market interest rate fluctuations is provided by the following table which shows the distribution of the plan's debt type investments by remaining maturity at September 30, 2012:

<u>Investment Type</u>	<u>Remaining Maturity (in years)</u>				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
U.S. Agency Securities	\$ 7,070,372	\$ -	\$ 409,347	\$ 219,539	\$ 6,441,486
U.S. Treasury Securities	1,149,900	-	-	-	1,149,900
Corporate Obligations	14,351,030	2,588,624	3,198,754	4,107,472	4,456,180
	<u>22,571,302</u>	<u>\$ 2,588,624</u>	<u>\$ 3,608,101</u>	<u>\$ 4,327,011</u>	<u>\$ 12,047,566</u>
<b>Investment types not subject to interest rate risk:</b>					
Common Stocks	43,154,528				
Domestic Equity Funds	15,044,386				
International Equity Funds	15,086,262				
Private Equity Funds	12,280,477				
Real Estate Funds	11,502,497				
Total Government-wide & Agency Fund	<u>\$ 119,639,452</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, 2012:

<u>Investment Type</u>	<u>Remaining Maturity (in years)</u>				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
U.S. Treasuries, notes and bonds	\$ 15,143,652	\$ 6,578,848	\$ 5,371,571	\$ 787,925	\$ 2,405,308
U.S. Federal agencies	673,420	-	290,237	383,183	-
Mortgage backed securities	11,546,233	-	17,923	1,634,756	9,893,554
Municipal Obligations	665,661	-	-	-	665,661
Corporate Obligations	18,713,673	61,468	6,808,239	8,641,137	3,202,829
Collateralized mortgage obligations	3,536,547	-	-	387,000	3,149,547
Money Market Funds	9,213,177	9,213,177	-	-	-
	<u>59,492,363</u>	<u>\$ 15,853,493</u>	<u>\$ 12,487,970</u>	<u>\$ 11,834,001</u>	<u>\$ 19,316,899</u>
<b>Investment types not subject to interest rate risk:</b>					
Equity Securities	130,829,631				
Mutual Funds & Collective Trusts	12,745,122				
Pompano Beach Investors LLC	3,428,960				
Total Investments	<u>\$ 206,496,076</u>				

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*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, 2012.

*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, 2012:

Investment Type	Fair Value	Rating at September 30, 2012			
		AAAm	P-1	Aaa/Aa1/Aa2/ Aa3/A1	AAA/V2
U.S. Agency Notes	\$ 10,155,791	\$ -	\$ -	\$ 10,155,791	\$ -
U.S. Treasury Notes	64,289,748	-	-	64,289,748	-
U.S. Sponsored Agencies	64,787,183	-	-	64,787,183	-
Commercial Paper	4,208,019	-	4,208,019	-	-
Corporate Notes	28,228,542	-	-	28,228,542	-
State/Local Govt. Debt	7,760,789	-	-	7,760,789	-
Money Market Mutual Funds	18,982,492	18,982,492	-	-	-
Local Gov't Investment Pool	5,853,944	-	-	-	5,853,944
<b>Total Investments</b>					
<b>with Credit Risk</b>	204,266,508	\$ 18,982,492	\$ 4,208,019	\$ 175,222,053	\$ 5,853,944
Certificate of Deposit	3,243,954				
Demand Deposits	12,584,540				
<b>Total City Portfolio</b>	<b>\$ 220,095,002</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 Barclays U.S. Aggregate Bond Index.

The following table discloses credit ratings by investment type for the General Employees Retirement Plan at September 30, 2012, as applicable:

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	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
U.S. government guaranteed*	\$ 8,220,272	36.42%
Quality rating of credit risk debt securities		
AAA	1,788,951	7.93%
AA+	903,261	4.00%
AA	-	0.00%
AA-	172,193	0.76%
A	3,794,167	16.81%
A-	3,563,352	15.79%
A+	1,630,450	7.22%
BBB	1,110,548	4.92%
BBB-	52,162	0.23%
BBB+	1,335,946	5.92%
Not rated	-	0.00%
Total credit risk debt securities	<u>14,351,030</u>	<u>63.58%</u>
Total fixed income securities	<u>\$ 22,571,302</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, 2012 ranged between a rating of AAA and CCC and below ratings. All of the fixed income investments for the fiscal year ended September 30, 2012 met the ratings requirements of the investment policy guidelines or an approved exception thereto.

**CITY OF POMPANO BEACH, FLORIDA**

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	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
U.S. government guaranteed*	\$ 26,689,885	53.08%
Quality rating of credit risk debt securities		
AAA	1,503,574	2.99%
AA	4,217,335	8.39%
A	7,380,059	14.68%
BBB	6,850,519	13.62%
BB	415,548	0.83%
B	170,010	0.34%
CCC and below	72,973	0.15%
Not rated	2,979,283	5.92%
Total credit risk debt securities	<u>23,589,301</u>	<u>46.92%</u>
Total fixed income securities	<u>\$ 50,279,186</u>	<u>100.00%</u>

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

*Concentration of Credit Risk* – The investment policy of the City includes limitations on the amount that can be invested in any one issuer as stated in the maximum portfolio percentages stated earlier. There were no individual investments that represent 5% or more of the City's total investments (excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) at September 30, 2012. 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, 2012. 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, 2012.

*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

**CITY OF POMPANO BEACH, FLORIDA**

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the Plans' name. Investments in mutual funds and external investment pools are not subject to custodial credit risk.

**(B) Receivables and Other Assets, net**

Receivables at fiscal year-end for the City's governmental individual major funds, non-major governmental funds in the aggregate and internal service funds, including the applicable allowances for uncollectible accounts of \$263,780, are as follows:

<b>Governmental</b>	<b>General</b>	<b>NW CRA</b>	<b>East CRA</b>	<b>EMS</b>	<b>Capital Projects</b>	<b>Non-Major Gov't'l</b>	<b>Internal Service</b>	<b>Total</b>
<b>Receivables:</b>								
Electric franchise tax	\$ 1,449,806	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,449,806
Electric utility tax	562,001	-	-	-	139,798	-	-	701,799
EMS transport fees	-	-	-	3,298,892	-	-	-	3,298,892
Utility tax	174,924	-	-	-	-	-	-	174,924
Slot machine revenue	153,427	-	-	-	-	-	-	153,427
Other	22,987	-	-	-	-	1,000	-	23,987
<b>Total governmental receivables</b>	<b>\$ 2,363,145</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,298,892</b>	<b>\$ 139,798</b>	<b>\$ 1,000</b>	<b>\$ -</b>	<b>\$ 5,802,835</b>
<b>Due from other governments:</b>								
State half cents sales tax	435,781	-	-	-	-	-	-	435,781
State local option gas tax	80,183	-	-	-	-	-	-	80,183
State revenue sharing	194,485	-	-	-	-	-	-	194,485
Motor fuel tax	-	-	-	-	47,269	10,236	9,256	66,761
Communications service tax	706,031	-	-	-	-	-	-	706,031
Broward County court fines	16,885	-	-	-	-	-	-	16,885
Broward county - ad valorem taxes	38,240	-	-	915	-	-	-	39,155
Broward County - OES	20,487	-	-	-	-	-	-	20,487
BSO - FPL Electric Reimb.	11,031	-	-	-	-	-	-	11,031
Broward County - Library Project	-	47,484	-	-	-	-	-	47,484
BSO - School Resource Officer	138,756	-	-	-	-	-	-	138,756
FEMA - Urban Area Security Initiative Grant	-	-	-	-	-	69,187	-	69,187
FEMA - Hurricane Wilma Grant	341,459	-	-	-	-	-	-	341,459
Neighborhood Stabilization Program - HUD	-	-	-	-	-	290,887	-	290,887
FDOT - Atlantic Blvd A1A Project	-	-	167,779	-	-	-	-	167,779
LEFT - US Dept of Justice	-	-	-	-	-	4,051	-	4,051
Hardest Hit - State of Florida	-	-	-	-	-	1,400	-	1,400
Florida Inland Navigation Dist	-	-	-	-	51,775	-	-	51,775
CDBG - HUD	-	-	-	-	263,292	-	-	263,292
Home - HUD	8,201	-	-	-	49,494	-	-	57,695
COPS - US Dept of Justice	43,763	-	-	-	-	-	-	43,763
Children's Services Council - MOST	-	-	-	-	-	12,374	-	12,374
Other	-	-	-	-	27	-	-	27
<b>Total due from other governments</b>	<b>\$ 2,035,302</b>	<b>\$ 47,484</b>	<b>\$ 167,779</b>	<b>\$ 915</b>	<b>\$ 411,857</b>	<b>\$ 388,135</b>	<b>\$ 9,256</b>	<b>\$ 3,060,728</b>

**CITY OF POMPANO BEACH, FLORIDA**

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<u>Business-type</u>	<u>Utility</u>	<u>Nonmajor Enterprise</u>	<u>Total</u>
<b>Receivables:</b>			
Water /sewer customer charges	\$ 4,106,537	\$ -	\$ 4,106,537
Solid waste service charges	-	644,202	644,202
Stormwater customer charges	-	552,980	552,980
Less: Allowance for uncollectibles	(89,220)	(333,417)	(422,637)
Total business-type receivables (net)	<u>\$ 4,017,317</u>	<u>\$ 863,765</u>	<u>\$ 4,881,082</u>
<b>Due from other governments:</b>			
Broward County Environment Protection	\$ 220,000	\$ -	\$ 220,000
FDOT Aviation Development Grant	139,004	-	139,004
Broward County Office of Environmental Services	4,668	146,362	151,030
Total due from other governments	<u>\$ 363,672</u>	<u>\$ 146,362</u>	<u>\$ 510,034</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 2012, 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, 2012 the unamortized amount outstanding related to these grants was \$3,009,792. 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.

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The cost basis of assets held for resale and development include costs incurred to acquire the asset and prepare the asset for resale and development, such as purchase price, closing fees, surveys, lot clearing, demolition, judgments levied through suits, costs of construction, permits etc. These assets include land, land improvements and buildings. Upon the sale of these assets, a gain or loss is recognized. When the net realizable amount is less than the carrying amount a loss would be recognized. Gains are recorded as charges for services in the government-wide statements and miscellaneous revenue in the fund financial statements and losses are recorded as general government expenses.

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, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Assets held for resale & development	\$ 35,119,208	\$ 1,179,050	\$ 2,350,427	\$ 33,947,831

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

Capital asset activity for the year ended September 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 58,744,581	\$ 938,597	\$ -	\$ 59,683,178
Construction in progress	<u>22,284,146</u>	<u>22,815,848</u>	<u>26,904,812</u>	<u>18,195,182</u>
Total capital assets, not being depreciated	<u>81,028,727</u>	<u>23,754,445</u>	<u>26,904,812</u>	<u>77,878,360</u>
Capital assets, being depreciated:				
Buildings	36,455,994	-	-	36,455,994
Infrastructure	101,921,308	9,989,267	-	111,910,575
Improvements other than buildings	70,442,016	16,722,636	-	87,164,652
Machinery & equipment	<u>33,119,136</u>	<u>2,312,337</u>	<u>1,462,278</u>	<u>33,969,195</u>
Total capital assets being depreciated	<u>241,938,554</u>	<u>29,024,240</u>	<u>1,462,278</u>	<u>269,500,416</u>
Less accumulated depreciation for:				
Buildings	22,115,042	1,143,597	-	23,258,639
Infrastructure	30,300,210	5,034,897	-	35,335,107
Improvements other than buildings	27,761,324	3,982,329	-	31,743,653
Machinery and equipment	<u>24,037,087</u>	<u>3,829,483</u>	<u>1,433,436</u>	<u>26,433,134</u>
Total accumulated depreciation	<u>104,213,663</u>	<u>13,990,306</u>	<u>1,433,436</u>	<u>116,770,533</u>
Total capital assets being depreciated, net	<u>137,724,891</u>	<u>15,033,934</u>	<u>28,842</u>	<u>152,729,883</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 218,753,618</u>	<u>\$ 38,788,379</u>	<u>\$ 26,933,654</u>	<u>\$ 230,608,243</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	<u>13,618,918</u>	<u>7,005,190</u>	<u>14,805,919</u>	<u>5,818,189</u>
Total capital assets, not being depreciated	<u>13,835,291</u>	<u>7,005,190</u>	<u>14,805,919</u>	<u>6,034,562</u>
Capital assets, being depreciated:				
Buildings	47,635,353	-	-	47,635,353
Infrastructure	105,664,802	-	-	105,664,802
Improvement other than buildings	29,416,531	14,828,868	-	44,245,399
Machinery and equipment	<u>18,417,428</u>	<u>1,023,382</u>	<u>1,134,379</u>	<u>18,306,431</u>
Total capital assets being depreciated	<u>201,134,114</u>	<u>15,852,250</u>	<u>1,134,379</u>	<u>215,851,985</u>
Less accumulated depreciation for:				
Buildings	17,235,963	1,396,788	-	18,632,751
Infrastructure	58,764,165	781	-	58,764,946
Improvements other than buildings	13,742,825	4,787,364	-	18,530,189
Machinery and equipment	<u>9,138,000</u>	<u>2,330,557</u>	<u>1,127,413</u>	<u>10,341,144</u>
Total accumulated depreciation	<u>98,880,953</u>	<u>8,515,490</u>	<u>1,127,413</u>	<u>106,269,030</u>
Utility Fund capital assets, being depreciated, net	<u>102,253,161</u>	<u>7,336,760</u>	<u>6,966</u>	<u>109,582,955</u>
<b>Utility Fund capital assets, net</b>	<b><u>\$ 116,088,452</u></b>	<b><u>\$ 14,341,950</u></b>	<b><u>\$ 14,812,885</u></b>	<b><u>\$ 115,617,517</u></b>
<b>Nonmajor Enterprise Funds:</b>				
Capital assets, not being depreciated				
Land	\$ 60,992	\$ -	\$ -	\$ 60,992
Construction in Progress	<u>6,533,475</u>	<u>7,954,068</u>	<u>1,138,015</u>	<u>13,349,528</u>
Total capital assets, not being depreciated	<u>6,594,467</u>	<u>7,954,068</u>	<u>1,138,015</u>	<u>13,410,520</u>
Capital assets, being depreciated:				
Buildings	3,504,381	325,791	-	3,830,172
Infrastructure	17,141,154	-	-	17,141,154
Improvements other than buildings	13,220,151	1,138,015	-	14,358,166
Machinery and Equipment	<u>3,818,446</u>	<u>285,978</u>	<u>663,280</u>	<u>3,441,144</u>
Total capital assets being depreciated	<u>37,684,132</u>	<u>1,749,784</u>	<u>663,280</u>	<u>38,770,636</u>
Less accumulated depreciation for:				
Buildings	2,169,902	113,204	-	2,283,106
Infrastructure	8,201,130	45,832	-	8,246,962
Improvements other than buildings	3,773,780	1,288,727	611,736	4,450,771
Machinery & equipment	<u>2,586,986</u>	<u>458,161</u>	<u>-</u>	<u>3,045,147</u>
Total accumulated depreciation	<u>16,731,798</u>	<u>1,905,924</u>	<u>611,736</u>	<u>18,025,986</u>
Nonmajor Enterprise Fund capital assets, being depreciated, net	<u>20,952,334</u>	<u>(156,140)</u>	<u>51,544</u>	<u>20,744,650</u>
<b>Nonmajor Enterprise Funds capital assets, net</b>	<b><u>27,546,801</u></b>	<b><u>7,797,928</u></b>	<b><u>1,189,559</u></b>	<b><u>34,155,170</u></b>
<b>Business-type activities capital assets, net</b>	<b><u>\$ 143,635,253</u></b>	<b><u>\$ 22,139,878</u></b>	<b><u>\$ 16,002,444</u></b>	<b><u>\$ 149,772,687</u></b>

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

**Governmental activities:**

General government	\$	9,327,118
Public safety		1,741,745
Transportation		653,452
Physical environment		671,509
Culture and recreation		<u>1,157,453</u>
Total depreciation expense - governmental activities	\$	<u><u>13,551,277</u></u>

