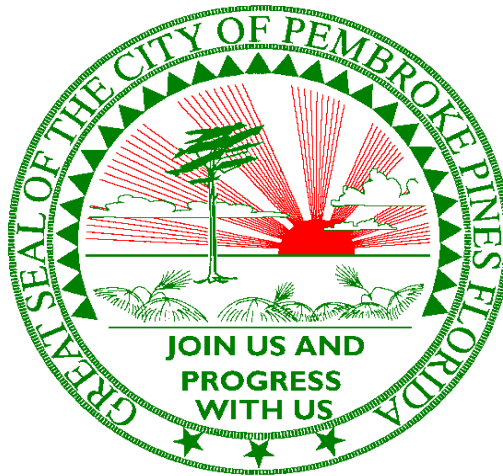




**Comprehensive Annual Financial
Report
and Compliance Reports
of the
City of Pembroke Pines, Florida**



**For the
Fiscal Year Ended
September 30, 2010**

**Comprehensive Annual
Financial Report
and Compliance Reports
of the
City of Pembroke Pines, Florida**

**For the Fiscal Year Ended
September 30, 2010**



**Prepared by
The Finance Department**

City of Pembroke Pines, Florida

Fiscal Year Ended September 30, 2010

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I. INTRODUCTORY SECTION

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- . Certificate of Achievement**
- . List of City Officials**
- . Organizational Chart**





City of Pembroke Pines



Frank C. Ortis, Mayor
Jack McCluskey, Vice Mayor
Charles F. Dodge, City Manager

Angelo Castillo, Commissioner
Carl Shechter, Commissioner
Iris A. Siple, Commissioner

March 10, 2011

To the Citizens of the City of Pembroke Pines, Florida:

State law requires that every general-purpose local government publish within one year of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with auditing standards generally accepted in the United States, and government auditing standards by a firm of licensed certified public accountants. Additionally, the City's charter requires an annual audit of the books of account, financial records and transactions of all departments of the City by independent certified public accountants. Pursuant to these requirements, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Pembroke Pines for the fiscal year ended September 30, 2010.

This report consists of management's representations concerning the finances of the City of Pembroke Pines. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the City administration has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Pembroke Pines' 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. As administrators, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by GLSC & Company PLLC, a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ended September 30, 2010 are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Pembroke Pines' financial statements for the fiscal year ended September 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Pembroke Pines was part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards and state financial assistance. There were no Single Audit findings during the fiscal year ended September 30, 2010.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Pembroke Pines' MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Pembroke Pines is the 11th largest city in Florida, and the second largest city in Broward County. As of September 30, 2010, the most recent official population estimate was 150,587. The City is located about 15 miles southwest of Fort Lauderdale, in Broward County. Pembroke Pines has an area of approximately 34.25 square miles and is bordered on the east by the City of Hollywood and extends westerly to the Conservation District, and the Everglades. To the south of the City is the City of Miramar, to the northwest are the communities of Southwest Ranches, and Weston, and to the north and northeast are Cooper City, and the Town of Davie. Commercial support includes over 50 neighborhood and community shopping centers, which are capable of supplying needed goods and services for the area.

The City of Pembroke Pines was incorporated on January 19, 1960, and operates under a Commission-Manager form of government. The City Commission is comprised of the Mayor, a Vice-Mayor and three other Commissioners who are responsible for enacting ordinances, resolutions and regulations governing the City as well as appointing the members of the various advisory boards, the City Manager, the City Attorney, and the Finance Director. As Chief Administrative Officer, the City Manager is responsible for enforcement of laws and ordinances and appoints and supervises the department directors of the City.

In addition to providing residents with public safety, general government, leisure, and public work services, the City provides water, sanitation, a recycling program, a multi-purpose Walter C. Young Resource Center, recreation facilities, housing residences and services, the Senator Howard C. Forman Human Services Campus, and it owns and operates seven Charter Schools, four Early Development Centers, and one Child Daycare Center. The City maintains a Glass Gallery, supervised by a curator, in the City Hall lobby that displays works by local artists, sculptors and photographers, and also presents or sponsors various arts, cultural, theatrical and festival activities for its citizens throughout the year.

The annual budget serves as the foundation for the City of Pembroke Pines' financial planning and control. All departments of the City are required to submit proposed budgets to the City Manager, who then makes any necessary revisions. The City Manager then presents to the City Commission for their review, a budget estimate of the expenditures and revenues of all the City's departments and divisions. Two public hearings are then conducted to inform the taxpayers of the proposed budget, to receive their comments, and to respond to their questions on the proposed budget. A majority affirmative vote of the quorum is needed to adopt the budget, which is legally enacted prior to October 1st by the passage of an Ordinance. Section 6.06 of the City Charter provides that no officer, department, or agency may legally expend or contract to expend amounts in excess of the amounts appropriated to any department. The City's budget is approved at the department level. The City Manager and the Finance Director may amend the adopted budget for adjustments within a department. The City Commission must approve all other budget adjustments as well as any supplemental appropriations. Budget-to-actual comparisons are provided in this report for the General Fund for which an appropriated annual budget has been adopted. The General Fund budgetary comparison schedule, and notes to the budgetary comparison schedule are presented as part of the Required Supplementary Information.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when considered from the broader perspective of the specific environment within which the City of Pembroke Pines operates.

Local Economy

The City of Pembroke Pines' positioning for progress is undoubtedly ensured for periods that extend far beyond the fifty years of its existence due to its geographic location surrounded by the affluent tri-county markets of Miami-Dade, Broward, and Palm Beach Counties. The Miami-Fort Lauderdale-Pompano Beach, Metropolitan Statistical Area (MSA), known as the "Gateway to the Americas", is an ideal location for conducting international business, especially in Latin America. As such, the MSA accounts for the majority of Florida's total export of goods to overseas markets. The total population is estimated at more than 5.4 million and has the largest and most diverse labor force in the State. Furthermore, it has access to a superb transportation system, including the superhighway connecting the Fort Lauderdale/Hollywood International Airport and Port Everglades, the deepest seaport between Norfolk and New Orleans, and the number one cruise ship port in Florida, and among the busiest container ports in the United States.

Essential to its progress is the City's pro-business attitude. It has an open door policy with the private sector, working with business on a daily basis and encouraging international trade as well as small business enterprises. The City's strict zoning regulations and a balanced land-use plan provide for the orderly development of industrial, commercial, residential, and recreational development.

The economic recovery throughout the U.S. as well as the local economies has been slow despite the many initiatives and stimulus efforts. According to the Congressional Budget Office, the pace of growth in the nation's output has been anemic compared with that during most other recoveries since World War II, and the unemployment rate has remained quite high. However, consumer confidence and spending have increased, easing doubts about the recovery's sustainability.

The nation's Gross Domestic Product (GDP), which is the value of all goods and services produced in the economy, increased at the end of 2010, according to the first estimate of fourth quarter GDP was released by the U.S Department of Commerce in January. GDP rose at a 3.2% annual rate from October through December to regain its pre-recession peak. GDP has shown positive growth for four straight quarters, increasing 2.6% in the third quarter ending September 2010. In all of 2010, GDP rose 2.9%, the biggest gain since 2005, as compared with a 2.6% decline for calendar year 2009.

GDP is a broad measure of economic activity in the United States. The majority of the 3.2% increase was attributable to a big gain in consumer spending and strong exports. Consumer spending, which accounts for approximately two-thirds of GDP, increased by 4.4% in the fourth quarter, the fastest pace since the first quarter of 2006. Support to this growth during the fourth calendar quarter also came from an increase in exports, which resulted in a narrower trade deficit. Trade added 3.4% to GDP growth, the first contribution in a year and the biggest since 1980.

Due to the efforts of the Federal Reserve, inflation has not posed any issues for the economy throughout 2010. Nationwide, the inflation rate as measured by the percent change in the Consumer Price Index (CPI) for all urban consumers, increased by 0.5% in December 2010; over the last 12 months, the index increased 1.5% before seasonal adjustment. The gasoline index rose sharply and accounted for about 80% of the increase. The CPI for the Miami-Fort Lauderdale MSA increased 0.6% in the two months ending in December 2010. For all of 2010, South Florida's inflation rate was 0.9%, lower than the nation's 1.5% annual rate. This is a decline from 2009, when the annual inflation rate nationwide was 2.7%, and the local inflation rate was 1.3%. Transportation, including the price of gasoline, medical care and food prices all jumped higher in December in South Florida. After two years of falling inflation, the trend in 2011 may head in the other direction. Economists point out that oil and other commodities are up strongly, which could push up the overall inflation rate in 2011.

The level of unemployment continues to be a critical issue in the recovery process. Even with growth quickening, progress reducing unemployment has been painfully slow, despite all efforts on the national level. The City's average unemployment rate during the year in contrast to the other levels of government is shown below:

| | <u>2010*</u> | <u>2009*</u> |
|------------------------|--------------|--------------|
| City of Pembroke Pines | 9.5% | 7.4% |
| Broward County | 10.4% | 8.4% |
| State of Florida | 11.8% | 9.5% |
| United States | 9.7% | 8.5% |

* Average unemployment data for 2010 & 2009 is on a fiscal year basis October 1st through September 30th.

The latest unemployment rate for Florida, as released by the U.S Department of Labor in January, 2011, was 12.0% for December 2010, representing approximately 1.1 million people, unchanged from the start of 2010. Florida posted the third highest unemployment rate within the US, trailing only Nevada at 14.5% and California at 12.5%. Florida's job loss began in April 2007, with the hard-hit construction industries experiencing the heaviest job losses. Unemployment since has spread to all industries. For the entire United States, the unemployment rate was 9.0% in January 2011, with approximately 13.9 million people unemployed for the same period. This is 0.4% lower than in December 2010. At the start of the recession in December 2007, the number of unemployed persons was 7.7 million, and the unemployment rate was 5.0%.

Florida's Economic Estimating Conference stated that by the end of the year Florida's unemployment rate will be approximately 11.0%. Florida lost 17,900 jobs from November to December according to a senior economist for the Florida Agency for Workforce Innovation. The State's economists expect Florida to add approximately 1.0 million jobs over the next seven years as it rebounds from recession. This estimate does not include the 0.7 million jobs the Governor expects to create by encouraging business investments and making Florida "friendlier" to businesses. It is estimated that in order for the unemployment rate to drop one full percentage point, GDP growth would need to be 4.0% for a full year.

Economists anticipate that the housing market will continue to lag until the unemployment situation not only stabilizes but also improves. Recent news regarding existing home sales statistics continues to support the economic recovery efforts, and overall optimism has increased slowly but steadily for the Florida real estate market.

Nationwide, existing home sales rose sharply in December 2010 by 12.3% to an annual rate of 5.3 million units compared to 4.7 million units in November. However, according to the National Association of Realtors (NAR), annual sales remained 2.9% below the 5.5 million unit level in December 2009. According to an NAR practitioner survey, first-time buyers accounted for 33.0% of home sales in December, and sales of distressed homes accounted for 36.0%, which accounts for the continued drop in prices. The NAR's latest industry outlook predicts that housing recovery will likely continue as job growth gains momentum and while exceptional affordability conditions remain.

Florida's existing home and condominium sales rose in December 2010, according to the latest housing data released by Florida Realtors®. Existing home sales rose 5.0% for the year, with a total of 170,848 homes sold compared with 162,873 homes sold in 2009. Statewide, existing sales activity was 37.5% higher than 2008 statewide sales. In 2010, the median price of existing homes fell 4.0%, from \$142,500 in 2009 to \$136,500 in 2010.

However, locally in Broward County, existing home sales decreased by 14.0% in December and 9.0% in 2010. Additionally, the median price of existing homes fell 4.0% in Broward County in December. One of the biggest barriers to a housing recovery is the large number of foreclosures. South Florida ranked fifth in the nation for foreclosure activity in 2010, according to the latest data from RealtyTrac. Still, there

were slightly fewer foreclosures than a year earlier. The Irvine, Calif.-based online real estate marketplace reports there were 171,704 properties with foreclosure filings in Miami-Dade, Broward and Palm Beach counties. That's about 7.0% of all housing units, or one in every fourteen homes. In Broward County, 2010 foreclosures were estimated at 62,550 or one in every thirteen homes. South Florida's 2010 foreclosure activity dipped 0.7% from 2009 but was up 42.5% from 2008.

In addition to these economic factors, the business environment is crucial to the recovery process. Significant emphasis is being directed to encourage business investment throughout the U.S., the State and local economies. On January 31, 2011, the President announced a national campaign called "Startup America," which will encourage private sector investment in startups and small firms to accelerate research and address barriers to success for entrepreneurs and small businesses. The Federal Government has budgeted \$2.0 billion over the next 5 years to match private sector investment funding for startups, with the ultimate aim of stimulating job creation. Florida's newly elected Governor has been pushing to re-create the state's Department of Commerce, which would give more control over statewide efforts to bolster economic development.

Broward County continues to encourage business investment through numerous incentives and provides an effective platform for global companies seeking a convenient location to serve Latin America and the Caribbean, as well as national, regional and local enterprises. According to a study by KPMG LLP in 2010, the Miami-Fort Lauderdale metropolitan area ranks as the third least-costly place to do business among 22 U.S. cities or metropolitan areas with populations exceeding 2 million. The City will also continue its efforts to increase business investment within the City limits. These efforts include continued support for the Miramar-Pembroke Pines Regional Chamber of Commerce. The City's Planning Division staff at the direction of the City Commission is moving forward with the Eastern Pembroke Pines Redevelopment Plan, to revitalize the commercial and residential properties in Eastern Pembroke Pines. Additionally, the City's Mayor was recently appointed to a statewide municipal task force –“Keys to the Cities Task Force”, that has developed a slate of recommendations to the newly elected Governor of Florida, which highlights issues important to local governments. These are strong indications that all efforts are being made to encourage business and economic development, in order to further stimulate the economy.

Long-Term Financial Planning

Financial planning continues to be of paramount importance to the City as we strive to meet the challenges of both the immediate and the foreseeable future. The major projects undertaken by the City have long-term financial implications for the existing as well as future resources of the City, including, but not limited to, the use of revenues earned for operational and future reserve needs. The planning and decisions undertaken by the City are always weighed in the context of the financial burden that will be placed on both current and prospective residents, as well as the potential economic and environmental impacts.

Pembroke Pines has always strived to maintain low property tax rates, even as it nears build-out. The City's current millage rate for the fiscal year ending September 30th, 2011 is 6.3660, which is comprised of an operating millage of 5.6880 and a debt service millage of 0.6780. For the fiscal year ended September 30th, 2010, the City's millage rate was 5.7200, which was comprised of an operating millage of 5.1249 and a debt service millage of 0.5951. The 2011 operating millage rate, approved by the City Commission, represented an 11% increase. Although the property tax rate increased, the City experienced an 11.4% decline in property values. This will result in a decrease in ad valorem property tax revenues of \$1.1 million compared to FY2010.

The City has had to re-examine the way it does business, seeking to harness operational efficiencies without an enormous impact to the services it provides residents. In fiscal year 2009, the City initiated an

efficiency study for all departments, to identify areas where City operations could be improved both financially and operationally, with the focus being to reduce operating costs and provide maximum efficiencies for its citizens and taxpayers.

The development of the City's capital improvement plans, as well as the annual budget, has led the City to pursue a moderate and more conservative approach to revenue forecasts, as well as renewed focus on cost-reduction, especially for personnel-related costs which accounted for approximately 74.0% of total General Fund expenditures for the 2011 Adopted Budget versus 76.6% in the previous fiscal year. Significant cost reductions were achieved by additional contractual relationships such as the YMCA's agreement to provide various recreational activities to residents. Cost reductions were also achieved through early retirements, eliminating vacancies, negotiated reductions to benefit packages for both new and existing employees, and the outsourcing of various City positions to an external contractor.

Long-term financial planning has also been taken into account for some major projects undertaken by the City, including the "Building Our Future Program" whereby the City issued \$90.0 million in General Obligation bonds, and the City Center Project. Both are expected to provide and create new economic opportunities for the City. Another project underway that will have a long-term impact on the City is the Alternative Water Supply. These projects are discussed in more detail below under "Major Initiatives".

Relevant Financial Policies

The City adopts various financial policies in order to facilitate effective goal setting and decision making. These policies establish the framework for sound financial oversight of the City's operations. In light of the economic and credit crisis, it was important that the debt issues be undertaken in a prudent manner, in accordance with the City's "Debt Management Policy" as adopted by the City Commission on November 1, 2006. Understanding and managing the risks associated with these transactions is critical to the City's financial health. The City is currently in compliance with its Debt Management and Derivative Policy. The Debt Management Policy stipulates that debt refunding undertaken by the City must ensure that the net present value savings, as a percentage of the par amount of the refunding bonds, equal or exceed 3% and equal or exceed \$100,000. In fiscal year 2010, the City issued Capital Improvement Refunding Revenue Bonds, Series 2010 in the amount of \$8.5 million, which refunded the Capital Improvement Revenue Bonds, Series 1999. The net present value savings over the life of the bonds amounted to \$0.6 million. In fiscal year 2011, the City also issued \$12.3 million of Consolidated Utility System Revenue Bonds, Series 2010, which will be used to fund the design and construction relating to the State-mandated Alternative Water Supply (AWS) project.

Over the last year, the City has developed the budget in such a way as to preserve unreserved, undesignated fund balance in the General Fund between 10% and 30% of the total annual General Fund expenditures. This also provides a contingency for unexpected future events. The importance of monitoring the City's fund balance levels has become such an integral part of its overall financial planning, that on November 1, 2006, the City formally adopted Ordinance Number 1562 creating a Fund Balance Reserve Policy. Currently this policy only covers the General Fund and specifies the course of action in the event that the undesignated, unreserved fund balance falls below the target range. The City's General Fund unreserved, undesignated fund balance for 2010 is \$36.2 million. As a percentage of 2011 budgeted expenditures, it is 24.2% and falls within the established policy guidelines.

The City will continue to review its financial policies and procedures to ensure that they continue to meet the regulatory and operational frameworks at the highest level.

Major Initiatives

On January 13, 2005, the City Commission decided to undertake a bold initiative in the City, which has been dubbed the “Building Our Future Program”. On March 8, 2005, the registered voters of the City passed a bond referendum authorizing the City to issue up to \$100.0 million in General Obligation (G.O.) Bonds with maturity not exceeding 30 years, to be repaid from the proceeds of ad valorem taxes. The first series of these bonds was issued on September 30, 2005, for \$47.0 million. On July 25th, 2007, the City issued an additional \$43.0 million and reduced the number of projects to be funded by the General Obligation Bonds, the most notable being the proposed Civic Center, which was budgeted at \$8.0 million. This brought the total bonds issued for the “Building Our Future Program” to \$90.0 million.

The projects funded from the proceeds of the bonds range from various roadwork projects and recreational and cultural amenities to economic development and neighborhood revitalization. Some of these projects are direct responses to requests made from the citizenry, while others are a result of the visions of progress, and the proactive stance of the City’s Mayor and Commissioners. Due to the size of the “Building Our Future Program”, it is expected to have a significant impact that will benefit both the current and future residents of the City and has taken a number of years to complete. Many of the projects have focused on additions and improvements to the City’s parks and recreational facilities, and major improvements to several strategic roadways throughout the City. A total of 141 projects were approved by the City Commission relating to the “Building Our Future Program”. As of December 2010, 84 projects were fully completed, 11 projects were in the construction phase, 10 projects were in the design/planning phase, 6 projects had not yet begun, 9 projects were re-allocated and 21 projects were eliminated. The current budget is \$95.0 million, the difference between the current budget and the \$90.0 million borrowed is due mainly to interest earned. Of the \$95.0 million, 87.4% or \$83.0 million has been spent or allocated to projects as of December 31, 2010.

The City continued its efforts to enhance the functionality and services provided at the Senator Howard C. Forman Human Services Campus. There have been significant improvements to the site thus far, including the completion of three housing residential complexes, referred to as “Pines Place,” which consists of 614 rental units. The City has also built a 40-unit residential complex, an administrative and treatment building, and an Early Development Center, which is part of an agreement with the Susan B. Anthony Center Inc., a non-profit that provides transitional housing for women with children suffering from substance abuse. The latest project consisted of an approximately 11,000-square-foot facility dubbed “Studio 18 in the Pines.” Funding for this facility was provided from G.O Bond proceeds. “Studio 18 in the Pines” opened its doors in March 2010, and in August held a reception to mark the rental of all 18 studios. This facility offers rental studios for artists, classrooms, gallery, meeting spaces, and hosts art classes and exhibits.

On September 16, 2009, City Commission approved entering into a lease agreement with the YMCA of Broward County for an initial period of ten years with the purpose of developing a partnership that will benefit the City and the YMCA, and provide quality programs and services to the residents of Pembroke Pines. The YMCA took over the management of the recreational programs at two City facilities in November 2009: the Pembroke Falls Aquatic Center and the Pembroke Shores Park, which have now been renamed the Pembroke Pines YMCA Family Center. The approved partnership requires that the City build a minimum 17,000-square-foot addition to the Pembroke Shores Gym facility and to construct a 200 vehicle parking facility. The estimated cost of this project is \$4.1 million, which will come from G.O Bond proceeds. The City has contracted the Boca-Raton-based firm Kaufman Lynn Inc. for the construction of this project, which is currently underway.

The plans for “City Center” remain to be a project of significant importance in terms of both financial implications and resource allocation needed for its development. This project was initially started in fiscal year 2003 with the purchase of approximately 115 acres of undeveloped land adjacent to City Hall for

\$22 million. This site is the last major piece of property along the Pines Boulevard corridor, and will provide a unique opportunity for the City to ensure that the needs and well-being of our residents are properly evaluated and provided for in a controlled environment. The City is overseeing the development of this property as a “City Center” for the benefit of residents. In addition to the initial investment, the City has spent an additional \$46.3 million for spine roads, infrastructure and hardscape development.

The City Commission and the administration have worked arduously to develop strategies to promote the sale of City Center. In the past several years, there have been various proposals that did not materialize. However, on January 25, 2011, the City Commission gave the final approval for the sale of 27.2 acres to Mills Creek Residential Trust LLC, which intends to develop 700 multifamily units and related amenities such as a clubhouse, outdoor playground, and parking for a total purchase price of \$18.2 million. The development will take place in two phases, with “Phase I Property” being the development of 405 multifamily units for a purchase price of \$10.5 million and “Phase II Property” which will include 295 multifamily units for a purchase price of \$7.7 million. Mills Creek Residential Trust LLC will have two consecutive periods of 270 days after the purchase of “Phase I Property” to purchase “Phase II Property.”

The City will also be undertaking a new project for the Alternative Water Supply (AWS). In 1997, the State of Florida mandated that the South Florida Water Management District (SFWMD) develop and implement a Lower East Coast Water Supply Plan (LEC), which was adopted in 2000 and subsequently amended in 2005. As a result of this State mandate, the City must plan the funding, design and construction of an alternative water supply project that re-claims the Biscayne Aquifer water for re-use. In December 2008, various options were presented to the City Commission, and they adopted the option that provides for the long range water supply planning, wastewater treatment, reuse, and ultimate disconnection of wastewater treatment service from the City of Hollywood. The initial contract was awarded to Calvin Giordano and Associates Inc. in the amount of \$2.7 million for the preliminary engineering and pre-design services. In December 2010, the City issued \$12.3 million for the Consolidated Utility System Revenue Bond, Series 2010, to finance Phase 2 of the project and to reimburse the \$2.7 million spent to date.

In January 2010, the City of Pembroke Pines reached a significant milestone of 50 years. Although not related to a construction project, the City’s 50th Anniversary Celebration was a project worthy of mention and recognition. Despite economic hardships, the City celebrated with an 11-day fair that began on April 8th and ended on April 18th. The slate of events included the Mayor’s Annual Golf Tournament, an exciting street parade, a carnival, concerts, and culminated with a thrilling fireworks display. This successful celebration brought together residents and businesses throughout the entire City. It demonstrated that, even in challenging times, Pembroke Pines remains a vibrant community that fosters and celebrates cultural diversity: a community proud of its history and willing to embrace its future.

Awards 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 of Pembroke Pines for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2009. This was the twenty-fifth consecutive year that the City has earned this prestigious award. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both accounting principles generally accepted in the United States and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report (CAFR) continues to meet the Certificate of Achievement for Excellence in Financial Reporting program’s requirements, and we are submitting it to the GFOA to determine its eligibility for another Certificate.

Additionally, the City received the Government Finance Officers Association's Distinguished Budget Presentation Award for the annual appropriated budget for the fiscal year beginning October 1, 2009. The City of Pembroke Pines has received this award consecutively for thirteen years since the fiscal year beginning October 1, 1997. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including meeting program criteria as a policy document, as a financial plan, as an operational guide, and as a communications device.

A Distinguished Budget Presentation Award is valid for a period of one year only. We believe that our current budget continues to meet the Distinguished Budget Presentation Award program's requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

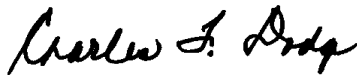
The City's Charter Schools' budget also received the GFOA Distinguished Budget Presentation Award for their fiscal year beginning July 1, 2010. This is the seventh consecutive year that the Charter Schools received this award since the fiscal year beginning July 1, 2004.

The City of Pembroke Pines was named a finalist for the 2010 Awards for Municipal Excellence. Each year the National League of Cities (NLC) selects 40 city programs from across the country as finalists. The award recognizes cities and towns for outstanding programs that improve the quality of life in America's communities. The City was selected as a finalist for the 2010 Awards for Municipal Excellence for its revitalization efforts at the Senator Howard C. Forman Human Services Campus. The various projects are a result of innovative public-private partnerships involving the City, the State, for-profit and non-profit agencies.