**Business-type activities:**

Utilities	\$	8,515,490
Pier		73,663
Airpark		458,197
Golf		437,049
Sanitation		52,167
Stormwater		<u>884,848</u>
Total depreciation expense - business-type activities	\$	<u><u>10,421,414</u></u>

The City has active construction projects as of September 30, 2012. Significant projects that were ongoing as of September 30, 2012 for governmental activities were as follows:

<u>Project</u>	<u>Expended through September 30, 2012</u>	<u>Committed</u>
NE 27th Terrace Bridge	\$ 656,651	\$ 366,201
Bridge Repair and Maintenance	889,107	125,304
Public Safety Building Improvements	852,068	74,602
Sea Wall Repair	1,456,314	164,369
Rebuild Fire Station II	1,756,256	1,792,690
Railroad Crossing Repair	552,511	372,489
Emergency Power Enhancement	479,150	182,873
Tennis Center Renovations	63,075	531,835
City Hall Security	383,433	160,261
Chilled Water Conversion/ DDC Controls	233,508	1,033,176
6th Ave Corridor	829,641	385,363
N.W. CRA Old Pompano Redevelopment	539,667	29,619
Public Library - Civic Campus	216,888	1,073,489
Atlantic Blvd Station A1A	236,488	1,671,906
Pompano Beach Blvd Streetscape North	2,203,163	527,199
East CRA Atlantic Boulevard	814,344	46,919
Harbor Village Improvements	<u>1,260,931</u>	<u>800,217</u>
	\$ <u><u>13,423,195</u></u>	\$ <u><u>9,338,512</u></u>

**CITY OF POMPANO BEACH, FLORIDA**  
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Significant projects that were ongoing as of September 30, 2012 for business-type activities were as follows:

<u>Project</u>	<u>Expended through September 30, 2012</u>	<u>Committed</u>
Lift Station 21 Rehab.	\$ 4,470,027	\$ 356,807
AMR Install Replacement Meters	896,398	873,692
WTP Motors Siemens Energy	49,454	873,692
Subbasin CT 4-1	839,168	28,236
Stormwater Masterplan	752,816	452,490
Airpark Storage Shed	538,622	12,667
Airpark Runway 1533 Rehab	6,521,182	17,340
Golf Course Rehab.	4,088,825	144,227
	<u>\$ 18,156,492</u>	<u>\$ 2,759,151</u>

**(D) Unearned/Deferred Revenue**

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

<u>Governmental Activities</u>	<u>General Fund</u>	<u>N.W. CRA</u>	<u>EMS Fund</u>	<u>Capital Projects</u>	<u>Non Major Gov't'l Funds</u>	<u>Total</u>
Occupational Licenses*	\$ 994,259	\$ -	\$ -	\$ -	\$ -	994,259
Communications Service Tax	244,798	-	-	-	-	244,798
EMS Transport Fees	-	-	2,710,066	-	-	2,710,066
Prepaid Rent *	-	4,500	-	-	-	4,500
SHIP Grant Funds*	-	-	-	-	105,678	105,678
Fema - Urban Area Security Initiative Grant	-	-	-	-	69,187	69,187
FEMA-Hurricane Wilma Grant	341,459	-	-	-	-	341,459
Law Enforcement Trust Fund*	-	-	-	-	2,465,227	2,465,227
HUD-CDBG/HOME/HPRP/EDRLF Grants	-	-	-	47,899	-	47,899
Total Governmental Activities	<u>\$ 1,580,516</u>	<u>\$ 4,500</u>	<u>\$ 2,710,066</u>	<u>\$ 47,899</u>	<u>\$ 2,640,092</u>	<u>\$ 6,983,073</u>

\*Amounts relate to unearned revenue

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>\$ 833,333</u>

**(E) Interfund Loans and Transfers**

The composition of interfund balances as of September 30, 2012, is as follows:

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**Advances to/from other funds:**

<b>Advances to Fund</b>	<b>Advances From Fund</b>	<b>Amount</b>
General Fund	Nonmajor Enterprise Fund	<u>\$ 1,666,667</u>

The Sanitation Fund advanced the General Fund \$5,000,000 in relation to an amount received from a contracted vendor. The amount received was advanced to the general fund as the City could use the funds at the City's sole discretion. The \$5,000,000 is a non-interest bearing loan and will be repaid to the Sanitation Fund over the term of the hauling contract in annual installments of \$833,333 in 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:

	<b>Principal</b>
2013	\$ 833,333
2014	<u>833,334</u>
	<u>\$ 1,666,667</u>

**Due to/from other funds:**

<b>Receivable</b>	<b>Payable</b>	<b>Amount</b>
General Fund	Internal Service Fund	\$ 400,000 (a)
General Fund	Other Grants Fund	<u>308,500 (b)</u>
		<u>\$ 708,500</u>

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

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 \$1,746,971), 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:**

<b>Transfers out</b>	<b>Transfers In:</b>							<b>Total</b>
	<b>General Fund</b>	<b>EMS</b>	<b>Capital Projects Fund</b>	<b>East District Fund</b>	<b>Nonmajor Gov't'l Funds</b>	<b>Utility Fund</b>	<b>Nonmajor Enterprise Funds</b>	
General Fund	\$ -	\$ 5,793,904	\$ 4,296,324	\$ -	\$ 61,600	\$ -	\$ 1,516,335	\$ 11,668,163
Capital Projects	-	-	-	489,829	-	76,782	335,000	901,611
NW District Fund	2,110,469	-	-	-	-	-	-	2,110,469
East District Fund	10,777,207	-	-	-	-	-	-	10,777,207
Nonmajor Gov't'l Funds	4,000	-	-	-	-	-	-	4,000
Utility Fund	-	-	-	-	-	-	13,540	13,540
Nonmajor Enterprise Funds	2,427,413	-	-	-	-	-	-	2,427,413
	<u>\$ 15,319,089</u>	<u>\$ 5,793,904</u>	<u>\$ 4,296,324</u>	<u>\$ 489,829</u>	<u>\$ 61,600</u>	<u>\$ 76,782</u>	<u>\$ 1,864,875</u>	<u>\$ 27,902,403</u>

The transfer from the General Fund to the Emergency Management Services (EMS) Fund was required to support operating costs. Transfers from the General Fund to the Capital Projects Funds were used to support and provide reserves for the Community Improvement Fund, design the Hillsboro Inlet Bridge, and work on the Oceanside parking lot. Transfers from the General Fund to the non-major governmental funds were used to establish funding for an anticipated tropical storm and match the Rescue Boat grant. Transfers from the General Fund and the Capital Projects Fund to Non-major Enterprise Funds were used primarily to support golf costs and rehabilitate the golf course. Transfers from the Capital Projects Funds 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 Special Purpose Fund to the General Fund were used for training for the electronic plan review process.

Transfers from the non-major enterprise funds to the General Fund was primarily for an administrative charge to garbage customers in the Sanitation Fund, an annual rebate amount from Waste Management and the annual amortization of a payment associated with a settlement from Waste Management and to support capital improvements.

**(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, 2012.

**Governmental Activities Debt:**

- On December 16, 2003, the Pompano Beach Community Redevelopment Agency

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(the Agency) authorized the issuance of Tax Increment Bond – Series 2003A in an original principal amount not to exceed \$10,000,000, with Wachovia Bank, National Association (the Bank) being the registered holder of the bond. On December 22, 2003, the Agency also entered into a non-revolving line of credit agreement (line of credit) with the Bank, not to exceed \$10,000,000, which represents the Bank's obligation to fund advances of principal of the Series 2003A Bond. The Series 2003A Bond represent the Agency's obligation to reimburse the Bank for up to \$10,000,000 of drawings made under the line of credit. The line of credit is secured by a senior lien on all tax increment revenues generated within the Agency's Northwest District's Redevelopment Area boundaries on a parity with the lien of the Agency's Series 2004A Bond as discussed below. At September 30, 2012 the Agency had \$6,756,757 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, 2012 the Agency had \$6,756,757 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 \$2,814,598 and \$5,579,667, respectively. At September 30, 2012, total principal and interest remaining on the bonds held by the Bank is \$15,441,555 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

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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, 2012, the City had \$9,385,000 outstanding related to this obligation. Principal and interest paid for the current fiscal year and total tax increment revenues were \$804,530 and \$1,771,890, respectively. At September 30, 2012, total principal and interest remaining on the bonds is \$14,357,639 payable through February 2030.

**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

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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 \$28,651,932. Principal and interest paid for the current fiscal year and total water and sewer customer net revenues were \$4,365,119 and \$17,072,413 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 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, 2012, total principal and interest related to the loan was \$3,212,820 related to Governmental Activities and \$11,632,550 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, 2012, total principal and interest outstanding related to this debt issue was \$7,457,658 and \$2,481,934 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

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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, 2012, total principal and interest outstanding related to this debt issue was \$27,200,000 and \$5,119,589, respectively.

**Changes in long-term liabilities**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable:					
Tax increment bonds-East District	\$ 9,700,000	\$ -	\$ 315,000	\$ 9,385,000	\$ 330,000
Tax increment bonds-NW District	<u>15,675,676</u>	<u>-</u>	<u>2,162,162</u>	<u>13,513,514</u>	<u>2,162,162</u>
Total bonds payable	25,375,676	-	2,477,162	22,898,514	2,492,162
Claims and judgments	16,312,000	801,449	2,321,449	14,792,000	2,198,822
Net OPEB obligation	5,545,075	959,411	227,334	6,277,152	-
Notes payable	2,998,438	-	289,913	2,708,525	218,988
Add: deferred amounts	<u>61,726</u>	<u>-</u>	<u>1,581</u>	<u>60,145</u>	<u>-</u>
Total Notes payable	3,060,164	-	291,494	2,768,670	218,988
Compensated absences	4,926,231	4,606,107	4,370,092	5,162,246	320,253
Governmental activity					
Long-term liabilities	<u>55,219,146</u>	<u>6,366,967</u>	<u>9,687,531</u>	<u>51,898,582</u>	<u>5,230,225</u>
<b>Business-type activities:</b>					
Bonds payable:					
Water & Sewer revenue bonds	27,129,506	-	3,224,506	23,905,000	3,370,000
Less: deferred amounts	(473,288)	-	54,127	(419,161)	(54,127)
Less: bond discount	<u>(69,176)</u>	<u>-</u>	<u>13,176</u>	<u>(56,000)</u>	<u>(13,176)</u>
Total bonds payable	26,587,042	-	3,291,809	23,429,839	3,302,697
Net OPEB obligation	1,213,576	254,328	54,107	1,413,797	-
Notes payable:	10,501,562	76,782	771,678	9,806,666	792,882
Add: deferred amounts	<u>216,185</u>	<u>1,581</u>	<u>-</u>	<u>217,766</u>	<u>-</u>
Total Notes payable	10,717,747	78,363	771,678	10,024,432	792,882
Compensated absences	1,026,938	626,374	673,324	979,988	20,520
Business-type activity					
Long-term liabilities	<u>39,545,303</u>	<u>959,065</u>	<u>4,790,918</u>	<u>35,848,056</u>	<u>4,116,099</u>
Total long-term liabilities	<u>\$ 94,764,449</u>	<u>\$ 7,326,032</u>	<u>\$ 14,478,449</u>	<u>\$ 87,746,638</u>	<u>\$ 9,346,324</u>

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

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

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Bond indentures for the water and sewer bonds contain provisions relating to annual debt service payments, restricted account transactions, minimum sinking fund requirements, and minimum revenue levels. The City believes that it is in compliance with all bond provisions and maintained reserves totaling \$4,506,860 at September 30, 2012.

The City Charter limits the amount of net general obligation bonded debt to 15% of the assessed property valuation. At September 30, 2012, the statutory limit for the City was approximately \$1.3 billion, providing a legal debt margin of approximately \$1.3 billion.

The Tax Reform Act of 1986 arbitrage rebate regulations require earnings from investment of tax-exempt debt proceeds which exceed the yield on the debt to be remitted to the federal government every five years. As of September 30, 2012 the City had negative arbitrage related to all outstanding bond issues. Amounts to be rebated, if any, depend on net results of arbitrage calculations in future years.

The annual requirements to pay principal and interest on bonds and notes at September 30, 2012 are as follows:

**Bonds:**

	<b>Governmental Activities</b>						
	<b>Northwest (NW) CRA District</b>			<b>East CRA District</b>			<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Subtotal NW District</b>	<b>Principal</b>	<b>Interest</b>	<b>Subtotal East District</b>	
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	2,162,162	177,973	2,340,135	400,000	398,088	798,088	3,138,223
2018 - 2022	2,702,704	88,986	2,791,690	2,345,000	1,649,939	3,994,939	6,786,629
2023 - 2027	-	-	-	3,010,000	967,006	3,977,006	3,977,006
2028 - 2032	-	-	-	2,205,000	173,265	2,378,265	2,378,265
	<u>\$ 13,513,514</u>	<u>\$ 1,928,041</u>	<u>\$ 15,441,555</u>	<u>\$ 9,385,000</u>	<u>\$ 4,972,639</u>	<u>\$ 14,357,639</u>	<u>\$ 29,799,194</u>

	<b>Business-type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	2,915,000	549,319	3,464,319
2018 - 2022	9,535,000	870,750	10,405,750
	<u>\$ 23,905,000</u>	<u>\$ 4,746,932</u>	<u>\$ 28,651,932</u>

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**Notes:**

On November 12, 2010 the City entered into a loan agreement which allows the City to be reimbursed for the purchase of equipment up to a maximum of \$13,500,000. At September 30, 2012, the City's obligation under the note, inclusive of accrued interest was \$12,793,102 and allocated between Governmental and Business-type Activities was as follows:

	<b>Governmental Activities</b>			<b>Business-type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 218,988	\$ 73,087	\$ 292,075	\$ 792,882	\$ 264,623	\$ 1,057,505
2014	225,005	67,069	292,074	814,669	242,835	1,057,504
2015	231,188	60,886	292,074	837,055	220,449	1,057,504
2016	237,541	54,534	292,075	860,056	197,448	1,057,504
2017	244,068	48,006	292,074	883,690	173,815	1,057,505
2018 - 2022	1,324,704	135,669	1,460,373	4,796,311	491,212	5,287,523
2023 - 2027	287,176	4,899	292,075	1,039,769	17,736	1,057,505
	<u>\$ 2,768,670</u>	<u>\$ 444,150</u>	<u>\$ 3,212,820</u>	<u>\$ 10,024,432</u>	<u>\$ 1,608,118</u>	<u>\$ 11,632,550</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, 2012 the City had \$118,832 in unamortized issuance costs outstanding related to the 2006 Water and Sewer Revenue Bonds and \$21,209 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 \$419,161 and the unamortized discount was \$56,000 at September 30, 2012. These amounts are reported as an addition/deduction from the bond liability of \$23,905,000 at September 30, 2012.

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**(G) Lease**

**Operating Lease**

The City is a lessee in a long-term land lease in order to receive access to a tract of land at the Hillsboro Inlet. The lease expires in 61 years and is adjusted for changes in the Consumer Price Index every three years.

The lease payments are as follows:

<b>Fiscal Year Ending</b>	<b>Governmental Activities</b>
2013	\$ 128,211
2014	128,211
2015	128,211
2016	128,211
2017	128,211
2018 - 2022	641,055
2023 - 2027	641,055
2028 - 2032	641,055
2033 - 2037	641,055
2038 - 2042	641,055
2043 - 2047	641,055
2048 - 2052	641,055
2053 - 2057	641,055
2058 - 2062	641,055
2063 - 2067	641,055
2068 - 2072	641,055
2073 - 2075	128,211
Total lease payments	<u>\$ 7,820,871</u>

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

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

Below is a table of fund balance categories and classifications at September 30, 2012 for the City's governmental funds:

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	<u>General</u>	<u>NW CRA District</u>	<u>East CRA District</u>	<u>Emergency Medical Services</u>	<u>Capital Projects</u>	<u>Non-major Gov't Funds</u>
<b>Fund Balances:</b>						
<b>Non-spendable</b>						
Inventory	\$ 172,705	\$ -	\$ -	\$ 233,720	\$ -	\$ -
Prepays	1,207,478	7,808	-	1,555,634	-	-
<b>Restricted:</b>						
Building Permit Function	8,175,752	-	-	-	-	2,346,896
General Government Bldg. Improvs.	-	-	-	-	1,079,080	-
Transportation	-	-	-	-	-	809,261
Cultural Arts	-	-	-	-	-	21,496
Community Redevelopment	-	56,408,791	6,742,909	-	-	1,501,942
<b>Committed:</b>						
Cemetery Care	-	-	-	-	-	869,918
Disaster Relief	-	-	-	-	-	381,607
Tree Canopy Landscape/ Tricentennial/Nautica Flea Mkt.	-	-	-	-	-	278,069
Beach Area Parking	-	-	-	-	-	320,178
Emergency Medical Services	-	-	-	1,743,058	-	30,075
<b>Assigned:</b>						
Fire Stations	-	-	-	-	3,198,424	-
Parks & Recreation	-	-	-	-	4,422,003	-
Civic Campus - Public Library	-	-	-	-	3,000,000	-
ADA Compliance	-	-	-	-	386,202	-
Seawall Repairs	-	-	-	-	487,744	-
Public Safety Bldg. Improvs.	-	-	-	-	4,444,360	-
General Government Bldg. Improvs.	-	-	-	-	2,397,203	-
City Landscaping/Signage/Lighting	-	-	-	-	666,763	-
Traffic Calming	-	-	-	-	400,000	-
Bridge Repairs/Enhancements	-	-	-	-	2,213,261	-
Tree Replacement	-	-	-	-	153,225	-
Emergency Power Enhancements	-	-	-	-	1,624,233	-
City Sidewalks/Pkg. Lot Improvements	-	-	-	-	725,060	-
Underground Utilities	-	-	-	-	1,445,920	-
Railroad Crossing Repairs	-	-	-	-	372,489	-
Road Resurfacing/Reconstruction	-	-	-	-	2,860,249	-
Canal Dredging	-	-	-	-	3,288	-
Capital Reserves	-	-	-	-	2,411,325	-
General Government (Encumbrances)	410,977	-	-	-	-	-
Public Safety (Encumbrances)	134,263	-	-	-	-	-
Physical Environment (Encumbrances)	94,175	-	-	-	-	-
Transportation (Encumbrances)	8,628	-	-	-	-	-
Culture & Recreation (Encumbrances)	94,332	-	-	-	-	-
Disaster Relief	-	-	-	-	-	46,910
Subsequent Year's Expenditures	2,389,187	-	-	-	-	-
<b>Unassigned</b>						
General Government	53,823,339	-	-	-	-	-
Reimbursable Grants	-	-	-	-	-	(10,674)
<b>Total Fund Balances</b>	<b>\$ 66,510,836</b>	<b>\$ 56,416,599</b>	<b>\$ 6,742,909</b>	<b>\$ 3,532,412</b>	<b>\$ 32,290,829</b>	<b>\$ 6,595,678</b>

The (\$10,674) represents grants for which the City is pending reimbursement from the applicable grantor agencies.

**(I) Property Taxes**

The City levies property taxes each October 1, which becomes a lien on real and personal property located in the City. Property taxes are based on the assessed values determined by the Broward County Property Appraiser as of the prior January 1. The

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current year's levy is based on assessed property values totaling approximately \$8.8 billion. Taxes are collected directly by Broward County and remitted to the City as collected.

The State of Florida permits the City to levy taxes up to 10 mills of assessed property valuation for the General Fund. The City levied taxes at 4.7027 mills for the General Fund and .5000 mills for the EMS District for the fiscal year ended September 30, 2012.

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, 2012 were approximately 94.3% 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. This commitment will be liquidated with General Fund resources.

There were no significant encumbrances at September 30, 2012.

**(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 2012, 63 retirees received health care benefits. Annual required contributions amounted to \$1,527,893 for the current fiscal year, towards which the City made a contribution of \$281,441. Retiree contributions totaled \$852,806 for the fiscal year ended September 30, 2012. At September 30, 2012 the City recorded a net OPEB obligation of \$6,277,152 for governmental activities and \$1,413,797 for business-type activities in its government-wide statement of net assets. The Utility Fund reported a net OPEB obligation of \$1,135,768, while the non-major enterprise funds reported \$278,029. Internal Service Funds reported a net OPEB obligation of \$310,527. The OPEB obligation is a function of annual required contributions, interest, adjustments to the

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annual required contribution, annual pension costs and actual employers' contributions made to the plan.

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

Annual Required Contribution	\$	1,527,893
Interest on Net OPEB Obligation		270,346
Adjustment to Annual Required Contribution		<u>(584,500)</u>
Annual OPEB Cost (Expense)		1,213,739
Implied Employer Contribution		(281,441)
Increase in Net OPEB Obligation		932,298
Net OPEB Obligation-beginning of year		<u>6,758,651</u>
Net OPEB Obligation-end of year	\$	<u><u>7,690,949</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, 2012 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2012	\$ 1,213,739	23%	\$ 7,690,949
September 30, 2011	\$ 1,190,143	24%	\$ 6,758,651
September 30, 2010	\$ 2,582,264	23%	\$ 5,852,253

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

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value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the actuarial valuation as of July 1, 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%

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2019/20-6.00%  
2020/21 & later-5.00%

***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.

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**(III) OTHER INFORMATION**

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

**1. Summary of Significant Accounting Policies**

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

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

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

**2. Plan Description and Contribution Information**

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

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

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

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

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

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

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

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

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plus 2% of average monthly earnings times the number of credited service years in excess of 25 years.

Pre-retirement death benefits for service related deaths are payable to the member's surviving spouse until death or remarriage (for life if the member was killed in the line of duty). Benefits are calculated as \$5,000 lump sum payment plus 75% of the member's final earnings. In addition, eligible children each receive 7.5% of the member's final earnings. If no eligible surviving spouse exists, eligible children each receive 15% of the member's final earnings. Pre-retirement death benefits for non-service related deaths of members with more than 10 years of credited service are payable to a designated beneficiary. The designated beneficiary may elect to receive a return of the member's contribution plus interest or an accrued benefit payable at normal retirement or early retirement. In addition, the designated beneficiary may elect the pre-retirement death benefit for non-service related deaths of members with 5 to 10 years of credited service. Pre-retirement death benefits for non-service related deaths of members with 5 to 10 years of credited service are paid to the member's surviving spouse for life or until remarriage. Benefits are computed as a \$5,000 lump sum plus 65% of the member's accrued benefits at the date of death, subject to a minimum of 20% of the member's average monthly salary. In addition, eligible children each receive 7.5% of the member's final earnings. If no eligible surviving spouse exists, eligible children each receive 15% of the member's final earnings. The pre-retirement death benefit for members with 1 to 5 years of credited service is a \$5,000 lump sum payment to the member's designated beneficiary. Post retirement death benefits are payable to the member's beneficiary in accordance with the terms of the payment method selected.

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

Membership consisted of the following at October 1, 2012, 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 elected to participate in the DROP		72
Active plan members		151
Total	\$	<u>524</u>

*Deferred Retirement Option Plan (Drop) Plan* - Any member who is eligible to receive a normal retirement pension and prior to attaining 25 years of service may elect to participate in a deferred retirement option plan ("DROP") while continuing his or her active employment as a police officer or firefighter. A member with 25 years of credited service who is not yet eligible for normal retirement, may elect to participate in

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the DROP upon reaching normal retirement. Upon participation in the DROP, the member becomes a retiree for all PFRS purposes so that he or she ceases to accrue any further benefits under the pension plan. Normal retirement payments that would have been payable to the member as a result are accumulated and invested in the DROP plan to be distributed to the member upon his or her termination of employment. Participation in the DROP plan ceases for a member after 5 years of participation. As of September 30, 2012, the balance in the Drop account was \$17,145,667. These amounts are included in the total investment balance presented on the statement of plan assets.

*Drop Loan Program* - Effective June 22, 2010, the PFRS allowed participants (Police officers only) to borrow from their DROP account. The loan limit is up to 50% of participant's account balance, subject to a minimum of \$5,000 and a maximum of \$50,000. The interest rate charged is the "prime rate" in effect on the day of loan application and the repayment schedule and maturity date may not exceed five years. At September 30, 2012, the balance of DROP loans outstanding was \$157,874.

*Share Plan* - A Supplemental Retirement Benefit Plan was established for firefighter members who were employed on October 1, 2010. Firefighters who were actively employed on that date were given a share, based on completed months of service, of the existing Chapter 175 reserves. Annually thereafter, Chapter 175 contributions exceeding \$821,230 are also allocated to members who are employed at the end of each fiscal year. In addition, earnings are posted to the share plan accounts each January 1. Firefighters become vested in their accounts at the rate of 50% after 10 years of service, 75% after 15 years of service and 100% after 20 years of service. As of September 30, 2012, the balance in the share plan account was \$2,830,516. This amount is included in the total investment balance presented on the statement of plan net assets.

*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, 2012 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

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firefighter members (Chapter 175 funds).

*Real Estate Investment* – The Plan purchased a property located at 2335 East Atlantic Boulevard (purchased in 2007 for approximately \$4.4 million) within the City limits. The intent of the purchase was to generate rental income through leasing agreement for office space.

#### **3. Due to Brokers**

Pending trades payable amounting to \$6,915,440 at September 30, 2012 account for amounts due to the PFRS's broker for investment purchases made with trade dates prior to the fiscal year end and settlement dates after the fiscal year end. The trades were settled by receiving or liquidating cash equivalents.

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

##### **1. Summary of Significant Accounting Policies**

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

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

*Investments* – Plan investments are reported at fair value. Quoted market prices, when available, have been used to value investments. The fair value of quoted investments is based on the closing sales price or bid price as reported by recognized security exchanges. The market values for securities that have no quoted market price represent estimated fair value. Many factors are considered in arriving at that value. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2012. 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.

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

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

*Use of Estimates* – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## **2. Plan Description**

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

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

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

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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, 2012, the date of the latest actuarial valuation, membership in the Plan consisted of:

Retirees and Beneficiaries currently receiving benefits and Drop and Terminated Employees entitled to benefits, but not receiving them	<u>382</u>
Current Employees:	
Vested	240
Nonvested	<u>232</u>
	<u>472</u>

*Pension Benefits*

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

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

**Tier One members**

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

**Tier Two members**

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

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*Deferred Retirement Option Plan (DROP)*

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

*Cost of Living Adjustment (COLA)*

**Tier One members**

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

**Tier Two members**

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

*Funding Requirements and Funding Status of Plan*

**Member Contributions:**

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

**City Contributions:**

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

**County Contributions:**

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

*Investments*

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

**(C) Other Pension Information**

**1. Contribution Rates and Actual Contributions**

	<u>Police and Firefighters'</u>	<u>General Employees</u>
Contributions:		
Contribution rates:		
City:		
General Employees	-	22.23%
Police	198.58%	-
Fire	42.51%	-
Plan members:		
General Employees	-	10.00%
Police	8.60%	-
Fire	11.60%	-
Annual pension costs	\$ 5,552,754	\$ 5,770,843
Contributions made:		
Employer	\$ 3,636,825	\$ 5,801,971
Plan members	1,500,717	2,572,184
State	2,152,540 <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

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(approved by City Ordinance) provided to the firefighters resulting in additional costs to the Plan. The annual credit taken, which is equal to the sum of the 1997 base amount plus additional fire supplemental payments received and additional costs incurred from improved benefits cannot exceed the actual premium taxes received for that fiscal year. For the fiscal year ended September 30, 2012 the Plan received \$2,152,540 for the Police and Firefighters Plan. This amount is recorded as intergovernmental revenue and public safety expenditures (on behalf payments) in the City's General Fund and as operating grants and contributions and public safety expenses for governmental activities in the government-wide financial statements.

The maximum allowable credit for fiscal year 2012 was \$1,501,358. Any excess premium taxes received from the State for which a credit is not taken goes into Plan assets for the Plan. For the fiscal year ended September 30, 2012 excess premium taxes amounted to \$651,182 (actual amount received less maximum allowable premium tax credit).

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

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

	<u>Police and Firefighters</u>			<u>General Employees</u>		
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Annual Pension Cost	\$ 6,859,098	\$ 8,005,808	\$ 5,552,754	\$ 4,326,225	\$ 5,338,336	\$ 5,770,843
Percentage of annual pension cost contributed	99.0%	100.0%	99.5%	100.3%	100.0%	100.5%
Net Pension Asset (Obligation) at the end of the year	\$ 674,109	\$ 644,704	\$ 619,555	\$ 497,832	\$ 511,018	\$ 542,146

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, 2012 is as follows:

	<u>Police and Firefighters'</u>	<u>General Employees</u>
Annual required contribution ("ARC")	\$ 5,527,605	\$ 5,780,545
Interest on NPO/(NPA)	(50,932)	(40,881)
Adjustment to ARC	76,081	31,179
Annual pension cost	5,552,754	5,770,843
Actual contributions	5,527,605	5,801,971
NPA (NPO) at beginning of year	644,704	511,018
Increase (decrease) in NPA (NPO)	(25,149)	31,128
NPA (NPO) at end of year	<u>\$ 619,555</u>	<u>\$ 542,146</u>

**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, 2012	October 1, 2012
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method and remaining amortization period	Level percent - closed 30 years	Level percent - closed 30 years
Asset valuation method	5 year Smoothed Market	5 year Smoothed Market
Actuarial assumptions:		
Investment rate of return*	7.70%	8.00%
	Service weighted rates	
Projected salary increases	from .50%-8.50%	4.25%-7.50%
Includes inflation at	3.50%	3.50%
Cost of living adjustments	2.00%	2.00%

**4. Funded Status and Funding Progress - Pension Plans**

As of September 30, 2012, the actuarial accrued liability for benefits was \$185,014,000, and the actuarial value of assets was \$123,425,000, resulting in an unfunded actuarial accrued liability of \$61,589,000 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 \$25,833,000, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 238.4%. As of September 30, 2012, the actuarial accrued liability for benefits was \$271,407,516 and the actuarial value of assets was \$178,035,674 resulting in an unfunded actuarial accrued liability of \$93,371,842 and a funded ratio of 65.6%, for the Police and Firefighters' Retirement Plan. The covered payroll (annual payroll of active employees covered by the plan) was \$14,432,987, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 646.9%.

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

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

**Plan Description** – The defined contribution retirement system (“DCRS”) is a defined contribution pension plan established by the City to provide benefits at retirement to certain professional and managerial employees of the City. At September 30, 2012, there was 1 plan member. Contribution Plan provisions and contribution requirements are established and may be amended by City Commission Ordinance. The International City

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Management Association Retirement Corporation acts as agent for the City in administering the Contribution Plan. The DCRS does not issue a stand alone financial report.

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

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

The City does not incur an actuarial liability related to the sponsorship of the DCRS. For the fiscal year ended September 30, 2012, employer contributions totaled \$0 and employee contributions totaled \$8,298.

Financial information for the DCRS at and as of September 30, 2012 is shown below:

<b>ASSETS</b>	
Investments, at fair value:	
Mutual funds	\$ 1,390,861
Total assets	<u>1,390,861</u>
<b>NET ASSETS</b>	
Held in trust for pension benefits	<u>\$ 1,390,861</u>
 <b>ADDITIONS</b>	
Members contributions	\$ 8,298
Investment income	107,713
Total additions	<u>116,011</u>
 <b>DEDUCTIONS</b>	
Participant benefit payments	<u>17,439</u>
Total deductions	<u>17,439</u>
Net increase (decrease)	98,572
 <b>Net assets held in trust for pension benefits</b>	
Beginning of the year	<u>1,292,289</u>
End of year	<u>\$ 1,390,861</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 airpark liability and group health insurance, and purchases of excess commercial insurance beyond the self-insured retention for general liability, auto liability, property damage and workers' compensation and has not incurred a reduction in insurance coverage. No workers' compensation settlements exceeded the City's self-insured retention in fiscal year 2012.