For the second consecutive year, BusinessWeek magazine ranked the City of Pembroke Pines as the best City in the State of Florida to raise kids, based on its education system and low crime rate. The City previously held this number one ranking in 2009. The selection criteria were made for cities with at least 50,000 residents and a median family income ranging from \$40,000 to \$125,000. BusinessWeek conducted this survey working with OnBoard Informatics, a New York-based provider of real estate analysis, and also based its criteria for selecting Pembroke Pines on the number of schools, affordability, air quality, job growth, family income, cultural amenities and diversity.

There is a new paradigm in government that calls for a higher level of fiscal discipline, accountability and transparency. The City is fully committed to continue exploring all avenues to ensure that residents are provided excellent services in the most cost-efficient manner while providing a greater level of transparency in government.

Sincerely,



Charles F. Dodge
City Manager



René González, CPA, CGFO, CPFO
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pembroke Pines
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

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



President

Executive Director

List of City Officials

City Commission:

Frank C. Ortis, Mayor

Jack McCluskey, Vice Mayor

Angelo Castillo, Commissioner

Carl Shechter, Commissioner

Iris A. Siple, Commissioner

City Manager:

Charles F. Dodge LLC

City Attorney:

Goren, Cherof, Doody & Ezrol, P.A.

City Clerk:

Judith A. Neugent

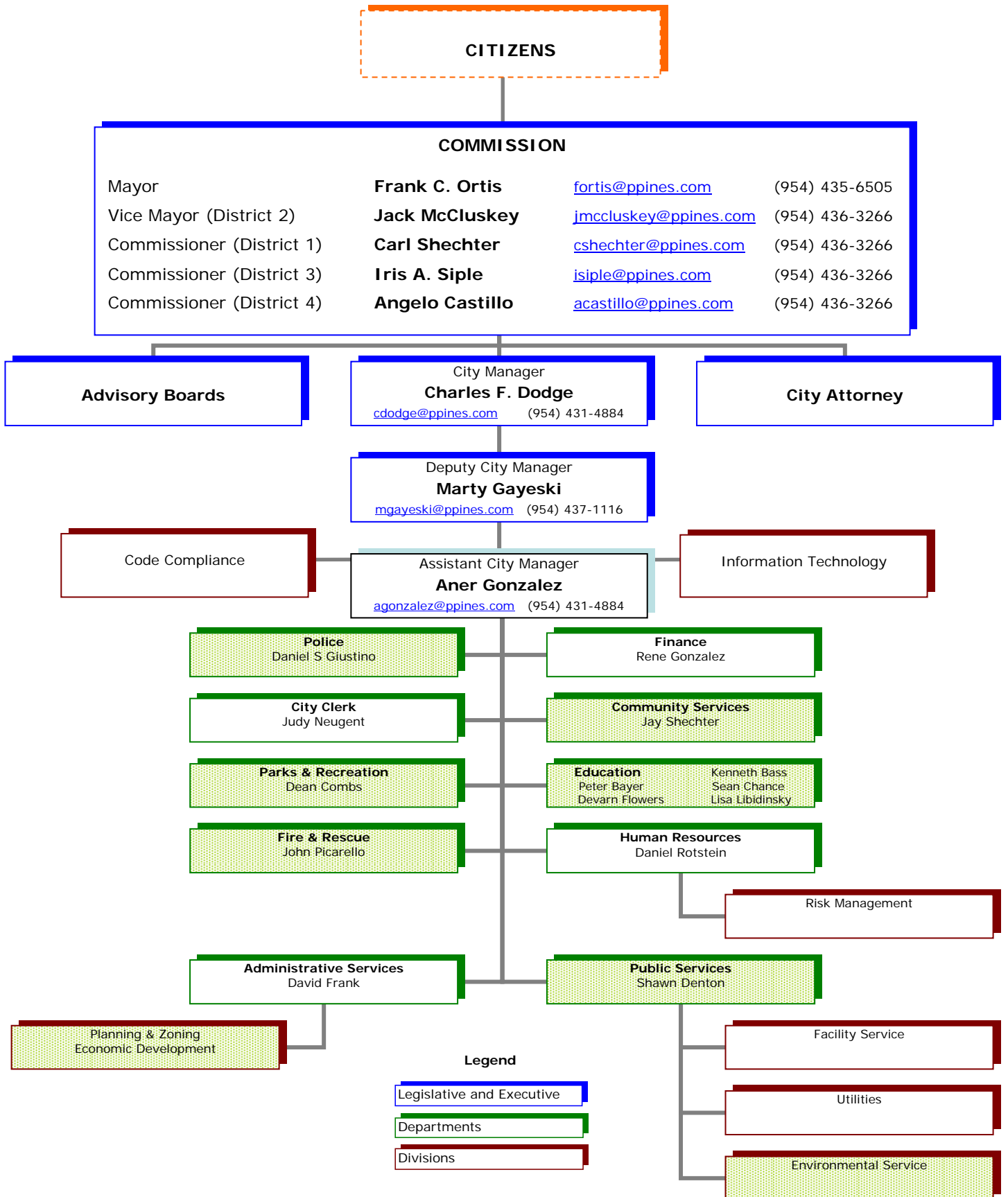
Finance Director:

René D. González



CITY OF PEMBROKE PINES

Organizational Chart



II. FINANCIAL SECTION

- **Independent Auditors' Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements:**
 - **Government-wide Financial Statements**
 - **Fund Financial Statements**
 - **Notes to Basic Financial Statements**
- **Required Supplementary Information**
- **Combining and Individual Fund Statements and Schedules**



Independent Auditors' Report





INDEPENDENT AUDITORS' REPORT

Honorable Mayor, City Commission and City Manager
City of Pembroke Pines, 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 Pembroke Pines, Florida (the "City") as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Pension Trust Fund for Firefighters and Police Officers, which represent 64% of the total net assets and 59% of the total revenues of the fiduciary fund totals. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Trust Fund for Firefighters and Police Officers is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pembroke Pines, Florida as of September 30, 2010, 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 our report dated March 10, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result 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.

Honorable Mayor, City Commission and City Manager
City of Pembroke Pines, Florida
Page 2

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, schedule of contributions and funding progress, and budgetary comparison information on pages 3 through 21 and 124 through 129, respectively 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 Standard 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 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 of Pembroke Pines' financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, state financial assistance projects and local awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, state financial assistance projects and local awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 it.

GLSC & Company, PLLC

March 10, 2011

Management's Discussion and Analysis



City of Pembroke Pines, Florida

Management's Discussion and Analysis

As management of the City of Pembroke Pines, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2010. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal, which can be found on pages i to ix of this report.

Financial Highlights

- The assets of the City of Pembroke Pines exceeded liabilities at the close of the most recent fiscal year by \$335.9 million (*net assets*), as compared with \$330.8 million for the previous fiscal year. Of this amount, \$60.0 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$5.2 million (1.6%) during the current fiscal year. Included in the total net assets are governmental net assets which increased by \$6.8 million (6.0%), and the business-type net assets, which decreased by \$1.7 million (-0.8%).
- At the end of the current fiscal year, unrestricted net assets of the City's governmental activities had a deficit of \$5.7 million, or -2.4% of total governmental activities expenses. The unrestricted net assets of the business-type activities were \$65.7 million, or 164.2% of total business-type expenses for the year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$94.2 million, an increase of \$3.3 million (3.6%) in comparison with the prior year. Approximately \$37.0 million (39.3%) of this total amount is available for spending at the City's discretion (*unreserved, undesignated fund balance*).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Pembroke Pines' basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition to these basic financial statements, this report also contains other supplementary information.

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 a 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 result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the 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 services, public safety, physical environment, transportation, economic environment, human services, culture and recreation, and interest on long-term debt. The business-type activities of the City include water, sewer and wastewater operations.

City of Pembroke Pines, Florida

Management's Discussion and Analysis

The government-wide financial statements can be found on pages 22-23 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: 1) governmental funds, 2) proprietary funds, and 3) fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Debt Service and Capital Projects funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements on pages 130-133 of this report.

The City adopts an annual budget for its General Fund. A budgetary comparison schedule and the notes to the budgetary comparison schedule have been provided for the General Fund to demonstrate compliance with this budget, on pages 126-129. The basic governmental fund financial statements can be found on pages 24-27 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. An *enterprise fund* is used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operations. An *internal service fund* is used to account for the City's insurance coverage provided to all departments on a cost reimbursement basis. The City of Pembroke Pines is self-insured.

The basic proprietary fund financial statements can be found on pages 28-32 of this report.

Fiduciary funds. 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 statement 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.

The basic fiduciary fund financial statements can be found on pages 33-34 of this report.

City of Pembroke Pines, Florida

Management's Discussion and Analysis

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements can be found on pages 35-123 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes information concerning the City's progress in funding its obligation to provide pension benefits to its employees and the budgetary comparison schedule of the General Fund.

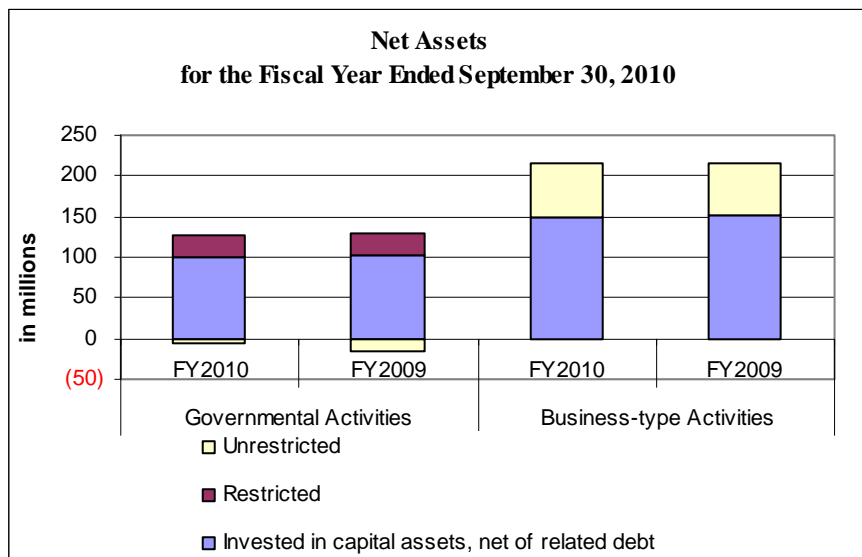
Required supplementary information can be found on pages 124-129 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Combining and individual fund statements and schedules can be found on pages 130-133 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City of Pembroke Pines, assets exceeded liabilities by \$335.9 million at the close of the most recent fiscal year, which represents a 1.5% increase compared to last year's net assets of \$330.8 million. By far the largest portion of the City's net assets, \$248.1 million (73.9%), represents investment in capital assets, net of related debt. This includes land, construction-in-progress, buildings, improvements other than buildings, machinery and equipment, infrastructure, and intangibles less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, they 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 by other sources as the capital assets themselves cannot be used to liquidate these liabilities.



Another portion of the City's net assets, \$27.8 million (8.3%), represents resources that are subject to external restrictions on how they may be used. This balance decreased by approximately \$0.9 million (-3.0%), all related to governmental activities of the Road and Bridge Fund, which is used to account for funds earmarked for construction and maintenance of roads, sidewalks and streetlights. At the end of the fiscal year there were no restricted assets relating to the business-type activities.

City of Pembroke Pines, Florida

Management's Discussion and Analysis

The City's net assets for the last two fiscal years are summarized, in millions, as follows:

| | Net Assets (in millions) ** | | | | | |
|---|-----------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | <u>Governmental</u> | | <u>Business-type</u> | | <u>Total</u> | |
| | <u>Activities</u> | | <u>Activities</u> | | | |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Current and other assets | \$ 140.8 | \$ 131.4 | \$ 4.4 | \$ 4.4 | \$ 145.2 | \$ 135.8 |
| Restricted assets | 48.1 | 47.7 | 2.8 | 2.7 | 50.9 | 50.4 |
| Negative net pension obligation | 59.2 | 59.0 | 3.0 | 3.1 | 62.2 | 62.1 |
| Deferred outflows - interest rate swaps | 8.1 | - | - | - | 8.1 | 0.0 |
| Unamortized bond issue costs | 5.6 | 6.1 | - | - | 5.6 | 6.1 |
| Capital assets, not being depreciated | 67.8 | 66.6 | 22.0 | 20.6 | 89.8 | 87.2 |
| Capital assets, being depreciated, net | 298.3 | 310.1 | 127.3 | 132.2 | 425.6 | 442.3 |
| Total assets and deferred outflows | <u>627.9</u> | <u>620.9</u> | <u>159.5</u> | <u>163.0</u> | <u>787.4</u> | <u>783.9</u> |
| Long-term liabilities | 419.3 | 424.0 | 0.7 | 0.9 | 420.0 | 424.9 |
| Other liabilities | 87.7 | 82.8 | (56.2) | (54.6) | 31.5 | 28.2 |
| Total liabilities | <u>507.0</u> | <u>506.8</u> | <u>(55.5)</u> | <u>(53.7)</u> | <u>451.5</u> | <u>453.1</u> |
| Invested in capital assets, net of related debt | 98.8 | 102.1 | 149.3 | 152.8 | 248.1 | 254.9 |
| Restricted | 27.8 | 28.6 | - | - | 27.8 | 28.6 |
| Unrestricted | (5.7) | (16.6) | 65.7 | 63.9 | 60.0 | 47.3 |
| Total net assets | <u>\$ 120.9</u> | <u>\$ 114.1</u> | <u>\$ 215.0</u> | <u>\$ 216.7</u> | <u>\$ 335.9</u> | <u>\$ 330.8</u> |

** Amounts may differ from the Government-wide Financial Statements due to rounding.

In both fiscal year 2010 and 2009, the City continued to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate business-type activities. However, in fiscal year 2010, governmental activities had a deficit of \$5.7 million in unrestricted net assets, which was a reduction from the deficit of \$16.6 million in fiscal year 2009.