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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, 2012 reflect management's loss estimate of \$14,792,000, which includes reported claims and claims incurred but not reported (IBNR). Changes in the fund's estimated claims payable amount in fiscal years 2012 and 2011 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>
2012	\$ 16,312,000	\$ 801,449	\$ 2,321,449	\$ 14,792,000
2011	\$ 14,424,000	\$ 4,246,773	\$ 2,358,773	\$ 16,312,000

**(F) Contingencies/Risks/Uncertainties**

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

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

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

**(G) New Accounting Pronouncements**

**GASB Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements***, is effective for financial statements for periods beginning after December

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**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

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 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

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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.

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

**GASB 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62***, is effective for financial statements for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These

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**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

changes clarify how to apply Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively. The City is aware of this requirement and will assess its impact to ensure timely implementation.

**GASB 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25***, is effective for financial statements for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans. For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and non-employer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented.

**GASB 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27***, is effective for financial statements for periods beginning after June 15, 2014. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers. Statement No. 67, Financial Reporting for Pension Plans, revises existing standards of financial reporting for most pension plans. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. Although the City has not performed a complete assessment of this statement's impact, the unfunded pension obligations, which are material to the City's financial statements, will be recognized as a liability and will reduce the City's total net assets.



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## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF POMPANO BEACH, FLORIDA**  
**Required Supplementary Information - Unaudited**  
**September 30, 2012**

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 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, 2012	\$ 178,036	\$ 271,408	\$ 93,372	65.6%	\$ 14,433	646.9%
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%

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

	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, 2012	\$ 123,425	\$ 185,014	\$ 61,589	66.7%	\$ 25,833	238.4%
October 1, 2011	\$ 125,170	\$ 179,688	\$ 54,518	69.7%	\$ 26,238	207.8%
October 1, 2010	\$ 126,103	\$ 169,995	\$ 43,892	74.2%	\$ 26,597	165.0%

**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 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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 55,719,725	\$ 55,719,725	\$ 56,378,024	\$ 658,299
Judgments, fines and forfeitures	1,183,500	1,183,500	1,085,139	(98,361)
Permits, fees and special assessments	21,468,758	21,468,758	24,323,177	2,854,419
Intergovernmental	7,655,410	7,987,283	8,626,914	639,631
Charges for services	13,554,789	13,635,041	12,942,350	(692,691)
Pari-mutuel	1,850,000	1,850,000	2,067,263	217,263
Donations	18,000	23,000	15,117	(7,883)
Investment earnings	1,720,000	1,720,000	782,000	(938,000)
Other revenue	519,229	519,229	827,852	308,623
<b>Total Revenues</b>	<u>103,689,411</u>	<u>104,106,536</u>	<u>107,047,836</u>	<u>2,941,300</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	8,550,023	8,614,517	8,575,174	39,343
Finance	2,195,148	2,447,310	2,416,358	30,952
Development services	7,919,535	8,693,776	8,336,547	357,229
Police	35,739,830	36,260,565	35,852,678	407,887
Fire department	18,019,362	18,152,371	16,956,682	1,195,689
Public works	13,972,142	14,338,475	14,166,743	171,732
Non departmental	5,994,833	5,471,462	4,850,580	620,882
Culture and recreation	6,947,513	7,040,064	6,319,538	720,526
Capital outlay	14,086,693	14,576,768	14,434,606	142,162
<b>Debt Service:</b>				
Principal	218,733	218,733	213,131	5,602
Interest & other charges	81,018	81,018	78,943	2,075
<b>Total expenditures</b>	<u>113,724,830</u>	<u>115,895,059</u>	<u>112,200,980</u>	<u>3,694,079</u>
Excess of revenues over (under) expenditures	<u>(10,035,419)</u>	<u>(11,788,523)</u>	<u>(5,153,144)</u>	<u>6,635,379</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	45,500	45,500	107,860	62,360
Transfers in	15,731,755	15,319,089	15,319,089	-
Transfers out	(8,488,927)	(11,668,163)	(11,668,163)	-
<b>Total other financing sources (uses)</b>	<u>7,288,328</u>	<u>3,696,426</u>	<u>3,758,786</u>	<u>62,360</u>
<b>Net change in fund balances</b>	<u>\$ (2,747,091)</u>	<u>\$ (8,092,097)</u>	<u>(1,394,358)</u>	<u>\$ 6,697,739</u>
<b>FUND BALANCE - BEGINNING</b>			<u>67,162,819</u>	
<b>FUND BALANCE - ENDING</b>			<u>\$ 65,768,461</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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 5,621,957	\$ 5,621,957	\$ 5,579,667	\$ (42,290)
Intergovernmental	-	-	74,194	74,194
Charges for services	-	-	83,192	83,192
Investment earnings	120,000	120,000	88,084	(31,916)
Other revenue	<u>188,950</u>	<u>188,950</u>	<u>87,426</u>	<u>(101,524)</u>
Total revenues	<u>5,930,907</u>	<u>5,930,907</u>	<u>5,912,563</u>	<u>(18,344)</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,554,809	5,993,476	3,042,145	2,951,331
Capital outlay	18,873,876	19,827,339	1,411,405	18,415,934
Debt service:				
Principal	2,162,162	2,162,162	2,162,162	-
Interest & other charges	<u>652,568</u>	<u>652,568</u>	<u>652,436</u>	<u>132</u>
Total expenditures	<u>(27,243,415)</u>	<u>(28,635,545)</u>	<u>(7,268,148)</u>	<u>(21,367,397)</u>
Excess of revenues over (under) expenditures	<u>(21,312,508)</u>	<u>(22,704,638)</u>	<u>(1,355,585)</u>	<u>21,349,053</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	<u>(2,110,469)</u>	<u>(2,110,469)</u>	<u>(2,110,469)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,110,469)</u>	<u>(2,110,469)</u>	<u>(2,110,469)</u>	<u>-</u>
Net change in fund balances	<u>\$ (23,422,977)</u>	<u>\$ (24,815,107)</u>	<u>(3,466,054)</u>	<u>\$ 21,349,053</u>
<b>FUND BALANCE - BEGINNING</b>			<u>58,282,237</u>	
<b>FUND BALANCE - ENDING</b>			<u>\$ 54,816,183</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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 1,800,587	\$ 1,800,587	\$ 1,771,890	\$ (28,697)
Investment earnings	35,000	35,000	13,315	(21,685)
Total Revenues	<u>1,835,587</u>	<u>1,835,587</u>	<u>1,785,205</u>	<u>(50,382)</u>
<b>Expenditures</b>				
Current:				
General government	2,423,616	2,636,831	1,678,298	958,533
Debt service:				
Principal	315,000	315,000	315,000	-
Interest & other charges	489,531	489,531	489,530	1
Capital outlay	-	2,143,520	1,959,594	183,926
Total expenditures	<u>3,228,147</u>	<u>5,584,882</u>	<u>4,442,422</u>	<u>1,142,460</u>
Excess of revenues over (under) expenditures	<u>(1,392,560)</u>	<u>(3,749,295)</u>	<u>(2,657,217)</u>	<u>1,092,078</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	489,829	489,829	-
Transfers out	(10,196,000)	(10,777,207)	(10,777,207)	-
Total other financing sources (uses)	<u>(10,196,000)</u>	<u>(10,287,378)</u>	<u>(10,287,378)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (11,588,560)</u>	<u>\$(14,036,673)</u>	<u>(12,944,595)</u>	<u>\$ 1,092,078</u>
<b>FUND BALANCE - BEGINNING</b>			<u>17,456,871</u>	
<b>FUND BALANCE - ENDING</b>			<u>\$ 4,512,276</u>	

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

**CITY OF POMPANO BEACH, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE (UNAUDITED) - BUDGETARY BASIS**  
**EMERGENCY MEDICAL SERVICES DISTRICT FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 4,294,041	\$ 4,294,041	\$ 4,201,215	\$ (92,826)
Intergovernmental	192,914	192,914	187,918	(4,996)
Charges for services	3,300,000	3,300,000	2,873,644	(426,356)
Donations	-	-	809	809
Investment earnings	55,000	55,000	39,450	(15,550)
Other revenue	-	-	12	12
Total revenues	<u>7,841,955</u>	<u>7,841,955</u>	<u>7,303,048</u>	<u>(538,907)</u>
<b>EXPENSES</b>				
Current:				
Public safety	13,293,859	13,320,442	11,443,998	1,876,444
Capital outlay	342,000	582,622	568,916	13,706
Total expenditures	<u>13,635,859</u>	<u>13,903,064</u>	<u>12,012,914</u>	<u>1,890,150</u>
Excess of revenues over (under) expenditures	<u>(5,793,904)</u>	<u>(6,061,109)</u>	<u>(4,709,866)</u>	<u>1,351,243</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,793,904	5,793,904	5,793,904	-
Total other financing sources (uses)	<u>5,793,904</u>	<u>5,793,904</u>	<u>5,793,904</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (267,205)</u>	<u>1,084,038</u>	<u>\$ 1,351,243</u>
<b>FUND BALANCE - BEGINNING</b>			<u>2,171,683</u>	
<b>FUND BALANCE - ENDING</b>			<u>\$ 3,255,721</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, 2012**

**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 \$829,452 including \$655,368 for capital outlay and operating expenses in the Utility Fund, were approved during the year and included in the revised budget.

Budgets have been legally adopted for all governmental and proprietary fund types except for the Cultural Arts Foundation special revenue fund and the Capital Projects funds. Budgets are adopted for capital outlay expenditures on a project basis. Presentation of this information on an annual basis is not considered meaningful.

Budgets have been adopted on a basis consistent with accounting principles generally accepted in the United States of America, except for the inclusion of encumbrances as the equivalent of expenditures. Budgets for the general fund, special revenue and debt service funds are disclosed in the financial statements except for the Cultural Arts Foundation special revenue fund. The reported budgetary data represents the final approved budget after amendments adopted by the City Commission.

The City does not budget for revenue and expenditures related to State contributions to the Police and Firefighters Retirement Plan (the Plan), recorded in the General Fund, as these payments are on behalf of the City and are received by the Plan directly.

**CITY OF POMPANO BEACH, FLORIDA**

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

**SEPTEMBER 30, 2012**

Adjustments necessary to convert the general fund and the major special revenue fund results of operations and change in fund balances at September 30, 2012 from the accounting principles generally accepted in the United States of America basis of accounting to the budget basis are as follows:

	<b>Revenues/ Other Financing Sources</b>	<b>Expenditures/ Other Financing Uses</b>	<b>Change in Fund Balances</b>
<b><u>General Fund</u></b>			
GAAP Basis	\$ 124,627,325	\$ 125,279,308	\$ (651,983)
State contribution for Fire and Police Pension Funds	(2,152,540)	(2,152,540)	-
Encumbrances	-	742,375	(742,375)
Budgetary Basis	<u>\$ 122,474,785</u>	<u>\$ 123,869,143</u>	<u>\$ (1,394,358)</u>
<b><u>Northwest Community Redevelopment District</u></b>			
GAAP Basis	\$ 5,912,563	\$ 7,778,201	\$ (1,865,638)
Encumbrances	-	1,600,416	(1,600,416)
Budgetary Basis	<u>\$ 5,912,563</u>	<u>\$ 9,378,617</u>	<u>\$ (3,466,054)</u>
<b><u>East Community Redevelopment District</u></b>			
GAAP Basis	\$ 2,275,034	\$ 12,988,996	\$ (10,713,962)
Encumbrances	-	2,230,633	(2,230,633)
Budgetary Basis	<u>\$ 2,275,034</u>	<u>\$ 15,219,629</u>	<u>\$ (12,944,595)</u>
<b><u>EMS</u></b>			
GAAP Basis	\$ 13,096,952	\$ 11,736,223	\$ 1,360,729
Encumbrances	-	276,691	(276,691)
Budgetary Basis	<u>\$ 13,096,952</u>	<u>\$ 12,012,914</u>	<u>\$ 1,084,038</u>

**Excess of Expenditures Over Appropriations**

For the year ended September 30, 2012, expenditures did not exceed appropriations in any governmental fund departments (the legal level of budgetary control).



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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS**

## **NONMAJOR GOVERNMENTAL FUNDS**

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

**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.

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

**CITY OF POMPANO BEACH, FLORIDA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2012**

**Special Revenue Funds**

	<u>Special Purpose</u>	<u>LETF</u>	<u>SHIP</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 394,388	\$ 229,668	\$ 106,373
Restricted investments	3,156,157	-	-
Unrestricted investments	680,135	2,230,977	-
Interest receivable	-	6,419	-
Accounts receivables, net	-	-	-
Assets held for resale for development	-	-	-
Due from other governments	10,236	4,051	-
Total assets	<u>\$ 4,240,916</u>	<u>\$ 2,471,115</u>	<u>\$ 106,373</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	74,830	5,888	695
Accrued expenses	-	-	-
Due to other funds	-	-	-
Unearned revenue	-	2,465,227	105,678
Total liabilities	<u>74,830</u>	<u>2,471,115</u>	<u>106,373</u>
Fund balances:			
Restricted	3,156,157	-	-
Committed	1,009,929	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>4,166,086</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 4,240,916</u>	<u>\$ 2,471,115</u>	<u>\$ 106,373</u>

**Special Revenue Funds**

<u>Other Grants</u>	<u>Cultural Arts Foundation</u>	<u>Cemetary</u>	<u>Total Non-major Governmental Funds</u>
\$ 52,389	\$ 21,595	\$ 81,841	\$ 886,254
-	-	-	3,156,157
-	-	788,077	3,699,189
-	-	-	6,419
1,000	-	-	1,000
1,501,942	-	-	1,501,942
373,848	-	-	388,135
<u>\$ 1,929,179</u>	<u>\$ 21,595</u>	<u>\$ 869,918</u>	<u>\$ 9,639,096</u>
9,234	99	-	90,746
4,080	-	-	4,080
308,500	-	-	308,500
69,187	-	-	2,640,092
<u>391,001</u>	<u>99</u>	<u>-</u>	<u>3,043,418</u>
1,501,942	21,496	-	4,679,595
-	-	869,918	1,879,847
46,910	-	-	46,910
(10,674)	-	-	(10,674)
<u>1,538,178</u>	<u>21,496</u>	<u>869,918</u>	<u>6,595,678</u>
<u>\$ 1,929,179</u>	<u>\$ 21,595</u>	<u>\$ 869,918</u>	<u>\$ 9,639,096</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, 2012**

	<b>Special Revenue Funds</b>		
	<b>Special Purpose</b>	<b>LETF</b>	<b>SHIP</b>
<b>REVENUES</b>			
Taxes	\$ 260,551	\$ -	\$ -
Permits, fees and special assessments	165,011	-	-
Intergovernmental	-	31,557	259,799
Charges for services	142,981	-	-
Donations	510	-	-
Program Income	-	-	25,000
Recaptured Funds	-	-	-
Interest and investment revenue	(13,847)	22,971	248
Cemetary lot sales	-	-	-
Total revenues	<u>555,206</u>	<u>54,528</u>	<u>285,047</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Public safety	31,463	50,440	-
Physical environment	-	-	285,047
Transportation	254,970	-	-
Culture and recreation	80,775	-	-
Capital outlay	-	4,088	-
Total expenditures	<u>367,208</u>	<u>54,528</u>	<u>285,047</u>
Excess (deficiency) of revenues over (under) expenditures	<u>187,998</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(4,000)	-	-
Transfers in	-	-	-
Total other financing sources (uses)	<u>(4,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficit)	183,998	-	-
Fund balances - beginning	3,982,088	-	-
Fund balances - ending	<u>\$ 4,166,086</u>	<u>\$ -</u>	<u>\$ -</u>