City of Pembroke Pines, Florida

Management's Discussion and Analysis

Governmental activities. Net assets of the City's governmental activities increased by 6.0% (\$6.8 million) from \$114.1 million in the last fiscal year to \$120.9 million in the current fiscal year.

Changes in Net Assets (in millions) **

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------------|----------------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$117.2 | \$116.0 | \$36.8 | \$37.3 | \$154.0 | \$153.3 |
| Operating grants & contributions | 10.0 | 14.7 | 0.2 | - | 10.2 | 14.7 |
| Capital grants & contributions | 2.3 | 5.5 | 0.7 | 0.7 | 3.0 | 6.2 |
| General Revenues: | | | | | | |
| Property taxes | 52.7 | 51.6 | | - | 52.7 | 51.6 |
| Utility taxes | 10.7 | 10.0 | | - | 10.7 | 10.0 |
| Communications services tax | 7.8 | 8.5 | | - | 7.8 | 8.5 |
| Insurance premium taxes | 2.3 | 2.4 | | | 2.3 | 2.4 |
| Local option gas tax | 2.6 | 2.7 | | | 2.6 | 2.7 |
| Franchise fees | 14.7 | 16.4 | | | 14.7 | 16.4 |
| Local business tax | 3.2 | 3.3 | | - | 3.2 | 3.3 |
| Intergovernmental - unrestricted | 11.2 | 11.2 | | - | 11.2 | 11.2 |
| Investment earnings - not restricted | 3.3 | 4.9 | 0.6 | 0.7 | 3.9 | 5.6 |
| Other miscellaneous | 0.2 | 1.4 | | - | 0.2 | 1.4 |
| Total revenues | <u>238.2</u> | <u>248.6</u> | <u>38.3</u> | <u>38.7</u> | <u>276.5</u> | <u>287.3</u> |
| Expenses: | | | | | | |
| General government services | 19.6 | 20.9 | | - | 19.6 | 20.9 |
| Public safety | 93.6 | 102.4 | | - | 93.6 | 102.4 |
| Physical environment | 2.7 | 3.1 | | - | 2.7 | 3.1 |
| Transportation | 10.0 | 16.7 | | - | 10.0 | 16.7 |
| Economic environment | 13.3 | 11.0 | | - | 13.3 | 11.0 |
| Human services | 54.7 | 56.3 | | - | 54.7 | 56.3 |
| Culture/recreation | 18.3 | 20.7 | | - | 18.3 | 20.7 |
| Interest on long-term debt | 19.2 | 18.8 | | - | 19.2 | 18.8 |
| Water utility services | - | - | 4.3 | 4.9 | 4.3 | 4.9 |
| Sewer/wastewater services | - | - | 10.9 | 10.8 | 10.9 | 10.8 |
| Water-sewer combined service | - | - | 24.8 | 25.6 | 24.8 | 25.6 |
| Total expenses | <u>231.4</u> | <u>249.9</u> | <u>40.0</u> | <u>41.3</u> | <u>271.4</u> | <u>291.2</u> |
| Change in net assets | <u>6.8</u> | <u>(1.3)</u> | <u>(1.7)</u> | <u>(2.6)</u> | <u>5.1</u> | <u>(3.9)</u> |
| Net assets, beginning | 114.1 | 115.4 | 216.7 | 219.3 | 330.8 | 334.7 |
| Net assets, ending | <u>\$120.9</u> | <u>\$114.1</u> | <u>\$215.0</u> | <u>\$216.7</u> | <u>\$335.9</u> | <u>\$330.8</u> |

** Amounts may differ from the Government-wide Financial Statements due to rounding.

City of Pembroke Pines, Florida

Management's Discussion and Analysis

Revenues:

Revenues from Governmental activities decreased by \$10.4 million (-4.2%) over last year. Total program revenues, consisting of charges for services, operating grants and contributions, and capital grants and contributions, decreased overall by \$6.7 million (-4.9%), and general revenues decreased by \$3.7 million (3.3%).

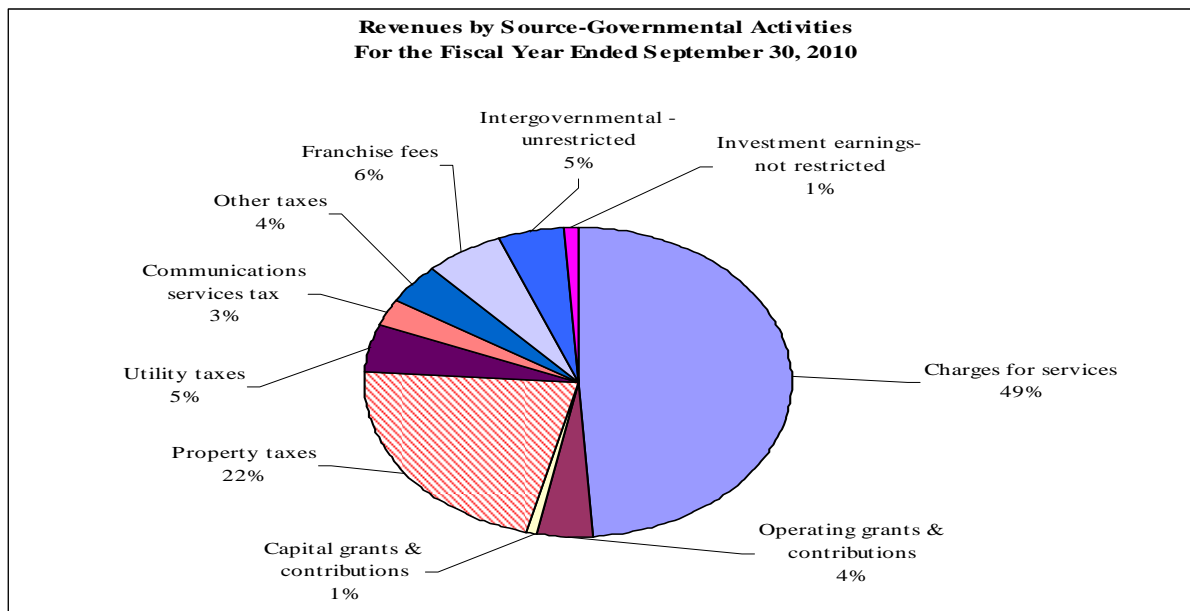
Program revenues showed a \$1.2 million increase in charges for services, a \$4.7 million decrease in operating grants and contributions, and a \$3.2 million decrease in capital grants and contributions.

Charges for services are intended to fully recover the costs of providing those services. The increase in charges for services of \$1.2 million (1.0%) was mainly attributable to a \$1.1 million increase in rental revenue related to the City's housing rental facilities located at the Senator Howard C. Forman Human Services Campus.

Operating grants and contributions decreased by \$4.7 million. In fiscal year 2010 the City was reimbursed \$1.4 million for the Federal Aid Highway Program as compared to \$8.0 million in the previous fiscal year. This \$6.6 million decrease was offset by a \$2.0 million increase in the Neighborhood Stabilization Program grant received from the U.S. Department of Housing and Urban Development (HUD). Capital grants and contributions decreased by \$3.2 million, mainly as a result of contributions in aid of construction received in the prior fiscal year for the City's Interstate 75 (I-75) and Sheridan Street road improvement projects.

General revenues decreased by \$3.7 million (-3.3%). The main contributing factors to this decrease are a \$1.7 million decrease in franchise fees, a \$1.6 million decrease in investment earnings-not restricted, and a \$1.2 million decrease in other miscellaneous revenues. These decreases were offset by an increase in property taxes of \$1.1 million.

Franchise fees decreased by \$1.7 million as a result of a \$0.8 million decline in electric franchise fees from Florida Power and Light (FPL), which was partially attributable to a decline in economic activity, and a one-time downward adjustment for a fuel charge credit refunded to FPL customers. Another contributing factor to the decrease in franchise fees was a one-time retro active adjustment of \$0.4 million for privilege fees included in prior year revenues. Investment earnings-not restricted decreased over last year by \$1.6 million due to the low interest rate environment for fixed income securities. Miscellaneous revenues decreased by \$1.2 million as a result of a \$0.6 million decrease in revenues related to the ICMA forfeiture account and a \$0.5 million reduction in revenues related to municipal dedication fees.



City of Pembroke Pines, Florida

Management's Discussion and Analysis

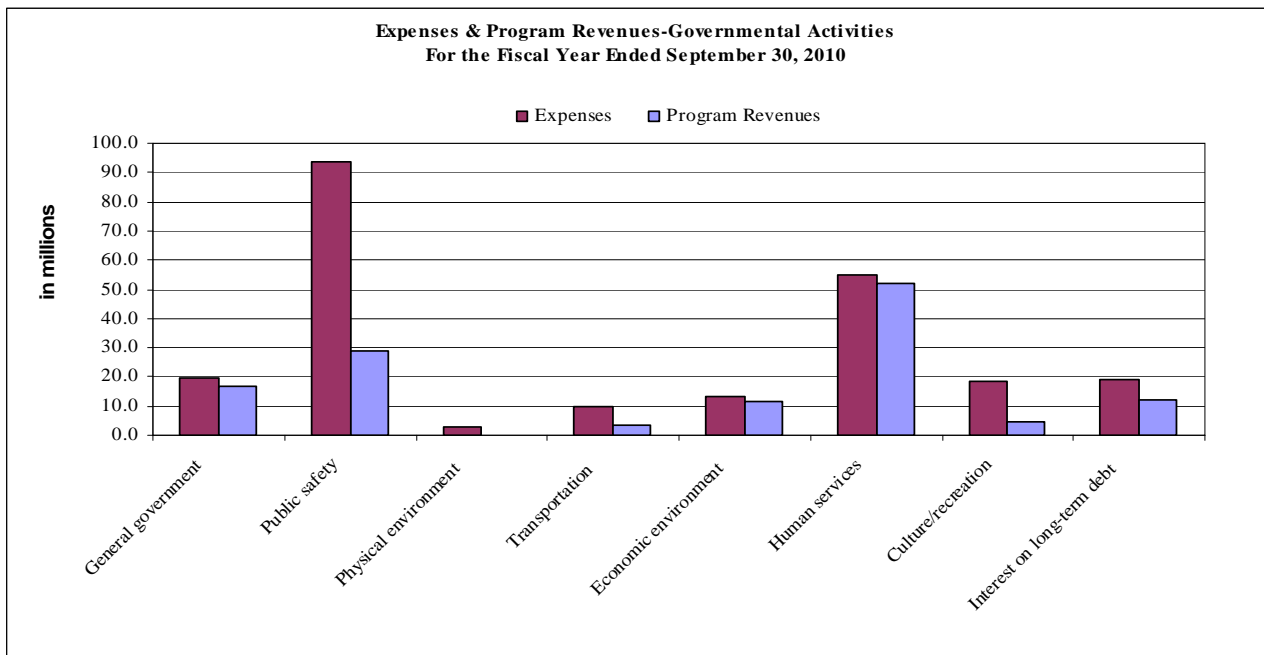
Expenses:

Governmental activity expenses decreased significantly by \$18.5 million (-7.4%) over last year. This decrease was in all governmental functions/programs except economic environment and interest on long-term debt. Economic environment expenses increased by \$2.3 million, due a \$1.3 million increase in expenses related to the City's housing facilities, and a \$1.0 million increase in expenses for the Neighborhood Stabilization Program (NSP) grant provided by the U.S. Department of Housing and Urban Development (HUD). Interest on long-term debt increased slightly by \$0.4 million (2.2%). The expense reductions were mainly attributable to union negotiated reductions in personnel costs and benefits.

Personnel costs decreased by \$6.9 million (-7.9%) and accounted for 37.3% of the overall reduction in governmental expenses. This was accomplished through a variety of methods including but not limited to the outsourcing of various city functions, a hiring freeze, and salary reductions for employees during the year. In total, the City, excluding the Charter Schools, reduced its employee payroll by 92 full-time and 22 part-time positions.

The City also achieved a significant reduction in personnel benefit costs. Overall, benefit costs decreased by \$7.4 million (-11.6%) over last year and accounted for approximately 40.0% of the overall reduction in expenses. This was mainly achieved by the freezing of pension benefits for collective bargaining unit members of the General Employees Pension Plan which reduced the City's Annual Required Contribution (ARC) by \$4.2 million. The City also reduced pension benefits provided to members of the Police and Fire Pension Plan; however, the City's ARC for fiscal year 2010 increased by \$2.7 million. Changes were also made to the City's Other Post-Employment Benefit (OPEB) Plan, which reduced the City's ARC for the Plan by \$3.4 million.

Operating expenses decreased by \$4.2 million as a result of a decline in transportation expenses relating to the modification project of Pines Boulevard and the "I-75" Interchange. In fiscal year 2009 the City spent \$8.4 million on this project versus \$4.2 million in fiscal year 2010. In December 2008, the City signed a Local Agency Program (LAP) agreement with the Florida Department of Transportation to modify the interchange of Pines Boulevard and "I-75" from a rural interchange to an urban interchange for a total cost of \$11.2 million.



City of Pembroke Pines, Florida

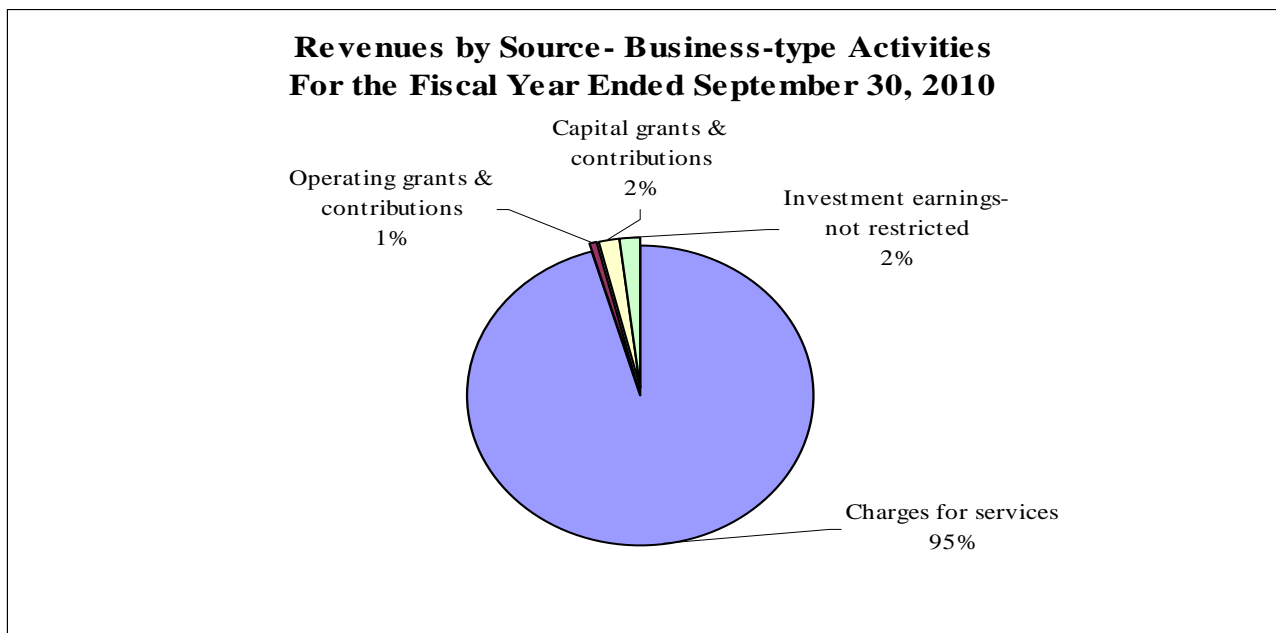
Management's Discussion and Analysis

Business-type activities. The net assets of the City's business-type activities decreased by \$1.7 million (-0.8%) from \$216.7 million in the last fiscal year to \$215.0 million in the current fiscal year.

Revenues:

Revenues decreased slightly over last year by \$0.4 million (-1.0%). The main factor contributing to this was a decrease of \$0.5 million in charges for services that was offset by an increase of \$0.2 million in operating grants and contributions.

Charges for services decreased by \$0.5 million as a result of a \$0.4 million decrease in sewer revenues and a \$0.1 million decrease in penalty fees. Operating grants and contributions increased by \$0.2 million due to a grant received from the U.S. Environmental Protection Agency (EPA) for the replacement of a waterline.



City of Pembroke Pines, Florida

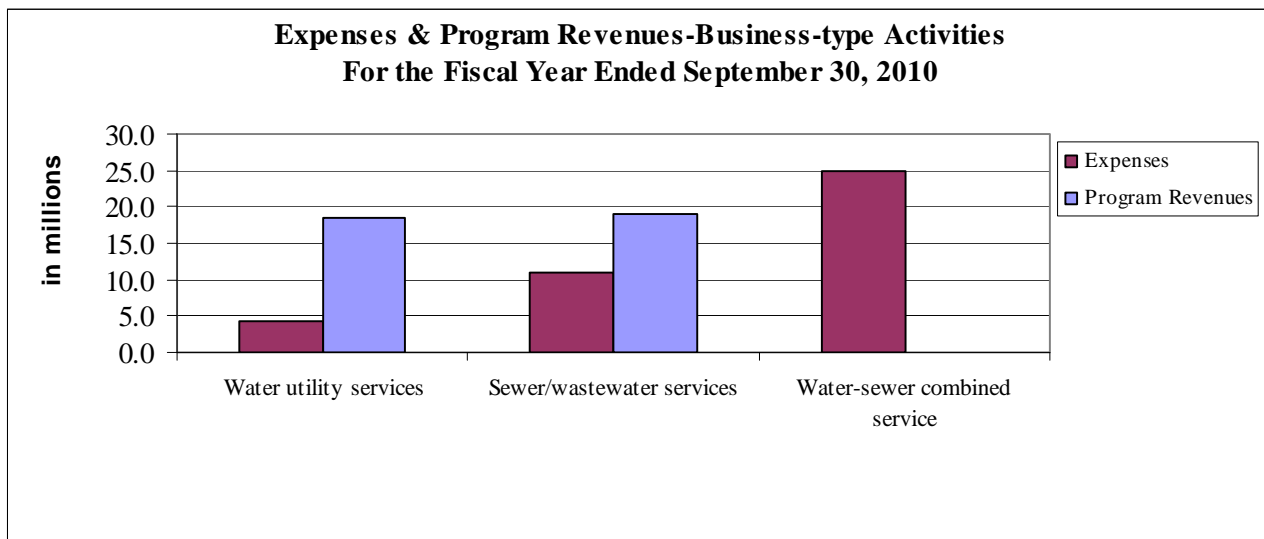
Management's Discussion and Analysis

Expenses:

Expenses of the business-type activities were lower compared to last year by \$1.3 million (-3.1%). This was attributable to a decrease in water utility services of \$0.6 million and a \$0.8 million decline in water-sewer combined services but was offset by a \$0.2 million increase in sewer/wastewater services.

As previously mentioned, the main reason for the decrease in expenses was due to the significant changes in personnel and benefits costs as a result of union negotiations. In the business-type activities, salary expenses decreased by approximately \$1.0 million as some city positions were transitioned to contractual positions, salaries for existing employees were decreased and hiring freezes were instituted. Benefit costs also decreased by \$1.0 million. Of this amount, pension costs decreased by \$0.6 million due to the freezing of the General Employees Pension Plan; and the Other Post-Employment Benefit (OPEB) costs decreased by \$0.4 million.

The decreases in personnel expenses were negated by a \$0.7 million increase in operating expenses. This was mainly attributable to a \$0.9 million increase in costs related to contractual services, as some city positions were transitioned to contractual positions and a \$0.6 million increase in sewer/wastewater charges related to the large-user agreement with the City of Hollywood. These increases in operating expenses were offset by a \$0.5 million decrease in the sewer privilege fees and a \$0.3 million decrease in depreciation expense.



City of Pembroke Pines, Florida

Management's Discussion and Analysis

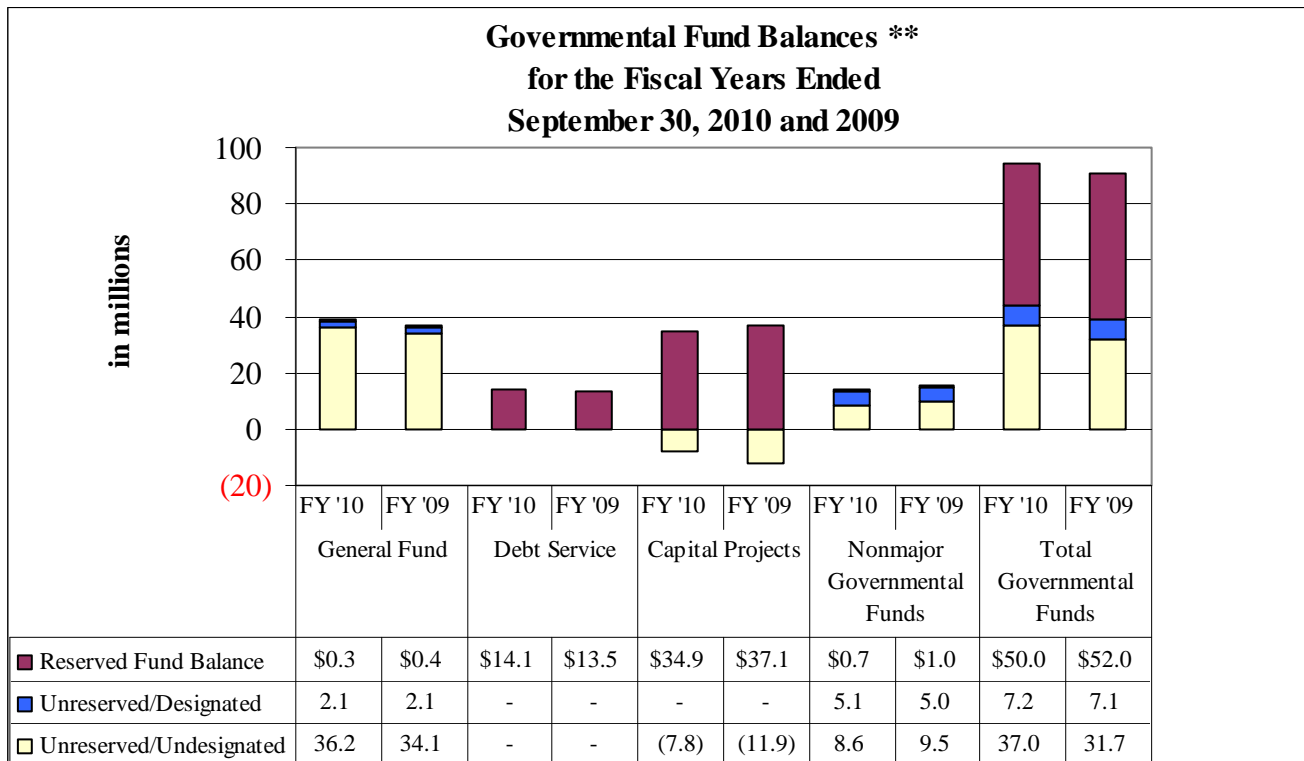
Financial Analysis of the City's Funds

As noted earlier, the City of Pembroke Pines uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's *governmental funds* reported combined ending fund balances (both reserved and unreserved) of \$94.2 million, an increase of \$3.3 million in comparison with the \$90.9 million prior year balance. Overall governmental fund assets decreased by \$9.5 million, and liabilities also decreased by \$12.8 million.

Approximately \$37.0 million (39.3%) of total governmental fund balance represents unreserved-undesignated fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate it is not available for new spending because it has already been committed for a variety of restricted purposes, such as construction projects, debt service, grant expenditures, and encumbrances or has been designated by the City administration for disaster assistance and rent payments.



** Amounts may differ from the Fund Financial Statements due to rounding.

City of Pembroke Pines, Florida

Management's Discussion and Analysis

The General Fund

The General Fund is the main operating fund of the City. General tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. General operating expenses, fixed charges and capital improvement costs not paid through other funds are paid from this fund. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$36.2 million, as compared with \$34.1 million in the prior year. Reserved fund balance decreased by \$0.1 million to \$0.3 million. Unreserved, designated fund balance remained unchanged at \$2.1 million and is designated for disaster assistance.