**Special Revenue Funds**

<u>Other Grants</u>	<u>Cultural Arts Foundation</u>	<u>Cemetery</u>	<u>Total Non-major Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 260,551
-	-	-	165,011
1,269,442	-	-	1,560,798
-	-	850	143,831
-	26,597	-	27,107
814,724	-	-	839,724
1,270	-	-	1,270
28	3	-	9,403
-	-	52,332	52,332
<u>2,085,464</u>	<u>26,600</u>	<u>53,182</u>	<u>3,060,027</u>
-	28,021	-	28,021
-	-	-	81,903
2,294,606	-	-	2,579,653
-	-	-	254,970
69,713	-	-	150,488
96,590	-	-	100,678
<u>2,460,909</u>	<u>28,021</u>	<u>-</u>	<u>3,195,713</u>
<u>(375,445)</u>	<u>(1,421)</u>	<u>53,182</u>	<u>(135,686)</u>
-	-	-	(4,000)
61,600	-	-	61,600
61,600	-	-	57,600
(313,845)	(1,421)	53,182	(78,086)
1,852,023	22,917	816,736	6,673,764
<u>\$ 1,538,178</u>	<u>\$ 21,496</u>	<u>\$ 869,918</u>	<u>\$ 6,595,678</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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 355,729	\$ 259,799	\$ (95,930)
Program Income	-	25,000	25,248	248
Total Revenues	-	380,729	285,047	(95,682)
<b>EXPENDITURES</b>				
Current:				
Physical environment	-	380,729	285,047	95,682
Total expenditures	-	380,729	285,047	95,682
Excess of revenues over (under) expenditures	\$ -	\$ -	-	\$ (191,364)
<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, 2012**

	<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	\$ 5,000	\$ 5,000	\$ 850	\$ (4,150)
Cemetary lots	20,000	20,000	52,332	32,332
<b>Total Revenues</b>	<u>25,000</u>	<u>25,000</u>	<u>53,182</u>	<u>28,182</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	\$ 25,000	\$ 25,000	53,182	\$ 28,182
<b>FUND BALANCE - BEGINNING</b>			816,736	
<b>FUND BALANCE - ENDING</b>			<u>\$ 869,918</u>	



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## **NONMAJOR ENTERPRISE FUNDS**

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

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

**Golf Fund** - accounts for the operation of the City's golf course.

**Sanitation Fund** - accounts for the provision of solid waste disposal services to City residents.

**Stormwater Fund** - accounts for the provision of stormwater maintenance and capital improvements to City residents.

**CITY OF POMPANO BEACH, FLORIDA**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**SEPTEMBER 30, 2012**

	<u>Pier</u>	<u>Airpark</u>	<u>Golf</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 224,791	\$ 13,100	\$ 76,496
Restricted cash and cash equivalents	-	136,859	-
Interest receivable	6,417	5,926	7,902
Accounts receivables, net	-	-	-
Due from other governments	-	-	-
Inventories	2,644	-	6,742
<b>Total Current Assets</b>	<b>233,852</b>	<b>155,885</b>	<b>91,140</b>
<b>Noncurrent Assets</b>			
Unrestricted investments	2,179,952	124,827	681,061
Restricted investments	-	1,253,767	-
Advances to other funds	-	-	-
<b>Capital assets:</b>			
Land	60,058	934	-
Construction in progress	-	7,383,265	4,088,825
Buildings	-	1,106,569	2,723,603
Infrastructure	2,433,574	3,413,974	5,025,450
Improvements	-	6,275,431	363,604
Machinery and equipment	4,225	501,035	1,267,035
Less accumulated depreciation	(1,294,380)	(5,432,729)	(5,779,246)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>1,203,477</b>	<b>13,248,479</b>	<b>7,689,271</b>
<b>Total noncurrent assets</b>	<b>3,383,429</b>	<b>14,627,073</b>	<b>8,370,332</b>
<b>Total assets</b>	<b>3,617,281</b>	<b>14,782,958</b>	<b>8,461,472</b>
<b>LIABILITIES</b>			
<b>Current liabilities, unrestricted:</b>			
Accounts payable	1,658	13,685	428,397
Accrued expenses	907	9,991	15,542
Unearned revenue	-	-	-
Due to other governments	-	-	122,542
<b>Total current liabilities, unrestricted</b>	<b>2,565</b>	<b>23,676</b>	<b>566,481</b>
<b>Current liabilities payable from restricted assets:</b>			
Accounts payable	-	228,662	-
<b>Total current liabilities payable from restricted assets</b>	<b>-</b>	<b>228,662</b>	<b>-</b>
<b>Noncurrent liabilities:</b>			
Compensated absences	-	43,185	82,120
Net OPEB obligation	-	77,737	113,210
Unearned revenue	-	-	546
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>120,922</b>	<b>195,876</b>
<b>Total liabilities</b>	<b>2,565</b>	<b>373,260</b>	<b>762,357</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,203,477	13,248,479	7,689,271
Capital Projects	-	1,167,396	-
Unrestricted	2,411,239	(6,177)	9,844
<b>Total net assets</b>	<b>\$ 3,614,716</b>	<b>\$ 14,409,698</b>	<b>\$ 7,699,115</b>

<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
\$ 136,599	\$ 624,609	\$ 1,075,595
-	-	136,859
-	17,773	38,018
627,694	236,071	863,765
102,354	44,008	146,362
-	10,585	19,971
<u>866,647</u>	<u>933,046</u>	<u>2,280,570</u>
1,363,815	6,055,509	10,405,164
-	-	1,253,767
1,666,667	-	1,666,667
-	-	60,992
-	1,877,438	13,349,528
-	-	3,830,172
-	6,268,156	17,141,154
-	7,719,131	14,358,166
249,007	1,419,842	3,441,144
<u>(172,912)</u>	<u>(5,346,719)</u>	<u>(18,025,986)</u>
76,095	11,937,848	34,155,170
<u>3,106,577</u>	<u>17,993,357</u>	<u>47,480,768</u>
<u>3,973,224</u>	<u>18,926,403</u>	<u>49,761,338</u>
654,786	100,433	1,198,959
11,623	11,347	49,410
416,667	-	416,667
-	-	122,542
<u>1,083,076</u>	<u>111,780</u>	<u>1,787,578</u>
-	-	228,662
-	-	228,662
24,165	28,706	178,176
13,835	73,247	278,029
416,666	-	417,212
<u>454,666</u>	<u>101,953</u>	<u>873,417</u>
<u>1,537,742</u>	<u>213,733</u>	<u>2,889,657</u>
76,095	11,937,848	34,155,170
-	-	1,167,396
<u>2,359,387</u>	<u>6,774,822</u>	<u>11,549,115</u>
<u>\$ 2,435,482</u>	<u>\$ 18,712,670</u>	<u>\$ 46,871,681</u>

**CITY OF POMPANO BEACH, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Pier</u>	<u>Airpark</u>	<u>Golf</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 124,299	\$ 1,021,156	\$ 2,139,463
Contract fee extension	-	-	-
Total operating revenues	<u>124,299</u>	<u>1,021,156</u>	<u>2,139,463</u>
<b>OPERATING EXPENSES</b>			
Personal services	33,875	388,945	598,480
Other current expenses	138,507	538,935	2,551,957
Depreciation	73,663	458,197	437,049
Total operating expenses	<u>246,045</u>	<u>1,386,077</u>	<u>3,587,486</u>
Operating income (loss)	<u>(121,746)</u>	<u>(364,921)</u>	<u>(1,448,023)</u>
<b>NONOPERATING REVENUES</b>			
<b>(EXPENSES)</b>			
Interest and investment revenue	22,531	15,419	35,900
Miscellaneous revenue	-	-	-
Miscellaneous expense	-	-	(31,313)
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>-</u>
(expenses)	<u>22,531</u>	<u>15,419</u>	<u>4,587</u>
Income (loss) before contributions			
and transfers	(99,215)	(349,502)	(1,443,436)
Capital grants and contributions	-	355,691	-
Transfers in	-	-	1,851,335
Transfers out	-	-	-
Change in net assets	<u>(99,215)</u>	<u>6,189</u>	<u>407,899</u>
Total net assets - beginning	<u>3,713,931</u>	<u>14,403,509</u>	<u>7,291,216</u>
Total net assets - ending	<u>\$ 3,614,716</u>	<u>\$ 14,409,698</u>	<u>\$ 7,699,115</u>

<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
\$ 5,734,397	\$ 2,440,907	\$ 11,460,222
416,667	-	416,667
<u>6,151,064</u>	<u>2,440,907</u>	<u>11,876,889</u>
222,539	425,502	1,669,341
3,872,842	576,489	7,678,730
52,167	884,848	1,905,924
<u>4,147,548</u>	<u>1,886,839</u>	<u>11,253,995</u>
<u>2,003,516</u>	<u>554,068</u>	<u>622,894</u>
(12,607)	62,065	123,308
81	46,500	46,581
<u>(20,231)</u>	<u>-</u>	<u>(51,544)</u>
<u>(32,757)</u>	<u>108,565</u>	<u>118,345</u>
1,970,759	662,633	741,239
-	-	355,691
-	13,540	1,864,875
<u>(2,264,665)</u>	<u>(162,748)</u>	<u>(2,427,413)</u>
(293,906)	513,425	534,392
<u>2,729,388</u>	<u>18,199,245</u>	<u>46,337,289</u>
<u>\$ 2,435,482</u>	<u>\$ 18,712,670</u>	<u>\$ 46,871,681</u>

**CITY OF POMPANO BEACH, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Pier</u>	<u>Airpark</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 124,299	\$ 1,021,156
Payments to suppliers	(137,914)	(1,255,383)
Payments to employees	(32,968)	(390,491)
Net cash provided (used) by operating activities	<u>(46,583)</u>	<u>(624,718)</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	-	(2,669,290)
Capital grants and contributions	-	951,941
Proceeds from the sale of capital assets	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(1,717,349)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Calls/maturities of investments	739,928	2,556,604
Purchase of investments	(632,579)	(400,041)
Interest income	24,797	25,508
Net cash provided by investing activities	<u>132,146</u>	<u>2,182,071</u>
Net increase (decrease) in cash and cash equivalents	85,563	(159,996)
Cash and cash equivalents at beginning of the year	139,228	309,955
Cash and cash equivalents at end of the year	<u>\$ 224,791</u>	<u>\$ 149,959</u>
Cash and cash equivalents, unrestricted	\$ 224,791	\$ 13,100
Cash and cash equivalents, restricted	-	136,859
Cash and cash equivalents, end of year	<u>\$ 224,791</u>	<u>\$ 149,959</u>
<b>Non-cash transactions (Capital &amp; Related Financing Activities):</b>		
Contribution of capital assets from developers	\$ -	\$ 325,791
Donation of equipment	-	29,900
<b>Non-cash transactions (Investing Activities):</b>		
Change in fair value of investments	<u>(8,031)</u>	<u>(5,079)</u>
	<u>\$ (8,031)</u>	<u>\$ 350,612</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (121,746)	\$ (364,921)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	73,663	458,197
<b>Change in assets and liabilities:</b>		
<b>(Increase) decrease in assets:</b>		
Accounts receivables	-	-
Inventories	(277)	-
Other assets and prepaids	-	137,319
<b>Increase (decrease) in liabilities</b>		
Accounts and other payables	870	(868,934)
Accrued expenses	907	2,103
Unearned revenue	-	-
Other post employment benefits (OPEB)	-	15,167
Compensated absences	-	(3,649)
Net cash provided (used) by operating activities	<u>\$ (46,583)</u>	<u>\$ (624,718)</u>

	Golf	Sanitation	Stormwater	Total
\$	2,140,009	\$ 5,695,889	\$ 2,424,722	\$ 11,406,075
	(2,037,113)	(3,230,532)	(576,031)	(7,236,973)
	(598,406)	(216,530)	(419,281)	(1,657,676)
	(495,510)	2,248,827	1,429,410	2,511,426
	-	833,333	-	833,333
	-	(2,264,665)	(162,748)	(2,427,413)
	1,851,335	-	13,540	1,864,875
	1,851,335	(1,431,332)	(149,208)	270,795
	(3,879,427)	-	(1,661,428)	(8,210,145)
	-	-	-	951,941
	-	-	46,499	46,499
	(3,879,427)	-	(1,614,929)	(7,211,705)
	2,469,818	286,973	2,038,585	8,091,908
	(197,630)	(1,402,921)	(1,757,189)	(4,390,360)
	39,165	(12,607)	68,662	145,525
	2,311,353	(1,128,555)	350,058	3,847,073
	(212,249)	(311,060)	15,331	(582,411)
	288,745	447,659	609,278	1,794,865
\$	76,496	\$ 136,599	\$ 624,609	\$ 1,212,454
\$	76,496	\$ 136,599	\$ 624,609	\$ 1,075,595
	-	-	-	136,859
\$	76,496	\$ 136,599	\$ 624,609	\$ 1,212,454
\$	-	-	-	\$ 325,791
	-	-	-	29,900
	(2,509)	(5,025)	(22,310)	(42,954)
\$	(2,509)	\$ (5,025)	\$ (22,310)	\$ 312,737
\$	(1,448,023)	\$ 2,003,516	\$ 554,068	\$ 622,894
	437,049	52,167	884,848	1,905,924
	-	(38,589)	(16,185)	(54,774)
	(793)	-	(1,881)	(2,951)
	-	-	-	137,319
	505,038	642,655	(3,986)	275,643
	3,455	2,283	3,360	12,108
	546	(416,667)	-	(416,121)
	10,599	(264)	6,325	31,827
	(3,381)	3,726	2,861	(443)
\$	(495,510)	\$ 2,248,827	\$ 1,429,410	\$ 2,511,426



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## **INTERNAL SERVICE FUNDS**

**Central Stores Fund** - accounts for the costs of providing a central inventory to other departments. The other departments are charged for inventory plus a fee to cover overhead.

**Information Technology Fund** - accounts for the costs of providing information processing services to other City departments. The other departments are charged a direct fee for the initial purchase of equipment and a usage fee to cover operating costs of the fund.

**Central Services Fund** - accounts for the costs of providing goods and services, primarily printing and duplicating, to other City departments. The other departments are billed based on their historical frequency of use.

**Risk Management Fund (Health)** - accounts for the City's share of health insurance premiums. Other funds are billed to cover actual costs of premiums and claims.