General Fund Revenues:

The amount of General Fund revenue by type, their percent of the total and the amount of change compared to last fiscal year are shown in the following schedule:

| <u>Revenue Sources</u> | General Fund Revenues (in millions) ** | | | | | |
|-----------------------------|---|---------------------------------|------------------------|---------------------------------|--|---|
| | 2010 Amount | Percent of Total | 2009 Amount | Percent of Total | Increase (Decrease) From 2009 | Percentage Increase (Decrease) |
| Property taxes | \$47.2 | 32% | \$46.1 | 31% | \$1.1 | 2% |
| Utility taxes | 8.9 | 6% | 8.2 | 6% | 0.7 | 9% |
| Communications services tax | 1.3 | 1% | 2.1 | 1% | (0.8) | (38)% |
| Other taxes | 5.5 | 4% | 5.7 | 4% | (0.2) | (4)% |
| Special assessments | 21.0 | 14% | 19.7 | 13% | 1.3 | 7% |
| Permits, fees and licenses | 12.0 | 8% | 15.4 | 10% | (3.4) | (-22)% |
| Intergovernmental | 10.5 | 7% | 10.6 | 7% | (0.1) | (1)% |
| Charges for services | 27.5 | 18% | 27.6 | 18% | (0.1) | 0% |
| Fines and forfeitures | 1.6 | 1% | 1.2 | 1% | 0.4 | 33% |
| Investment income | 1.9 | 1% | 3.4 | 2% | (1.5) | (44)% |
| Rental revenues | 11.2 | 8% | 10.5 | 7% | 0.7 | 7% |
| Other revenues | 0.3 | 0% | 0.4 | 0% | (0.1) | (25)% |
| Total revenues | \$148.9 | 100% | \$150.9 | 100% | (\$2.0) | (1)% |

** Amounts may differ from the Fund Financial Statements due to rounding.

Compared to the prior fiscal year, total General Fund revenues decreased by \$2.0 million or 1.3% in fiscal year 2010. This was mainly attributable to a \$3.4 million decrease in the issuance of permits, fees and licenses and a \$1.5 million decrease in investment income. These decreases were offset by an increase in property tax revenues of \$1.1 million and a \$1.3 million increase in special assessments. All other revenues combined increased by \$0.5 million.

Permits, fees and licenses decreased by \$3.4 million as a result of the City outsourcing the building department to a private company. Building permit revenues declined by \$1.8 million over last year and accounted for 52.9% of the overall decrease in permits, fees and licenses. In July 2009, the City privatized the services of its building division utilizing an outside firm that currently rents space in the City's office buildings. The building permit revenues and the personnel and operating expenditures for this department were no longer being recorded by the City after July 2009.

Franchise fees, which is the other component of permits, fees, and licenses, decreased by \$1.6 million and were mainly affected by electric franchise fees from Florida Power & Light, which decreased by \$0.8 million. Additionally, franchise revenues declined by \$0.4 million due to a one-time retroactive privilege fee that was recognized last year and a \$0.3 million decline in the franchise fees related to waste, as less tonnage was delivered to the Reuter facility located in the City in 2010 as compared to last year.

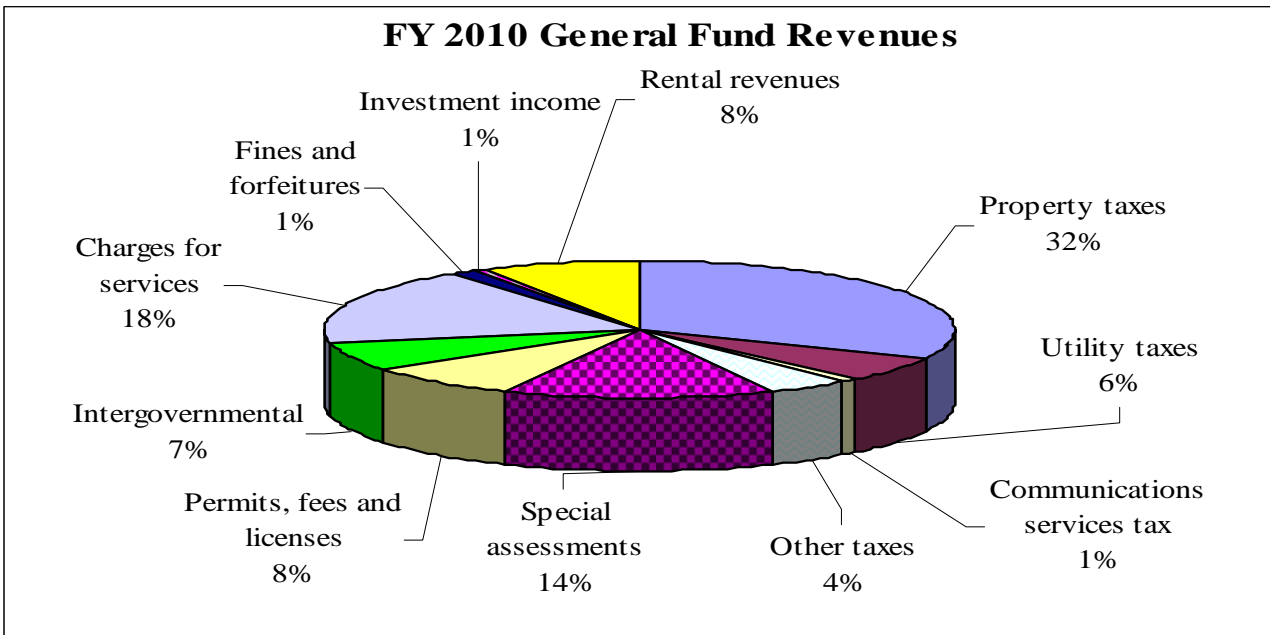
City of Pembroke Pines, Florida

Management's Discussion and Analysis

Investment income declined by \$1.5 million as a result of a decline in the interest rates related to the fixed income market. The economic conditions coupled with the City's investment objectives of safety of capital of public funds have made it a difficult environment for investment earnings.

These decreases in General Fund revenues were mainly offset by an increase in special assessment revenues and property taxes. Special assessment revenues increased by \$1.3 million as the City increased its fire protection assessment rates in order to recover 100% of the cost for fire services.

Property tax revenues increased by \$1.1 million as the City adopted an operating millage rate for FY2010 of 5.1249, which required a majority vote of the City Commission. The millage rate for FY2009 was 4.4312. Despite the millage rate increase of 0.6937 mills, the actual taxes collected were reduced as a result of decreases in assessed property tax values. The increase in the millage rate over FY2009 reflects a 2.5% adjustment for change in personal income in conjunction with new construction. In terms of the impact of the change in millage rate on property owners, there was a 15.7% increase, from 4.4312 to 5.1249, due primarily to the 10.5% decrease in city-wide taxable value associated with the real estate slump. This change translated to an increase of \$0.69 per \$1,000 of taxable value.



City of Pembroke Pines, Florida

Management's Discussion and Analysis

General Fund Expenditures:

Expenditures of the General Fund are shown in the schedule below:

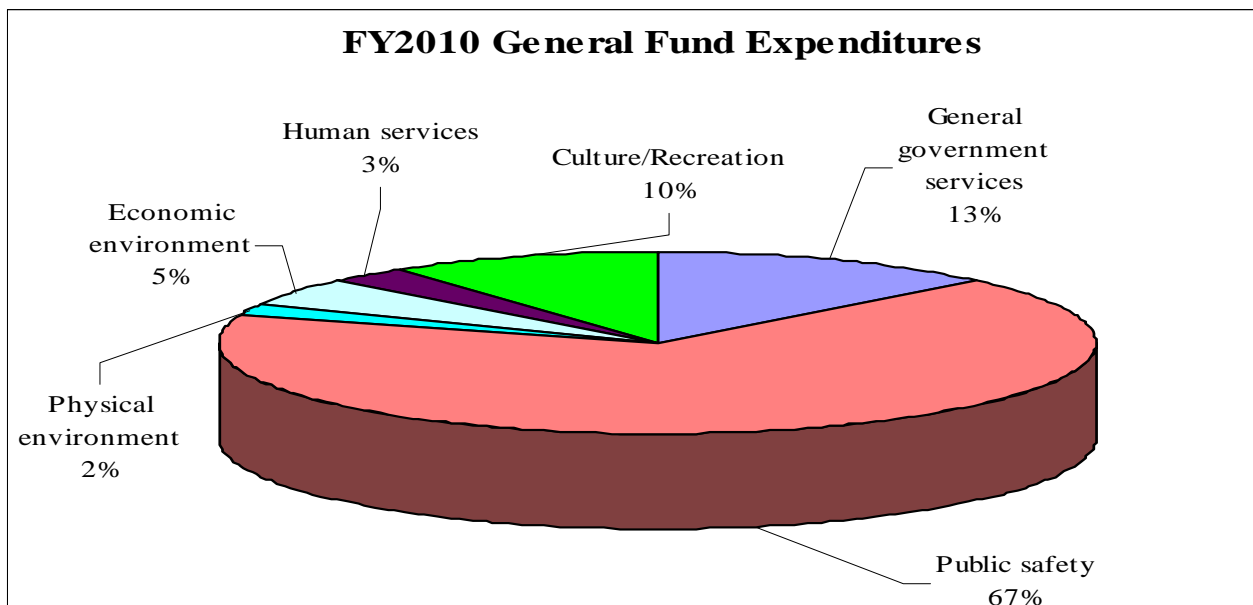
General Fund Expenditures (in millions) **

| | <u>2010</u> | <u>Percent</u> | <u>2009</u> | <u>Percent</u> | <u>Increase</u> | <u>Percentage</u> |
|-----------------------------|-----------------|----------------|-----------------|----------------|-------------------|-------------------|
| | <u>Amount</u> | <u>of</u> | <u>Amount</u> | <u>of</u> | <u>(Decrease)</u> | <u>Increase</u> |
| | | <u>Total</u> | | <u>Total</u> | <u>From 2009</u> | <u>(Decrease)</u> |
| Expenditures: | | | | | | |
| General government services | \$ 19.4 | 13% | \$ 19.5 | 13% | \$ (0.1) | (1)% |
| Public safety | 97.4 | 67% | 97.6 | 66% | (0.2) | -% |
| Physical environment | 2.7 | 2% | 2.9 | 2% | (0.2) | (7)% |
| Economic environment | 7.2 | 5% | 6.3 | 4% | 0.9 | 14% |
| Human services | 5.1 | 3% | 5.6 | 4% | (0.5) | (9)% |
| Culture/Recreation | 14.8 | 10% | 15.7 | 11% | (0.9) | (6)% |
| Total expenditures | \$ 146.6 | 100% | \$ 147.6 | 100% | \$ (1.0) | (1)% |

** Amounts may differ from the Fund Financial Statements due to rounding.

In fiscal year 2010, total General Fund expenditures decreased by \$1.0 million or -1.0% compared to the prior year, as the City continued its deliberate efforts to curtail spending. General Fund expenditures also declined by \$1.1 million in fiscal year 2009.

Overall, salary expenditures were reduced by approximately \$4.6 million, as several City positions were transitioned to contractual, but this was offset by a \$4.0 million increase in benefit costs. Benefit costs increased due mainly to the additional OPEB contribution \$5.0 million made to the Plan. Operating expenditures increased by \$0.8 million and general fund capital expenditures decreased by \$1.3 million over last year. Despite the fact that decreases in salaries were offset by an increase in benefit costs of almost an equal amount, significant changes were made during the year. Overall, the general fund eliminated 64 full-time positions and 22 part-time positions, as a result of transitioning some positions to contractual, hiring freezes and retirements.



City of Pembroke Pines, Florida

Management's Discussion and Analysis

Other Major Governmental Funds:

Debt Service Fund

The fund balance in the Debt Service Fund increased by \$0.5 million (4.4%) as compared with 2009 mainly as a result of sinking fund and reserve balance requirements for the City's bond issues. Additional information can be found in the Capital Assets and Debt Administration section on pages 18-19.

Capital Projects Fund

The deficit in the unreserved, undesignated fund balance of the Capital Projects Fund improved by \$4.1 million from a deficit of \$11.9 million in fiscal year 2009 to a deficit of \$7.8 million in fiscal year 2010. The reserved fund balance decreased by \$2.2 million over last year to \$34.8 million and represented reserves for encumbrances of \$7.9 million and reserves for capital projects of \$26.9 million. The reduction was mainly attributable to progress payments on construction projects related to the General Obligation Bonds and various other construction projects being undertaken by the City.

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets at the end of the year for the Utility Fund amounted to \$65.7 million compared to \$63.9 million in the prior year. Other factors concerning the finances of this major fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Revenues

Actual revenues were \$0.7 million or 0.4% below the final budget due mostly to the \$1.4 million budget shortfall shown below which was partially offset by a \$0.7 million budget overage in intergovernmental revenue, primarily the Local Government ½ Cent Sales Tax and Sales Tax Proceeds due to consumer spending being higher than anticipated:

- **Permits, fees and licenses** - \$0.7 million shortfall comprised of \$1.0 million in electric franchise fees attributable to a reduction in consumption associated with the fragile economy and a fuel rate reduction which negatively affected seven months of receipts as well as \$0.2 million in franchise fees-resource recovery host fees due to the reduced usage of the Reuter facility located in the City. These shortfalls were partially offset by \$0.5 million surplus in fire protection assessment which resulted mainly from some property owners not capitalizing on the early payment discount.
- **Charges for services** - \$0.4 million shortfall tied principally to \$0.8 million in Early Development Center fees due to lower than expected enrollment in both the regular and summer programs which was partially offset by \$0.3 million in golf cart rental and \$0.1 million in rescue transport fees.
- **Taxes** - \$0.3 million shortfall consisting primarily of \$0.4 million in fire insurance premium tax and \$0.3 million in public service tax – electric service associated with the economic decline. These shortfalls were partially offset by \$0.4 million surplus in property tax attributable mostly to some property owners not taking advantage of the early payment discount.

City of Pembroke Pines, Florida

Management's Discussion and Analysis

Expenditures

Over the past year there was a \$17.0 million net reduction in appropriations mainly as a consequence of labor concessions. The reductions consisted primarily of \$13.9 million in City contribution to the to the General Employees, Police Officers and Fire Fighters Pension Plans, \$1.0 million in salary reduction due to the elimination of 28 vacant full-time and part-time positions, \$1.0 million connected to the replacement of police patrol cars, and \$0.5 million in the contingency account. Actual expenditures were \$4.4 million or 2.9% below final budget due largely to the following budgetary savings:

- **General government** - \$1.8 million savings principally in the public services and non-departmental divisions. The most significant savings consisted chiefly of \$0.4 million in health insurance, \$0.4 million in contractual services-other, \$0.3 million in unutilized appropriations for contingencies and \$0.2 million associated with partial installation of fuel storage tanks.
- **Culture and recreation** - \$0.9 million savings consisted of \$0.3 million in personnel, \$0.5 million in other operating and \$0.1 million in capital. Savings in personnel were linked mainly to \$0.1 million in wages for part-time positions due to reduced staffing hours stemming mostly from low program registration associated with the weak economy and \$0.1 million in health insurance. Savings in the non-personnel operating category included \$0.1 million in special events - primarily the summer program as a result of lower than anticipated registration, \$0.1 million in utilities and \$0.1 million in contract services. The major saving in capital was \$0.1 million related to equipment not purchased.
- **Human services** - \$0.9 million savings included \$0.6 million in unspent appropriations for the Early Development Centers mainly as a result of unmet enrollment expectations. In addition, there were \$0.2 million in unexpended appropriations for the transitional housing project which have been carried forward to fiscal year 2011.
- **Economic Environment** - \$0.5 million consisted almost entirely of savings in operating expense. The main components were \$0.2 million in debt service due to refunding and \$0.2 million in property and casualty insurance.

Fund balance was projected originally to decrease by \$17.3 million and subsequent amendments reduced the unfavorable change to \$2.0 million. However, the actual change in fund balance was a favorable \$1.9 million attributable largely to savings in health insurance costs. Therefore, the variance between actual and projected was a favorable \$3.9 million.

City of Pembroke Pines, Florida

Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital assets. The City's capital assets for its governmental and business-type activities as of September 30, 2010, amounted to \$515.4 million (net of accumulated depreciation), compared with \$529.5 million last fiscal year. These assets include land, construction in progress, buildings, improvements other than buildings, machinery and equipment, and infrastructure. The total decrease in the City's capital assets for the current fiscal year was -2.6%.

Capital Assets (net of depreciation, in millions) **

| | Governmental | | Business-type | | Total | |
|--|--------------------------|----------------|--------------------------|----------------|----------------|----------------|
| | <u>Activities</u> | | <u>Activities</u> | | | |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Capital assets, not being depreciated: | | | | | | |
| Land | \$65.6 | \$65.6 | \$3.0 | \$3.1 | \$68.6 | \$68.7 |
| Construction in progress | 2.2 | 1.0 | 19.0 | 17.5 | 21.2 | 18.5 |
| Total capital assets, not being depreciated | 67.8 | 66.6 | 22.0 | 20.6 | 89.8 | 87.2 |
| Capital assets, being depreciated, net | | | | | | |
| Buildings | 197.7 | 201.6 | 14.9 | 15.3 | 212.6 | 216.9 |
| Improvements other than buildings | 87.8 | 93.3 | 111.9 | 116.0 | 199.7 | 209.3 |
| Machinery and equipment | 9.4 | 11.5 | 0.5 | 0.9 | 9.9 | 12.4 |
| Infrastructure | 3.3 | 3.7 | - | - | 3.3 | 3.7 |
| Intangibles | 0.1 | - | - | - | 0.1 | 0.0 |
| Total capital assets, being depreciated, net | 298.3 | 310.1 | 127.3 | 132.2 | 425.6 | 442.3 |
| Total capital assets | \$366.1 | \$376.7 | \$149.3 | \$152.8 | \$515.4 | \$529.5 |

** Amounts may differ from the Fund Financial Statements due to rounding.

Additions to capital assets for governmental activities included the following items:

- The City continued various projects utilizing the 2007 and 2005 General Obligation (G.O.) Bond proceeds. In 2010, the City spent an additional \$1.5 million of the G.O. bond proceeds. Of this amount, \$1.3 million was used for new community facilities. The remaining \$0.2 million was used for various improvements to recreational facilities and transportation projects.
- The Charter School expansion project was completed, and included the addition of 50 new classrooms. The construction was undertaken by the City as part of the State's unfunded mandate for Class Size Reduction. During fiscal years 2008 and 2009, the City spent approximately \$12.7 million on this project and in fiscal year 2010 spent an additional \$0.4 million.
- In fiscal year 2010, the General Fund expended approximately \$1.1 million for various capital purchases including, but not limited to, \$0.4 million for 2 rescue ambulances.
- The City spent \$0.9 million for the construction of a thermal energy storage system at the Academic Village. This was a grant awarded by the U.S. Department of Energy and funded through the American Recovery and Reinvestment Act (ARRA). The total cost of the project is estimated at \$1.1 million.

City of Pembroke Pines, Florida **Management's Discussion and Analysis**

Additions to capital assets for business-type activities included the following:

- Water plant expansion project phase III for approximately \$0.3 million.
- Engineering fees related to the City's Alternative Water Supply project for approximately \$1.5 million.

Additional information on the City's capital assets can be found in Note 6. starting on page 58 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonds outstanding of \$385.4 million. The majority of the City's outstanding debt is secured by specified revenue sources.

| Outstanding Debt (in millions) | | |
|---------------------------------------|-----------------|-----------------|
| Revenue and General Obligation Bonds | | |
| Governmental | | |
| Activities | | |
| | <u>2010</u> | <u>2009</u> |
| Revenue Bonds | \$ 302.3 | \$ 308.6 |
| General Obligation Bonds | 83.1 | 84.9 |
| | <u>\$ 385.4</u> | <u>\$ 393.5</u> |

- In fiscal year 2010, the City issued Capital Improvement Refunding Revenue Bonds, Series 2010 in the amount of \$8.5 million, which refunded the Capital Improvement Revenue Bonds, Series 1999.

All of the outstanding bonds are insured and have had the highest bond ratings until the downgrade of the bond insurers by the Rating Agencies, and consequently the insured ratings on these bonds were downgraded. Such ratings reflect only the respective views of the Rating Agencies. Generally, Rating Agencies base their ratings on information, materials, investigations, studies and assumptions made by them. There is no assurance that such ratings will be maintained for any given period of time or that they may not be lowered, suspended or withdrawn entirely by the Rating Agencies, if in their judgment, circumstances warrant the change.

Both General Obligation Bonds received an underlying rating from Moody's of Aa2 and AA stable from Fitch. Additional information on the City's long-term debt can be found in Note 9. starting on page 65 of this report.

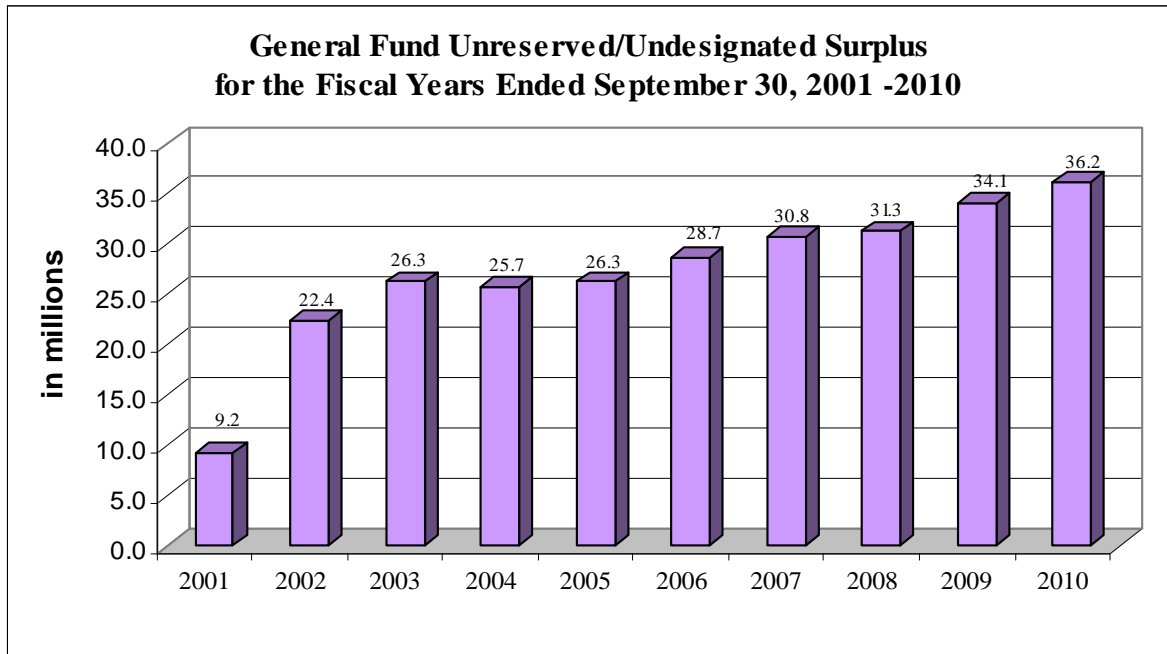
Economic Factors and Next Year's Budgets and Rates

The City's local economy is primarily based upon retail and service activities. The occupancy rate of the City's retail establishments and office structures remains at approximately 94%. Only 5% of the City remains undeveloped. As the City nears build-out its focus will be on redevelopment issues for the future.

The unemployment rate for the City of Pembroke Pines for the fiscal year ended September 30, 2010 was 9.5%, which is an increase from the 7.4% a year ago. This compares to unemployment rates for Broward County, which was 10.4%, and 11.8% for the State of Florida for the same period.

City of Pembroke Pines, Florida **Management's Discussion and Analysis**

During the current fiscal year, unreserved/undesignated fund balance in the General Fund increased to \$36.2 million, compared to \$34.1 million from last year. The \$36.2 million is approximately equal to three months of the General Fund operating expenditures. Over the last several years, with the exception of FY2004, the City has been able to increase its unreserved/undesignated fund balance as shown in the following graph.



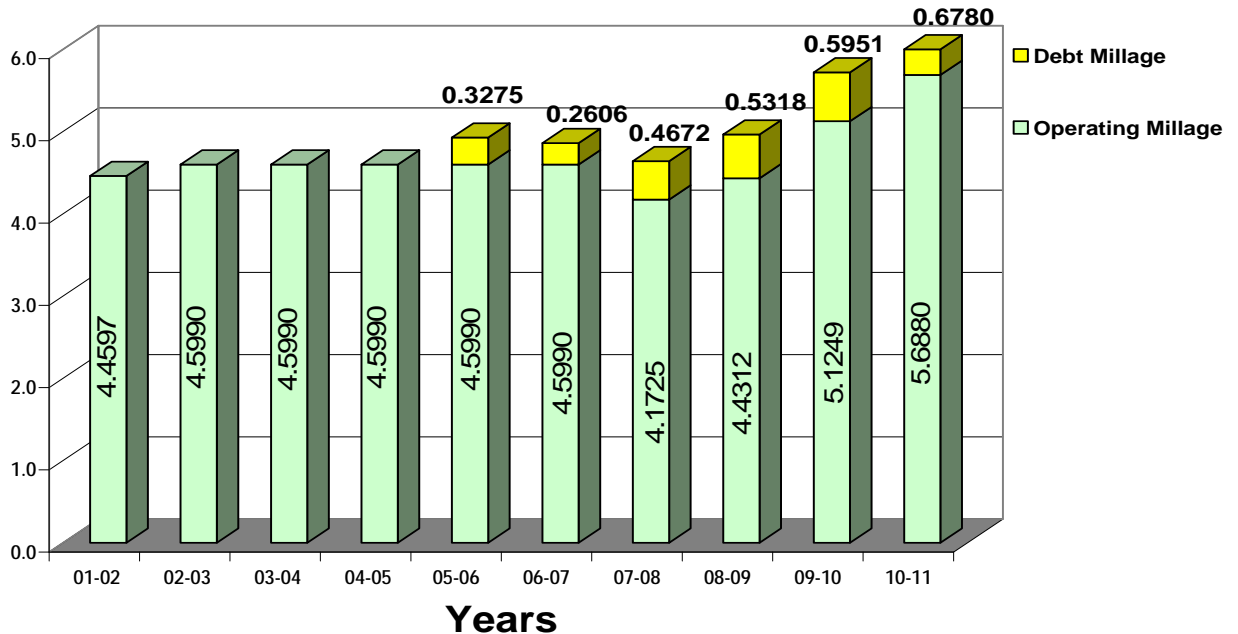
Beginning with fiscal year 2008, the State required all local governments to decrease ad valorem property taxes by rolling back the millage rate, and any future increases would be based on the rolled back rate and the change in personal income for the State.