**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, 2012**

	<u>Central Stores</u>	<u>Information Technology</u>	<u>Central Services</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 52,224	\$ 106,041	\$ 84,511
Interest receivable	-	2,960	2,468
Due from other governments	-	-	-
Inventories	662,067	-	24,330
Prepays	-	-	-
Total current assets:	<u>714,291</u>	<u>109,001</u>	<u>111,309</u>
Noncurrent assets			
Investments	-	1,028,127	819,306
Capital assets:			
Buildings	247,163	-	7,373
Improvements	-	-	-
Machinery and equipment	45,466	4,899,873	13,026
Less accumulated depreciation	<u>(240,743)</u>	<u>(4,723,435)</u>	<u>(13,716)</u>
Total capital assets (net of accumulated depreciation)	<u>51,886</u>	<u>176,438</u>	<u>6,683</u>
Total noncurrent assets	<u>51,886</u>	<u>1,204,565</u>	<u>825,989</u>
Total assets	<u>766,177</u>	<u>1,313,566</u>	<u>937,298</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	59,012	18,365	(3,335)
Accrued expenses	5,392	24,670	12,548
Due to other funds	400,000	-	-
Claims and judgments	-	-	-
Total current liabilities:	<u>464,404</u>	<u>43,035</u>	<u>9,213</u>
Noncurrent liabilities			
Compensated absences	29,043	109,171	49,124
Net OPEB obligation	5,784	122,870	61,836
Claims and judgments	-	-	-
Total noncurrent liabilities	<u>34,827</u>	<u>232,041</u>	<u>110,960</u>
Total liabilities	<u>499,231</u>	<u>275,076</u>	<u>120,173</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	51,886	176,438	6,683
Unrestricted	215,060	862,052	810,442
Total net assets	<u>\$ 266,946</u>	<u>\$ 1,038,490</u>	<u>\$ 817,125</u>

<u>Risk Management Health</u>	<u>Risk Management General</u>	<u>Vehicle Services</u>	<u>Total</u>
\$ 213,798	\$ 2,032,607	\$ 99,874	\$ 2,589,055
4,445	56,283	2,963	69,119
-	-	9,256	9,256
-	-	122,284	808,681
-	2,450	-	2,450
<u>218,243</u>	<u>2,091,340</u>	<u>234,377</u>	<u>3,478,561</u>
2,093,399	19,289,179	969,704	24,199,715
-	-	-	254,536
-	-	423,838	423,838
-	4,441	603,451	5,566,257
-	(4,441)	(953,920)	(5,936,255)
-	-	73,369	308,376
<u>2,093,399</u>	<u>19,289,179</u>	<u>1,043,073</u>	<u>24,508,091</u>
<u>2,311,642</u>	<u>21,380,519</u>	<u>1,277,450</u>	<u>27,986,652</u>
65	59,197	50,417	183,721
-	9,454	14,782	66,846
-	-	-	400,000
-	2,198,822	-	2,198,822
<u>65</u>	<u>2,267,473</u>	<u>65,199</u>	<u>2,849,389</u>
-	51,212	58,877	297,427
-	33,477	86,560	310,527
-	12,593,178	-	12,593,178
-	12,677,867	145,437	13,201,132
<u>65</u>	<u>14,945,340</u>	<u>210,636</u>	<u>16,050,521</u>
-	-	73,369	308,376
<u>2,311,577</u>	<u>6,435,179</u>	<u>993,445</u>	<u>11,627,755</u>
<u>\$ 2,311,577</u>	<u>\$ 6,435,179</u>	<u>\$ 1,066,814</u>	<u>\$ 11,936,131</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, 2012**

	<u>Central Stores</u>	<u>Information Technology</u>	<u>Central Services</u>
<b>OPERATING REVENUES</b>			
Charges for services - internal	\$ 295,125	\$ 1,804,688	\$ 848,132
Charges for services - other	-	-	2,781
Miscellaneous	-	-	-
Total operating revenues	<u>295,125</u>	<u>1,804,688</u>	<u>850,913</u>
<b>OPERATING EXPENSES</b>			
Personal services	164,804	984,791	465,151
Other current expenses	102,160	880,454	520,079
Depreciation	8,008	79,195	5,889
Total Operating expenses	<u>274,972</u>	<u>1,944,440</u>	<u>991,119</u>
Operating income (loss)	<u>20,153</u>	<u>(139,752)</u>	<u>(140,206)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income (loss)	(3,107)	10,685	9,003
Miscellaneous expense	-	(585)	-
Miscellaneous revenue	379	142	887
Total nonoperating revenues (expenses)	<u>(2,728)</u>	<u>10,242</u>	<u>9,890</u>
Income (loss)	17,425	(129,510)	(130,316)
Net assets - beginning	<u>249,521</u>	<u>1,168,000</u>	<u>947,441</u>
Net assets (deficit) - ending	<u>\$ 266,946</u>	<u>\$ 1,038,490</u>	<u>\$ 817,125</u>

<u>Risk Management Health</u>	<u>Risk Management General</u>	<u>Vehicle Services</u>	<u>Total</u>
\$ 6,335,345	\$ 3,426,716	\$ 2,500,984	\$ 15,210,990
2,454,007	-	-	2,456,788
291,888	45,303	34,734	371,925
<u>9,081,240</u>	<u>3,472,019</u>	<u>2,535,718</u>	<u>18,039,703</u>
-	360,532	593,257	2,568,535
8,588,815	2,351,217	2,071,835	14,514,560
-	-	54,985	148,077
<u>8,588,815</u>	<u>2,711,749</u>	<u>2,720,077</u>	<u>17,231,172</u>
<u>492,425</u>	<u>760,270</u>	<u>(184,359)</u>	<u>808,531</u>
15,778	202,074	11,852	246,285
-	-	-	(585)
-	-	5,790	7,198
<u>15,778</u>	<u>202,074</u>	<u>17,642</u>	<u>252,898</u>
508,203	962,344	(166,717)	1,061,429
1,803,374	5,472,835	1,233,531	10,874,702
<u>\$ 2,311,577</u>	<u>\$ 6,435,179</u>	<u>\$ 1,066,814</u>	<u>\$ 11,936,131</u>

**CITY OF POMPANO BEACH, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Central Stores</u>	<u>Information Technology</u>	<u>Central Services</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from other funds	\$ 295,125	\$ 1,804,688	\$ 848,132
Receipts from customers	-	-	2,781
Receipts from subrogation	-	-	-
Payments to suppliers	(89,499)	(853,486)	(537,646)
Payments to employees	(164,337)	(972,485)	(455,770)
Claims paid	-	-	-
Net cash provided (used) by operating activities	<u>41,289</u>	<u>(21,283)</u>	<u>(142,503)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Advances from (to) other funds	<u>(20,000)</u>	-	-
Net cash provided (used) by noncapital financing activities	<u>(20,000)</u>	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from sale of surplus materials/capital assets	379	143	887
Acquisition of capital assets	-	(28,866)	-
Net cash provided (used) by capital and related financing activities	<u>379</u>	<u>(28,723)</u>	<u>887</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Calls/maturities of investments	-	337,838	337,110
Purchase of investments	-	(298,342)	(237,746)
Interest income (loss)	(1,804)	11,894	10,056
Net cash provided (used) by investing activities	<u>(1,804)</u>	<u>51,390</u>	<u>109,420</u>
Net increase (decrease) in cash and cash equivalents	19,864	1,384	(32,196)
Cash and cash equivalents at beginning of the year	32,360	104,657	116,707
Cash and cash equivalents at end of the year	<u>\$ 52,224</u>	<u>\$ 106,041</u>	<u>\$ 84,511</u>
<b>Non-cash transactions (Investing Activities):</b>			
Change in fair value of investments	<u>\$ 1,139</u>	<u>\$ (3,821)</u>	<u>\$ (3,183)</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 20,153	\$ (139,752)	\$ (140,206)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Cash flows reported in other categories:			
Depreciation expense	8,008	79,195	5,889
Changes in assets and liabilities			
Due from other governments	-	-	-
Inventories	(11,245)	-	2,335
Estimated claims payable	-	-	-
Accounts and other payables	24,181	12,332	(28,888)
Accrued expenses	154	2,599	4,967
Other post employment benefits (OPEB)	(275)	14,636	8,986
Compensated absences	313	9,707	4,414
Net cash provided (used) by operating activities	<u>\$ 41,289</u>	<u>\$ (21,283)</u>	<u>\$ (142,503)</u>

<u>Risk Management Health</u>	<u>Risk Management General</u>	<u>Vehicle Services</u>	<u>Total</u>
\$ 6,335,345	\$ 3,426,716	\$ 2,500,984	\$ 15,210,990
2,454,007	-	34,614	2,491,402
291,888	45,303	-	337,191
(8,588,750)	(12,753)	(2,032,906)	(12,115,040)
-	(374,310)	(583,443)	(2,550,345)
-	(3,841,449)	-	(3,841,449)
<u>492,490</u>	<u>(756,493)</u>	<u>(80,751)</u>	<u>(467,251)</u>
-	-	-	(20,000)
-	-	-	(20,000)
-	-	5,790	7,199
-	-	(13,280)	(42,146)
-	-	(7,490)	(34,947)
152,330	6,174,982	378,094	7,380,354
(607,463)	(5,597,338)	(281,389)	(7,022,278)
16,881	220,946	12,600	270,573
<u>(438,252)</u>	<u>798,590</u>	<u>109,305</u>	<u>628,649</u>
54,238	42,097	21,064	106,451
159,560	1,990,510	78,810	2,482,604
<u>\$ 213,798</u>	<u>\$ 2,032,607</u>	<u>\$ 99,874</u>	<u>\$ 2,589,055</u>
<u>\$ (7,713)</u>	<u>\$ (71,069)</u>	<u>\$ (3,579)</u>	<u>\$ (88,226)</u>
\$ 492,425	\$ 760,270	\$ (184,359)	\$ 808,531
-	-	54,985	148,077
-	-	(120)	(120)
-	(2,450)	(13,564)	(24,924)
-	(1,520,000)	-	(1,520,000)
65	19,903	40,955	68,548
-	1,824	3,042	12,586
-	(438)	11,538	34,447
-	(15,602)	6,772	5,604
<u>\$ 492,490</u>	<u>\$ (756,493)</u>	<u>\$ (80,751)</u>	<u>\$ (467,251)</u>

## **FIDUCIARY FUNDS**

Fiduciary funds are used to account for resources held for the benefits of parties outside the City.

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

**Police and Firefighters' Retirement System Fund** - accounts for the accumulation of resources to be used for retirement benefit payments to City police officers and firefighters. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial valuation.

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

**General Agency Fund** - accounts for the receipt of monies from various funds for gross payroll, disbursement of net payroll and related employee liabilities, and to account for deferred compensation liabilities, refundable deposits, and unclaimed checks.

**CITY OF POMPANO BEACH, FLORIDA**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**PENSION TRUST FUNDS**  
**SEPTEMBER 30, 2012**

	<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	\$ 3,298,298	\$ 5,472	\$ -	\$ 3,303,770
Receivables:				
Accrued interest and dividends	285,721	460,997	-	746,718
Due from brokers	191,980	3,631,382	-	3,823,362
Other	16,676	373,556	-	390,232
Total receivables	<u>494,377</u>	<u>4,465,935</u>	<u>-</u>	<u>4,960,312</u>
Other assets	2,978	1,350	-	4,328
Investments:				
U.S. Government obligations	8,220,272	15,817,070	-	24,037,342
Mortgage backed securities	-	15,082,781	-	15,082,781
Municipal Obligations	-	665,661	-	665,661
Corporate obligations	14,351,030	18,713,674	-	33,064,704
Equity securities	43,154,528	130,829,631	-	173,984,159
Mutual funds and collective trusts	-	12,745,122	1,390,861	14,135,983
Domestic equity funds	15,044,386	-	-	15,044,386
International equity funds	15,086,262	-	-	15,086,262
Private equity funds	12,280,477	-	-	12,280,477
Real estate funds	11,502,497	3,428,960	-	14,931,457
Money market funds	-	9,213,177	-	9,213,177
Total investments	<u>119,639,452</u>	<u>206,496,076</u>	<u>1,390,861</u>	<u>327,526,389</u>
Property & equipment, net of accumulated depreciation	-	57,465	-	57,465
Total assets	<u>123,435,105</u>	<u>211,026,298</u>	<u>1,390,861</u>	<u>335,852,264</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	133,572	345,323	-	478,895
Deferred retirement option plan payable	3,605,893	-	-	3,605,893
Due to brokers	178,608	6,915,440	-	7,094,048
Advance contribution from employer	-	4,206,642	-	4,206,642
Total liabilities	<u>3,918,073</u>	<u>11,467,405</u>	<u>-</u>	<u>15,385,478</u>
<b>NET ASSETS</b>				
Held in trust for pension benefits	<u>\$ 119,517,032</u>	<u>\$ 199,558,893</u>	<u>\$ 1,390,861</u>	<u>\$ 320,466,786</u>

**CITY OF POMPANO BEACH, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**PENSION TRUST FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>General Employees' Retirement System</u>	<u>Police and Firefighters' Retirement System</u>	<u>Defined Contribution Retirement System</u>	<u>Total</u>
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 5,419,858	\$ 1,905,074	\$ -	\$ 7,324,932
Broward County Sheriff's Office	360,687	1,731,751	-	2,092,438
Broward County - Library	21,426	-	-	21,426
Members	2,572,184	1,500,717	8,298	4,081,199
State	-	2,152,540	-	2,152,540
Total contributions	<u>8,374,155</u>	<u>7,290,082</u>	<u>8,298</u>	<u>15,672,535</u>
Investment income (loss):				
Net appreciation (depreciation) in fair value of investments	15,637,404	26,147,200	-	41,784,604
Interest and dividends	2,973,956	3,953,249	107,713	7,034,918
Commission recapture	3,108	-	-	3,108
Other	9,887	98,521	-	108,408
Total investment income (loss)	<u>18,624,355</u>	<u>30,198,970</u>	<u>107,713</u>	<u>48,931,038</u>
Less: investment expenses				
Deferred retirement option plan participants' earnings	258,131	-	-	258,131
Net investment income (loss)	<u>17,615,302</u>	<u>29,004,831</u>	<u>107,713</u>	<u>46,727,846</u>
Total	<u>25,989,457</u>	<u>36,294,913</u>	<u>116,011</u>	<u>62,400,381</u>
<b>DEDUCTIONS</b>				
Participant benefit payments	8,958,078	15,921,800	17,439	24,897,317
Refunds of participant contributions	205,848	250,631	-	456,479
Administrative expenses	490,142	595,374	-	1,085,516
Total	<u>9,654,068</u>	<u>16,767,805</u>	<u>17,439</u>	<u>26,439,312</u>
Net increase (decrease)	<u>16,335,389</u>	<u>19,527,108</u>	<u>98,572</u>	<u>35,961,069</u>
<b>Net assets held in trust for pension benefits</b>				
Beginning of the year	103,181,643	180,031,785	1,292,289	284,505,717
End of the year	<u>\$ 119,517,032</u>	<u>\$ 199,558,893</u>	<u>\$ 1,390,861</u>	<u>\$ 320,466,786</u>

**CITY OF POMPANO BEACH, FLORIDA**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**GENERAL AGENCY FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

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	<u>BALANCE OCTOBER 1, 2011</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>Balance September 30, 2012</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 552,485	\$ 23,082,850	\$ 23,087,878	\$ 547,457
Accounts receivable	5,895	204,714	207,781	2,828
<b>Total assets</b>	<u>558,380</u>	<u>23,287,564</u>	<u>23,295,659</u>	<u>550,285</u>
<b>Liabilities:</b>				
Deposit, sales tax & payroll payable	558,380	33,670,266	33,678,361	550,285
<b>Total liabilities</b>	<u>\$ 558,380</u>	<u>\$ 33,670,266</u>	<u>\$ 33,678,361</u>	<u>\$ 550,285</u>



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## **STATISTICAL SECTION**

## STATISTICAL SECTION SUMMARY

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

<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>	127-132
<u>Revenue Capacity</u> <i>These schedules provide additional information about Property Tax, the City's most significant local revenue source</i>	133-139
<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>	140-144
<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>	145-146
<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>	147-149

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)**

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<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	64,962,457	51,241,673	61,047,680	64,936,137	91,455,665
<b>Total government-type activities net assets</b>	<b>\$ 134,419,894</b>	<b>\$ 143,735,180</b>	<b>\$ 168,577,821</b>	<b>\$ 313,795,458</b>	<b>\$ 352,514,208</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	29,014,441	32,589,390	36,192,206	43,870,319	47,578,565
<b>Total business-type activities net assets</b>	<b>\$ 112,268,920</b>	<b>\$ 119,508,820</b>	<b>\$ 128,673,195</b>	<b>\$ 138,204,277</b>	<b>\$ 145,260,847</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	102,005,494	91,997,601	97,239,886	108,806,456	139,034,230
<b>Total primary government net assets</b>	<b>\$ 246,688,814</b>	<b>\$ 263,244,000</b>	<b>\$ 297,251,016</b>	<b>\$ 451,999,735</b>	<b>\$ 497,775,055</b>

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</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	\$ 221,483,539
Restricted	83,854,283	91,297,882	80,138,395	64,179,337	52,668,454
Unrestricted	69,996,425	73,578,264	99,545,328	100,532,438	108,003,793
<b>Total government-type activities net assets</b>	<b>\$ 361,781,490</b>	<b>\$ 370,334,679</b>	<b>\$ 392,577,090</b>	<b>\$ 383,465,293</b>	<b>\$ 382,155,786</b>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$ 97,062,152	\$ 99,197,519	\$ 102,762,337	\$ 117,815,651.00	\$ 119,425,239
Restricted	13,573,396	4,476,707	9,897,046	8,506,787.00	6,465,995
Unrestricted	45,222,436	53,626,361	44,225,710	38,536,872.00	42,778,697
<b>Total business-type activities net assets</b>	<b>\$ 155,857,984</b>	<b>\$ 157,300,587</b>	<b>\$ 156,885,093</b>	<b>\$ 164,859,310</b>	<b>168,669,931</b>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$ 304,992,934	\$ 304,656,052	\$ 315,655,704	\$ 336,569,169	\$ 340,908,778
Restricted	97,427,679	33,932,548	90,035,441	72,688,124	59,134,449
Unrestricted	115,218,861	189,046,666	143,771,038	139,067,310	150,782,490
<b>Total primary government net assets</b>	<b>\$ 517,639,474</b>	<b>\$ 527,635,266</b>	<b>\$ 549,462,183</b>	<b>\$ 548,324,603</b>	<b>550,825,717</b>

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

	2003	2004	2005	2006	2007
<b>Expenses</b>					
<b>Governmental activities:</b>					
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
<b>Total governmental activities expenses</b>	<b>77,905,097</b>	<b>97,165,696</b>	<b>104,742,481</b>	<b>122,601,673</b>	<b>113,108,709</b>
<b>Business-type activities:</b>					
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
<b>Total business-type activities expenses</b>	<b>33,708,676</b>	<b>36,208,087</b>	<b>35,823,424</b>	<b>38,651,150</b>	<b>41,576,425</b>
<b>Total primary government expenses</b>	<b>\$ 111,613,773</b>	<b>\$ 133,373,783</b>	<b>\$ 140,565,905</b>	<b>\$ 161,252,823</b>	<b>\$ 154,685,134</b>
<b>Program Revenues</b>					
<b>Governmental activities:</b>					
<b>Charges for services:</b>					
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
<b>Total governmental activities program revenues</b>	<b>25,852,156</b>	<b>52,608,088</b>	<b>47,653,096</b>	<b>57,588,516</b>	<b>45,939,888</b>
<b>Business-type activities:</b>					
<b>Charges for services:</b>					
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
<b>Total business-type activities program revenues</b>	<b>37,747,614</b>	<b>43,114,753</b>	<b>45,307,814</b>	<b>47,642,681</b>	<b>47,073,740</b>
<b>Total primary government program revenues</b>	<b>\$ 63,599,770</b>	<b>\$ 95,722,841</b>	<b>\$ 92,960,910</b>	<b>\$ 105,231,197</b>	<b>\$ 93,013,628</b>
<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
<b>Total primary government net expense</b>	<b>\$ (43,827,044)</b>	<b>\$ (35,579,959)</b>	<b>\$ (45,818,126)</b>	<b>\$ (54,240,397)</b>	<b>\$ (59,809,908)</b>
<b>General Revenues and other Changes in Net Assets</b>					
<b>Governmental activities:</b>					
<b>Taxes</b>					
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
<b>Total governmental activities</b>	<b>\$ 86,105,912</b>	<b>\$ 72,331,645</b>	<b>\$ 81,932,026</b>	<b>\$ 99,238,108</b>	<b>\$ 105,887,571</b>
<b>Business-type activities:</b>					
Proceeds from disposal of capital assets	790,427	-	-	-	-
Investment earnings	-	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)
<b>Total business-type activities</b>	<b>(374,677)</b>	<b>(500,100)</b>	<b>(320,015)</b>	<b>539,551</b>	<b>1,559,255</b>
<b>Total primary government</b>	<b>\$ 85,731,235</b>	<b>\$ 71,831,545</b>	<b>\$ 81,612,011</b>	<b>\$ 99,777,659</b>	<b>\$ 107,446,826</b>
<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
<b>Total primary government</b>	<b>\$ 41,904,191</b>	<b>\$ 34,597,270</b>	<b>\$ 34,007,016</b>	<b>\$ 43,756,033</b>	<b>\$ 45,775,320</b>

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	2012
<b>Expenses</b>					
<b>Governmental activities:</b>					
General government	\$ 30,134,110	\$ 30,976,218	\$ 22,614,054	\$ 31,870,782	\$ 33,337,008
Public safety	70,342,631	72,982,320	75,248,897	76,787,154	72,981,195
Physical environment	11,987,508	13,122,352	13,945,306	15,550,874	16,514,775
Transportation	3,811,263	3,837,107	3,742,998	3,996,841	3,205,628
Culture and recreation	9,183,233	8,632,761	7,669,285	7,964,422	7,830,956
Interest on long-term debt	884,964	932,515	1,236,656	1,307,248	924,518
<b>Total governmental activities expenses</b>	<b>126,343,709</b>	<b>130,483,273</b>	<b>124,457,196</b>	<b>137,477,321</b>	<b>134,794,080</b>
<b>Business-type activities:</b>					
Utility	33,570,638	36,050,530	36,710,226	37,906,357	39,006,357
Sanitation	3,302,781	3,605,435	3,338,231	3,815,493	4,161,979
Stormwater	1,646,758	1,891,753	1,955,262	2,008,840	1,887,886
Pier	127,568	139,979	230,969	267,233	246,386
Airpark	1,412,469	1,399,077	1,461,977	1,417,254	1,383,706
Golf course	3,386,558	3,469,586	3,464,818	3,643,143	3,616,352
<b>Total business-type activities expenses</b>	<b>43,446,772</b>	<b>46,556,360</b>	<b>47,161,483</b>	<b>49,058,320</b>	<b>50,302,666</b>
<b>Total primary government expenses</b>	<b>\$ 169,790,481</b>	<b>\$ 177,039,633</b>	<b>\$ 171,618,679</b>	<b>\$ 186,535,641</b>	<b>\$ 185,096,746</b>
<b>Program Revenues</b>					
<b>Governmental activities:</b>					
<b>Charges for services:</b>					
General government	\$ 10,751,746	\$ 11,584,971	\$ 12,007,347	\$ 10,249,276	\$ 10,043,560
Public safety	20,559,395	20,623,910	19,978,399	20,800,209	22,086,284
Physical environment	33,938	38,491	70,676	74,417	92,024
Transportation	297,829	352,597	452,867	611,102	519,767
Culture and recreation	1,575,211	1,689,470	1,683,521	1,736,482	1,919,986
Operating grants and contributions	4,718,209	3,384,796	3,021,158	3,551,981	3,369,066
Capital grants and contributions	2,367,151	3,736,634	8,016,883	3,763,722	3,886,738
<b>Total governmental activities program revenues</b>	<b>40,303,479</b>	<b>41,410,869</b>	<b>45,230,851</b>	<b>40,787,189</b>	<b>41,917,425</b>
<b>Business-type activities:</b>					
<b>Charges for services:</b>					
Utility	33,868,521	35,633,508	34,324,271	40,663,118	41,457,871
Sanitation	4,618,938	5,026,680	5,287,117	5,419,414	5,734,397
Stormwater	2,456,094	2,529,879	2,468,001	2,457,922	2,440,888
Pier	-	-	29,552	105,340	124,299
Airpark	1,074,271	800,461	946,942	979,402	1,021,156
Golf course	3,034,441	2,893,132	2,571,980	2,475,617	2,137,538
Operating grants and contributions	35,268	-	-	-	-
Capital grants and contributions	805,267	796,775	732,036	1,643,613	575,691
<b>Total business-type activities program revenues</b>	<b>45,892,800</b>	<b>47,680,435</b>	<b>46,359,899</b>	<b>53,744,426</b>	<b>53,491,840</b>
<b>Total primary government program revenues</b>	<b>\$ 86,196,279</b>	<b>\$ 89,091,304</b>	<b>\$ 91,590,750</b>	<b>\$ 94,531,615</b>	<b>\$ 95,409,265</b>
<b>Net (Expense) Revenue</b>					
Governmental activities	(86,040,230)	(89,072,404)	(79,226,345)	(96,690,132)	(92,876,655)
Business-type activities	2,446,028	1,124,075	(801,584)	4,686,106	3,189,174
<b>Total primary government net expense</b>	<b>\$ (83,594,202)</b>	<b>\$ (87,948,329)</b>	<b>\$ (80,027,929)</b>	<b>\$ (92,004,026)</b>	<b>\$ (89,687,481)</b>
<b>General Revenues and other Changes in Net Assets</b>					
<b>Governmental activities:</b>					
<b>Taxes</b>					
Property taxes, levied of general purposes	\$ 46,615,842	\$ 46,139,749	\$ 49,080,745	\$ 43,120,938	\$ 43,713,354
Sales and use taxes	1,989,190	1,942,087	1,868,720	1,867,765	1,847,983
Business tax receipts	1,878,968	1,852,958	1,883,460	1,900,445	1,962,253
Utility taxes	9,087,211	8,940,920	9,366,079	9,603,801	9,830,191
Communication service taxes	6,345,750	5,349,898	5,711,305	5,775,772	5,694,717
Pari-mutuel taxes	2,053,356	1,795,128	1,881,081	1,897,796	2,067,263
Tax increment fees-Community Redevelmt.Agency	9,142,152	9,527,042	10,405,002	8,069,453	7,351,557
Franchise fees	9,161,456	9,097,345	8,316,234	7,410,674	7,597,790
State revenue sharing	8,299,249	7,417,427	7,341,044	7,664,439	7,985,879
Investment earnings	5,571,020	3,518,665	3,584,734	1,607,688	1,495,590
Gain on disposal of capital assets	39,875	3,626	3,001	3,062	115,058
Miscellaneous revenue	704,511	835,460	850,783	988,393	1,288,255
Other Revenue	-	-	-	-	-
Special Assessments-Fire/EMS	-	-	-	-	-
Special item	-	-	-	-	-
Transfers	(5,581,068)	1,205,288	1,176,568	(2,331,891)	499,296
<b>Total governmental activities</b>	<b>\$ 95,307,512</b>	<b>\$ 97,625,593</b>	<b>\$ 101,468,756</b>	<b>\$ 87,578,335</b>	<b>\$ 91,449,186</b>
<b>Business-type activities:</b>					
Proceeds from disposal of capital assets	100,184	6,800	15,295	120,761	84,125
Investment earnings	1,690,003	1,099,783	1,129,631	407,549	425,541
Miscellaneous revenue	439,655	417,233	417,732	427,910	611,077
Special item	340,199	-	-	-	-
Transfers	5,581,068	(1,205,288)	(1,176,568)	2,331,891	(499,296)
<b>Total business-type activities</b>	<b>8,151,109</b>	<b>318,528</b>	<b>386,090</b>	<b>3,288,111</b>	<b>621,447</b>
<b>Total primary government</b>	<b>\$ 103,458,621</b>	<b>\$ 97,944,121</b>	<b>\$ 101,854,846</b>	<b>\$ 90,866,446</b>	<b>\$ 92,070,633</b>
<b>Change in Net Assets</b>					
Governmental activities	\$ 9,267,282	\$ 8,553,189	\$ 22,242,411	\$ (9,111,797)	\$ (1,309,507)
Business-type activities	10,597,137	1,442,603	(415,494)	7,974,217	3,810,621
<b>Total primary government</b>	<b>\$ 19,864,419</b>	<b>\$ 9,995,792</b>	<b>\$ 21,826,917</b>	<b>\$ (1,137,580)</b>	<b>\$ 2,501,114</b>

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

Schedule 3

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 7,160,458	\$ 11,779,092	\$ 16,535,345	\$ 23,630,235	\$ 29,189,048	\$ 32,368,977	\$ 30,732,081	\$ -	\$ -	\$ -
Unreserved	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	1,380,183
Restricted								29,886,617	8,190,183	8,175,752
Committed								12,382,653	-	-
Assigned								5,655,377	3,367,131	3,131,562
Unassigned								49,431,868	55,359,991	53,823,339
<b>Total General Fund</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>	<b>\$ 66,510,836</b>
All Other Governmental Funds										
Reserved	\$ 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	2,438,970	2,370,454	5,870,023	14,934,185	18,922,736	23,976,295	25,870,780			
Capital projects funds	5,574,885	10,914,581	11,519,371	10,040,185	15,916,597	14,992,002	16,287,994			
Emergency Medical Services	(124,127)	441,589	987,904	1,466,400	1,620,835	1,042,259	1,136,142			
Cultural Arts	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	1,797,162
Restricted								79,152,172	81,364,830	68,910,375
Committed								23,873,993	3,810,928	3,622,905
Assigned								-	34,564,650	31,258,659
Unassigned								773,761	(209,951)	(10,674)
<b>Total all other governmental funds</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>	<b>\$ 105,578,427</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)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>REVENUES</b>										
Taxes	\$ 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	\$ 70,494,487
Judgments, fines and forfeitures	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	1,085,139
Permits, fees and special assessments	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	24,686,920
Intergovernmental	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	15,100,874
Charges for services	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	16,043,017
Pari-Mutuel					884,443	2,053,356	1,795,128	1,881,081	1,897,796	2,067,263
Lot sales	82,390	-	-	5,162,000	47,990	-	-	-	-	-
Donations	-	376,732	135,426	172,511	114,674	113,756	44,730	23,315	59,539	43,533
Interest/Investment earnings	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	1,249,307
Cemetery lot sales						125	3,050	21,775	42,975	52,332
Recaptured funds						96,025			23,571	1,270
Program income						15,083			790,129	847,408
Other revenue	21,409,022	1,409,424	929,370	439,552	652,161	499,470	458,782	683,291	768,841	916,330
<b>Total revenues</b>	<b>104,159,566</b>	<b>109,996,350</b>	<b>124,703,300</b>	<b>151,757,892</b>	<b>148,328,221</b>	<b>137,189,776</b>	<b>136,209,022</b>	<b>142,976,289</b>	<b>130,047,111</b>	<b>132,587,880</b>
<b>EXPENDITURES</b>										
<b>Current:</b>										
General government	16,124,325	16,362,455	18,005,326	17,161,074	18,190,035	18,482,902	18,962,661	21,786,373	22,249,998	23,068,801
Public safety	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	71,529,455
Physical environment	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	15,965,683
Transportation	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	2,552,176
Culture and recreation	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	6,711,263
<b>Debt service:</b>										
Principal	2,604,400	2,526,900	1,744,400	1,280,000	930,000	970,000	20,000	3,257,162	2,462,162	2,690,293
Interest and other charges	637,163	530,391	484,358	616,923	1,183,814	987,830	889,628	1,179,245	1,252,726	1,220,909
Capital outlay	11,380,642	10,084,618	14,726,995	12,306,298	11,357,692	8,130,010	9,968,462	7,078,998	18,929,429	25,150,062
<b>Total expenditures</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>	<b>148,888,642</b>
Excess (deficiency) of revenues over expenditures	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)	(16,300,762)
<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		107,860
Transfers in	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	25,960,746
Transfers out	(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)	(25,461,450)
<b>Total other financing sources (uses)</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>607,156</b>
<b>Net change in fund balances</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>\$ (15,693,606)</b>
Debt service as a percentage of noncapital expenditures	3.8%	3.4%	2.2%	1.7%	2.0%	1.7%	0.8%	3.5%	3.0%	3.2%

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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**

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<b>FISCAL YEAR ENDED</b>	<b>TAX ROLL *</b>	<b>REAL PROPERTY **</b>	<b>PERSONAL PROPERTY **</b>
2003	2002	7,457,284,340	703,947,884
2004	2003	8,623,784,059	696,845,691
2005	2004	10,533,147,193	666,070,321
2006	2005	12,619,600,909	716,513,099
2007	2006	15,809,231,912	708,903,376
2008	2007	17,169,012,896	705,574,797
2009	2008	16,075,321,648	733,624,321
2010	2009	14,088,383,450	699,411,335
2011	2010	10,890,774,507	659,397,108
2012	2011	10,431,372,238	608,684,957

**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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<b>TOTAL ASSESSED VALUE</b>	<b>ALLOWABLE EXEMPTIONS</b>	<b>TAXABLE VALUE FOR OPERATIONS AND DEBT</b>	<b>TOTAL DIRECT TAX RATE</b>
8,161,232,224	1,708,287,792	6,452,944,432	4.8800
9,320,629,750	2,166,330,695	7,154,299,055	4.8000
11,199,217,514	2,740,940,369	8,458,277,145	4.7430
13,336,114,008	3,510,683,601	9,825,430,407	4.6531
16,518,135,288	4,706,913,449	11,811,221,839	4.3197
17,874,587,693	5,021,089,922	12,853,497,771	3.8073
16,808,945,969	4,671,593,954	12,016,115,184	3.9602
14,787,794,785	4,900,944,575	10,855,079,433	4.6663
11,550,171,615	2,301,421,085	9,170,445,898	4.9077
11,040,057,195	2,272,132,460	8,767,924,735	5.2027

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

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FISCAL YEAR ENDED SEPT. 30	TAX ROLL	City of Pompano Beach					
		GENERAL FUND	SPECIAL TAX DISTRICT	DEBT SERVICE	DIRECT TOTAL	BROWARD COUNTY	SCHOOL BOARD
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	5.5530	7.6310
2012	2011	4.7027	0.5000	-	5.2027	5.5530	7.4180

**Source:** Broward County Revenue Collection Division  
 \* Pompano Tax District Code 1521 only  
 (all property located east of Federal Highway)

**Note:** Overlapping rates are those of local and County governments that apply to property owners within the City of Pompano Beach.

Overlapping Rates					
<b>SOUTH FLORIDA WATER MANAGEMENT DISTRICT</b>	<b>NORTH BROWARD HOSPITAL DISTRICT</b>	<b>CHILDREN SVS COUNCIL</b>	<b>HILLSBORO INLET IMPROVEMENT DISTRICT *</b>	<b>FLORIDA INLAND NAVIGATION DISTRICT</b>	<b>DIRECT AND OVERLAPPING TOTAL</b>
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	1.8750	0.4696	0.0860	0.0345	21.1808
0.4363	1.8750	0.4789	0.0860	0.0345	21.0844



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

Schedule 7

2012				2003			
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	\$ 48,233,680	1	0.55%	Palm Vacation Group	\$ 27,378,590	1	0.43%
John Knox Village of Florida (451 Heritage Drive)	41,919,600	2	0.48%	Preserve at Palm-aire LLC	27,242,580	2	0.43%
EQR Bayview LLC	39,961,210	3	0.46%	Sharp Sabal Palms LLC	25,802,330	3	0.41%
John Knox Village of Florida (621 6th Street)	29,716,290	4	0.34%	Pompano Property Corporation (Winn Dixie)	23,508,400	4	0.37%
Associated Grocers	29,133,400	5	0.33%	Cobblestone Apt. Assoc. LLC	19,952,870	5	0.32%
SNH/LTA Properties Trust	22,590,000	6	0.26%	Wal-Mart Stores East Inc.	18,930,520	6	0.28%
TAWestern LLC	22,055,580	7	0.25%	McNab-KC3, Ltd.	17,600,000	7	0.28%
Fort Lauderdale BTS LLC	19,779,820	8	0.23%	Regency Venture, Ltd.	17,569,390	8	0.27%
Centro Heritage SPE 1 LLC	19,657,400	9	0.22%	Palm Vacation Group	17,035,530	9	0.27%
Archdiocese of Miami	19,399,990	10	0.22%	Palm Court Joint Ventures	17,004,730	10	0.27%
Total taxable assessed value of principal taxpayers	\$ 292,446,970		3.34%	Total taxable assessed value of principal taxpayers	\$ 212,024,940		3.36%
Total taxable assessed value of other taxpayers	<u>8,475,477,765</u>		<u>96.66%</u>	Total taxable assessed value of other taxpayers	<u>6,096,284,075</u>		<u>96.64%</u>
Total taxable assessed valuation of all taxpayers	\$ <u>8,767,924,735</u>		<u>100.00%</u>	Total taxable assessed valuation of all taxpayers	\$ <u>6,308,309,015</u>		<u>100.00%</u>

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

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<u>FISCAL YEAR ENDED</u>	<u>TAX ROLL</u>	<u>TOTAL AMENDED TAX LEVY</u>	<u>CURRENT GROSS TAX COLLECTIONS *</u>	<u>PERCENT OF LEVY COLLECTED</u>
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
2012	2011	45,616,882	43,003,085	94.27

**Source:** City Finance Department

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

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<b>SUBSEQUENT DELINQUENT TAX COLLECTIONS</b>	<b>TOTAL TAX COLLECTIONS</b>	<b>PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY</b>
124,184	30,478,705	99.01
91,519	33,285,358	99.60
123,563	39,288,198	99.93
307,127	45,085,983	99.60
84,120	50,239,440	99.50
92,352	47,952,795	98.38
79,932	47,171,005	99.13
1,749,556	49,230,824	97.19
1,445,843	43,934,850	97.62
-	43,003,085	94.27

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

Schedule 9

**Governmental Activities**

**Business-type Activities**

	<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>
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
2012	-	22,898,514	-	2,768,670	-	23,905,000	10,024,432	59,596,616	2.32	582.91

**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

<u>Fiscal Year</u>	<u>General Bonded Debt Outstanding</u>			<u>Percentage of Actual Taxable Value<sup>(a)</sup> of Property</u>	<u>Per<sup>(b)</sup> Capita</u>
	<u>General Obligation Bonds</u>	<u>Amount Available in Fund Balance</u>	<u>Total</u>		
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
2012	-	-	-	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, 2012**

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	322,330,000	7% *	22,453,153
Subtotal, overlapping debt			22,453,153
City direct debt			25,667,184
Total direct and overlapping debt			48,120,337

**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 2012

Assessed Value	8,767,924,735
Debt Limit (15% of assessed value)	1,315,188,710
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>1,315,188,710</u>

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 946,246,352	\$ 1,044,350,121	\$ 1,243,367,723	\$ 1,459,289,292	\$ 1,753,230,810	\$ 1,920,444,417	\$ 1,802,417,278	\$ 1,628,261,915	\$ 1,375,566,885	\$ 1,315,188,710
Total net debt applicable to limit	<u>5,353,298</u>	<u>3,796,668</u>	<u>2,919,565</u>	<u>1,959,959</u>	<u>949,571</u>	<u>(25,450)</u>	<u>(30,572)</u>	<u>-</u>	<u>0</u>	<u>0</u>
Legal debt margin	<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>	<u>\$ 1,315,188,710</u>
Total net debt applicable to the limit as a percentage of debt limit	0.57%	0.36%	0.23%	0.13%	0.05%	0.00%	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

Schedule 13

FISCAL YEAR ENDED	(1) GROSS REVENUES	(2) OPERATING EXPENSES	(3) NET REVENUE AVAILABLE FOR DEBT SERVICE (1)-(2)	DEBT SERVICE CASH REQUIREMENTS		(4) TOTAL	COVERAGE (3):(4)
				PRINCIPAL	INTEREST		
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
2012	41,308,536	24,236,123	17,072,413	3,225,000	1,140,118	4,365,118	3.91

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**

Schedule 14

<u>Year</u>	<u>Population</u>	<u>Broward County</u>		<u>Median Age</u>	<u>Education Level in Years of Schooling (High School or Higher)</u>	<u>School Enrollment (K-12)</u>	<u>Unemployment Rate Broward County</u>
		<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>				
2003	86,334	2,940,795	34,063	40.5	81.9	10,023	5.4
2004	87,184	3,142,286	36,042	45.3	81.7	9,958	4.6
2005	101,712	3,956,088	38,895	45.5	80.2	12,964	3.7
2006	101,103	4,181,721	41,361	39.4	81.1	12,777	3.1
2007	101,128	4,380,966	43,321	43.1	76.5	12,121	3.6
2008	100,058	4,366,731	43,642	43.9	74.8	11,520	5.4
2009	99,031	4,021,550	40,609	39.2	87.2	11,629	9.1
2010	98,711	4,061,563	41,146	42.7	79.2	11,576	10.7
2011	100,319	*	*	40.1	83.4	11,754	9.5
2012	102,239	*	*	*	*	12,029	7.1

**Sources:** City of Pompano Development Services Division via:  
 US Census, American Community Survey  
 Miami-Ft Lauderdale-Pompano Beach MSA data sets  
 Broward County School Board, 20th Day Report  
 Bureau of Economic & Business Research, University of Florida (2000-2009)  
 Florida Agency for Workforce Innovation, Labor Markt Statistics Center (2010+)

**Note:** \* Indicates information not available

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

Schedule 15

<u>Employer</u>	<b>2012</b>		<b>Percentage of Total City Employment</b>
	<u>Employees</u>	<u>Rank</u>	
PPI, Inc (Isle Capri)	1,168	1	2.18%
City of Pompano Beach	824	2	1.54%
Broward County Correctional	700	3	1.30%
Wal Mart	687	4	1.28%
Publix	655	5	1.22%
John Knox Village	630	6	1.17%
Point Blank Solutions	500	7	0.91%
Aetna RX Home Delivery LLC	490	8	0.93%
Associated Grocers of Florida	300	9	0.56%
Pompano Masonry Corporation	300	10	0.56%

**Note:** Data for 2003 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:  
 PPI, Inc.  
 South Florida Business Journal 2013 Book of Lists

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

Schedule 16

<u>Function / Program</u>	<u>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>	<u>2012</u>
General government:										
City Commission	5	5	6	6	6	6	6	6	6	6
City Manager	4	4	4	4	4	4	5	5	5	5
Advisory Board	2	2	2	2	3	3	2	2	2	2
Public Information Ofc.	4	4	4	4	4	4	4	3	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	33	33	33	33
Economic Development	0	0	0	0	1	1	0	0	0	0
Northwest CRA	0	0	0	0	0	0	0	0	2	1
East CRA	0	0	0	0	0	0	0	0	2	1
Finance	20	20	20	20	21	21	20	22	22	22
Fire & EMS	179	193	194	194	199	199	199	217	217	217
Development Services	51	51	54	58	68	68	62	62	62	66
Office of Housing & Urban Improvement	6	6	6	7	6	6	7	5	5	6
Public Works	121	126	138	138	141	141	136	136	136	136
Parks and Recreation	60	64	77	79	79	83	81	56	56	56
Utilities	116	117	118	118	118	118	118	118	118	115
Stormwater	8	8	8	8	8	8	8	8	8	8
Airpark	5	5	5	5	5	5	6	5	5	5
Golf	9	9	9	9	9	9	9	9	9	9
Solid Waste	1	1	1	2	2	2	2	3	3	3
Total	643	667	698	706	726	730	716	708	712	712

Source: City Budget Office

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

Schedule 17

LAST TEN FISCAL YEARS

Function / Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Public Safety:</b>										
<i>Fire</i>										
Emergency responses	15,957	16,352	18,190	17,571	18,031	17,962	17,505	17,746	18,015	17,861
Fires extinguished	390	451	495	571	432	415	371	346	355	333
Inspections	3,465	2,198	2,402	1,683	1,458	3,168	5,151	5,284	6,118	5,213
Uniformed employees	169	175	182	179	184	179	186	185	184	188
Non-uniformed employees	10	10	10	11	10	11	8	8	8	8
<i>Building permits</i>										
Permits issued	11,439	11,936	13,731	18,636	15,293	13,606	12,473	13,715	11,864	15,827
Estimated value	183,698,237	203,172,562	223,113,120	343,233,533	265,172,789	164,751,110	107,274,620	87,718,162	123,406,754	164,631,190
<i>City Clerk</i>										
No. of registered voters	52,876	52,126	57,904	55,199	52,378	52,921	55,621	55,829	57,043	58,284
No. of ballots cast	3,208	10,701	3,556	2,507	1,702	4,364	768	1,225	977	7,672
Districts voting	2 & 4	1, 3, 5 & Mayor	2 & 4	1	2 & 3	1 & 3	4	5	4	1, 2, 3, 4, 5
<i>Recreation Centers-Attendance</i>										
Emma Lou Olson	79,826	79,178	68,729	61,436	67,307	70,804	68,042	69,564	75,387	91,902
McNair	94,297	71,015	81,261	80,382	107,127	110,278	104,243	116,317	97,194	81,325
Mitchell/Moore	84,625	98,772	78,811	66,909	63,312	62,105	54,149	63,070	69,717	69,622
Skoinick	*	18,355	48,655	63,523	62,257	74,409	71,018	63,033	62,496	54,775
Pompano Highlands	*	1,234	18,808	19,445	23,398	25,323	26,258	21,636	21,611	21,070
North Broward	*	3,021	76,436	46,531	51,742	109,570	93,286	94,484	115,797	31,316
E. Pat Larkins	*	*	-	34,538	40,815	32,994	31,661	26,905	33,440	33,954
<b>Utility:</b>										
<i>Municipal Water System</i>										
Active water accounts	17,777	17,882	18,149	18,143	18,334	18,182	18,094	17,983	18,062	18,200
New Active Accounts	46	105	267	47	170	107	123	47	35	130
Active reclaimed water accts.	11	17	19	19	193	84	117	142	310	579
Metered sales (billion gallons)	5.756	6.067	5.883	6	5.214	4.640	4.75	4.83	4.81	5.35
Avg.gals.(1,000) billed per day	14,816	15,117	17,151	14,257	12,984	12,718	13,010	13,228	13,167	12,841
Reclaimed water (million gals.)	360.965	505.131	483.836	425.628	491.4	487	558	511	572	557.6
Water main breaks	241	105	150	229	156	152	130	134	95	213
Plant capacity million gals./day	40	50	50	50	50	50	50	50	50	50
<i>Municipal Sewer System</i>										
Active accounts	15,319	15,358	15,549	15,543	15,825	15,787	15,805	15,945	16,044	16,158
<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	5	5	5	5	7	7	7	7	7	7
Gas	10	10	10	10	10	10	10	10	10	10
<i>Franchises:</i>										
Electric	6	6	6	6	5.9	5.9	6	5.9	5.9	6
Communication Service	-	-	-	-	-	-	-	-	-	-
Gas	6	6	6	6	6	6	6	6	6	6
Cable Television	-	-	-	-	-	-	-	-	-	0

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>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>	<b>2012</b>
<i>Area</i>										
Land excluding airport (sq.miles)	21.200	23.570	23.570	23.570	23.570	23.570	23.570	23.570	23.570	23.570
Airport land (sq.miles)	0.586	0.586	0.586	0.586	0.586	0.586	0.586	0.586	0.586	0.586
Water (sq.miles)	0.924	0.924	0.924	0.924	0.924	0.924	0.924	0.924	0.924	0.924
<i>Infrastructure</i>										
Paved streets	309	309	251	251.5	270.5	270.5	270.5	270.5	270.5	270.5
Unpaved streets	15	15	2.5	2.5	2.5	2.5	2.5	2.5	2.5	0
Sidewalks	75	78	138	139	155	155	155	155	171	156
Canals and waterways	32	32	32	32	32	32	32	32	32	32
Storm drainage	55	55	55	55	69	70	70	79	82.7	110.6
City-owned streetlights	550	1019	1364	1300	1400	1400	1199	1199	1199	1100
FP&L owned streetlights	3000	4792	4823	7000	7000	7000	5364	5376	5375	5375
<i>Fire</i>										
Stations	5	5	6	6	6	6	6	6	6	6
<i>Police</i>										
Stations	1	1	1	1	1	1	1	1	1	1
<i>Recreation</i>										
Public beach (miles)	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51
Municipal parks	39	41	48	45	45	46	46	48	48	49
Municipal swimming pool	2	2	2	2	2	2	2	2	2	2
36-hole municipal golf course	1	1	1	1	1	1	1	1	1	1
977 foot municipal pier	1	1	1	1	1	1	1	1	1	1
Recreational areas (acres)	220	231	257.23	257.23	257.23	258.17	258.17	258.17	258.17	263.17
Golf course (acres)	307	307	307	307	307	307	307	307	307	307
Recreation centers	3	4	6	7	7	7	7	7	7	7
<i>Municipal Water System</i>										
Water mains (miles)	279	273	275	276	281	283	284	303.6	303.5	280.1
Reuse water mains (miles)	4	5	6	8.1	18	20	22	23	24.2	27.1
Fire hydrants	1658	1689	1707	1716	1817	1865	1879	1943	1968	2039
Fire hydrants (reuse water)	*	*	2	3	3	4	4	5	5	5
<i>Municipal Sewer System</i>										
Gravity sewer (miles)	187	189	190	191	195	196	199	193.8	194.4	195
Wastewater force main (miles)	71	71	71	71	67	68	69	69	76.1	62.7
Wastewater lift stations	73	70	73	72	74	75	75	75	75	78

Sources: Various City departments

\* Operation not established