For fiscal year 2011, both the City's operating and debt service millage rates have been increased due primarily to the 11.4% decrease in taxable values. Ad valorem taxes (operating and debt combined) are budgeted at \$51.2 million and represent 15.1% of the FY2011 revenue budget, as compared to 14.8% in the FY2010 budget, net of estimated budget savings. The impact of the change in the operating millage rate on property owners is an 11.0% increase, from 5.1249 to 5.6880, which, when applied to the decrease in city-wide taxable value associated with the real estate slump, created a \$1.0 million savings to taxpayers.

For many years, the City, just like many other cities across the country, has had to face the challenge of keeping taxes and service charges as low as possible while providing residents with the level of service they have come to expect. State legislative changes in effect since fiscal year 2009 and beyond have reduced the City's ability to increase taxes without a super-majority vote of the City Commission.

City of Pembroke Pines, Florida
Management's Discussion and Analysis

Millage Rate History



Effective October 1, 2010, water and sewer rates increased by 11.31% over last years rates for all residential and commercial properties. This increase will provide \$4.0 million of additional revenue: \$0.5 million to recover revenue loss due to decreases in consumption, \$1.2 million to fund the 2010-11 portion of debt service on the new debt of \$12.3 million for the Alternative Water Supply project (AWS), \$1.3 million for fiscal year 2011 capital needs, and \$1.0 million to cover the increase in payments to the City of Hollywood for its treatment of wastewater on the east side of the City.

All these and other factors were considered in preparing the City's budget for fiscal year 2011.

Requests for Information

This financial report is designed to provide a general overview of the City of Pembroke Pines' finances for all those with an interest in the City's finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Rene Gonzalez, Finance Director, Finance Department, City of Pembroke Pines, 10100 Pines Boulevard, Pembroke Pines, Florida 33026-6041.

Basic Financial Statements



Government-wide Financial Statements



City of Pembroke Pines, Florida

Statement of Net Assets

September 30, 2010

| | Governmental Activities | Business-type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------------|
| Assets and deferred outflows | | | |
| Pooled cash and cash equivalents | \$30,907,160 | \$585,714 | \$31,492,874 |
| Investments: | | | |
| Marketable securities | 32,925,007 | - | 32,925,007 |
| Real estate | 68,266,587 | - | 68,266,587 |
| Receivables, net | 8,261,132 | 3,844,766 | 12,105,898 |
| Inventories | 329,555 | 44,367 | 373,922 |
| Restricted assets: | | | |
| Pooled cash and cash equivalents | 33,094,579 | 2,753,511 | 35,848,090 |
| Investments: | | | |
| Marketable securities | 15,000,000 | - | 15,000,000 |
| Prepaid costs | 53,775 | - | 53,775 |
| Negative net pension obligation | 59,245,951 | 2,969,363 | 62,215,314 |
| Deferred outflows - interest rate swaps | 8,124,574 | - | 8,124,574 |
| Unamortized bond issue costs | 5,612,067 | 939 | 5,613,006 |
| Capital assets, not being depreciated | 67,841,424 | 22,043,627 | 89,885,051 |
| Capital assets, being depreciated, net | 298,274,905 | 127,283,829 | 425,558,734 |
| Total assets and deferred outflows | 627,936,716 | 159,526,116 | 787,462,832 |
| Liabilities | | | |
| Accounts payable and accrued liabilities | 21,352,186 | 548,330 | 21,900,516 |
| Deposits | 2,077,166 | - | 2,077,166 |
| Internal balances | 59,530,659 | (59,530,659) | - |
| Unearned revenue | 4,768,624 | - | 4,768,624 |
| Payable from restricted assets: | | | |
| Deposits | - | 2,753,511 | 2,753,511 |
| Noncurrent liabilities: | | | |
| Due within one year | 24,005,641 | 410,765 | 24,416,406 |
| Due in more than one year | 395,311,215 | 307,278 | 395,618,493 |
| Total liabilities | 507,045,491 | (55,510,775) | 451,534,716 |
| Net assets | | | |
| Invested in capital assets, net of related debt | 98,775,229 | 149,327,456 | 248,102,685 |
| Restricted for: | | | |
| \$2 Police Education | 233,050 | - | 233,050 |
| Charter schools | 4,172,898 | - | 4,172,898 |
| Debt Service | 14,224,149 | - | 14,224,149 |
| FDLE - Confiscated | 1,485,215 | - | 1,485,215 |
| Justice - Confiscated | 337,658 | - | 337,658 |
| Older Americans Act | 23,223 | - | 23,223 |
| Road & Bridge Fund | 6,426,925 | - | 6,426,925 |
| Treasury - Confiscated | 293,173 | - | 293,173 |
| Wetland Mitigation Trust Fund: | | | |
| Nonexpendable | 446,115 | - | 446,115 |
| Expendable | 136,394 | - | 136,394 |
| Unrestricted | (5,662,804) | 65,709,435 | 60,046,631 |
| Total net assets | <u>\$120,891,225</u> | <u>\$215,036,891</u> | <u>\$335,928,116</u> |

See notes to basic financial statements.

City of Pembroke Pines, Florida

Statement of Activities

Fiscal Year Ended September 30, 2010

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|---|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | | |
| General government services | \$19,647,193 | \$16,049,045 | \$ - | \$966,652 | \$(2,631,496) | \$ - | \$(2,631,496) |
| Public safety | 93,568,314 | 28,399,794 | 208,407 | 40,300 | (64,919,813) | - | (64,919,813) |
| Physical environment | 2,684,192 | 158 | - | - | (2,684,034) | - | (2,684,034) |
| Transportation | 9,989,922 | 174,676 | 2,294,285 | 934,345 | (6,586,616) | - | (6,586,616) |
| Economic environment | 13,329,473 | 6,782,391 | 4,804,198 | 162,936 | (1,579,948) | - | (1,579,948) |
| Human services | 54,656,396 | 49,638,630 | 2,575,903 | 57,259 | (2,384,604) | - | (2,384,604) |
| Culture/recreation | 18,316,771 | 4,129,033 | 102,019 | 133,373 | (13,952,346) | - | (13,952,346) |
| Interest on long-term debt | 19,166,448 | 12,014,252 | - | - | (7,152,196) | - | (7,152,196) |
| Total governmental activities | <u>231,358,709</u> | <u>117,187,979</u> | <u>9,984,812</u> | <u>2,294,865</u> | <u>(101,891,053)</u> | <u>-</u> | <u>(101,891,053)</u> |
| Business-type activities: | | | | | | | |
| Water utility services | 4,318,216 | 18,015,418 | 192,400 | 336,991 | - | 14,226,593 | 14,226,593 |
| Sewer/wastewater services | 10,946,520 | 18,689,072 | - | 343,562 | - | 8,086,114 | 8,086,114 |
| Water-sewer combined service | 24,764,738 | 98,253 | - | - | - | (24,666,485) | (24,666,485) |
| Total business-type activities | <u>40,029,474</u> | <u>36,802,743</u> | <u>192,400</u> | <u>680,553</u> | <u>-</u> | <u>(2,353,778)</u> | <u>(2,353,778)</u> |
| Total | <u>\$271,388,183</u> | <u>\$153,990,722</u> | <u>\$10,177,212</u> | <u>\$2,975,418</u> | <u>(101,891,053)</u> | <u>(2,353,778)</u> | <u>(104,244,831)</u> |
| General revenues: | | | | | | | |
| Property taxes, levied for debt service | | | | | 5,482,360 | - | 5,482,360 |
| Property taxes, levied for general purposes | | | | | 47,224,460 | - | 47,224,460 |
| Utility taxes | | | | | 10,710,284 | - | 10,710,284 |
| Communications services tax | | | | | 7,748,084 | - | 7,748,084 |
| Insurance premium taxes | | | | | 2,337,509 | - | 2,337,509 |
| Local option gas taxes | | | | | 2,633,187 | - | 2,633,187 |
| Franchise fees | | | | | 14,712,823 | - | 14,712,823 |
| Local business tax | | | | | 3,191,395 | - | 3,191,395 |
| Intergovernmental revenue - unrestricted | | | | | 11,171,464 | - | 11,171,464 |
| Miscellaneous revenues | | | | | 218,254 | 9,989 | 228,243 |
| Investment earnings not restricted | | | | | 3,298,253 | 665,360 | 3,963,613 |
| Total general revenues | | | | | <u>108,728,073</u> | <u>675,349</u> | <u>109,403,422</u> |
| Change in net assets | | | | | 6,837,020 | (1,678,429) | 5,158,591 |
| Net assets, beginning | | | | | <u>114,054,205</u> | <u>216,715,320</u> | <u>330,769,525</u> |
| Net assets, ending | | | | | <u>\$120,891,225</u> | <u>\$215,036,891</u> | <u>\$335,928,116</u> |

See notes to basic financial statements.

Fund Financial Statements



City of Pembroke Pines, Florida
Balance Sheet
Governmental Funds
September 30, 2010

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Other Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--------------------------------------|-----------------------|----------------------|-------------------------|--|---------------------------------|
| Assets | | | | | |
| Pooled cash and cash equivalents | \$ 18,689,149 | \$ - | \$ - | \$ 9,855,809 | \$ 28,544,958 |
| Investments: | | | | | |
| Marketable securities | 17,557,133 | - | - | 5,076,801 | 22,633,934 |
| Real estate | 68,266,587 | - | - | - | 68,266,587 |
| Receivables: | | | | | |
| Unbilled | - | - | - | - | - |
| Franchise fees and taxes | 5,051,162 | - | - | 443,834 | 5,494,996 |
| Other | 1,048,321 | - | - | 206,924 | 1,255,245 |
| Inventories | 306,332 | - | - | 23,223 | 329,555 |
| Prepaid costs | 500 | - | - | 53,275 | 53,775 |
| Due from other funds | 16,007,672 | - | - | - | 16,007,672 |
| Due from other governments | 73,741 | - | 46,332 | 1,390,818 | 1,510,891 |
| Restricted assets: | | | | | |
| Pooled cash and cash equivalents | - | 14,117,762 | 18,394,308 | 582,509 | 33,094,579 |
| Investments: | | | | | |
| Marketable securities | - | - | 15,000,000 | - | 15,000,000 |
| Total assets | <u>\$ 127,000,597</u> | <u>\$ 14,117,762</u> | <u>\$ 33,440,640</u> | <u>\$ 17,633,193</u> | <u>\$ 192,192,192</u> |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 11,109,277 | \$ - | \$ - | \$ 89,919 | \$ 11,199,196 |
| Accrued liabilities | 8,765 | - | - | - | 8,765 |
| Retainage payable | - | - | 74,380 | - | 74,380 |
| Due to other funds | - | - | - | 1,007,671 | 1,007,671 |
| Interfund payables | - | - | 2,551,225 | - | 2,551,225 |
| Due to other governments | 4,339,506 | - | - | - | 4,339,506 |
| Deposits | 1,601,443 | - | - | 475,723 | 2,077,166 |
| Deferred revenue | 3,087,213 | - | - | 1,681,411 | 4,768,624 |
| Advances from other funds | <u>68,266,587</u> | <u>-</u> | <u>3,712,848</u> | <u>-</u> | <u>71,979,435</u> |
| Total liabilities | <u>88,412,791</u> | <u>-</u> | <u>6,338,453</u> | <u>3,254,724</u> | <u>98,005,968</u> |
| Fund balances: | | | | | |
| Reserved for: | | | | | |
| Wetland Mitigation Trust: | | | | | |
| Nonexpendable | - | - | - | 446,115 | 446,115 |
| Expendable | - | - | - | 136,394 | 136,394 |
| Capital projects | - | - | 26,936,587 | - | 26,936,587 |
| Prepaid costs | - | - | - | 53,275 | 53,275 |
| Encumbrances | 767 | - | 7,931,678 | 52,354 | 7,984,799 |
| Inventory | 306,332 | - | - | 23,223 | 329,555 |
| Debt service | - | 14,117,762 | - | - | 14,117,762 |
| Unreserved, reported in: | | | | | |
| General fund: | | | | | |
| Designated for disaster assistance | 2,125,000 | - | - | - | 2,125,000 |
| Undesignated | 36,155,707 | - | - | - | 36,155,707 |
| Special revenue funds: | | | | | |
| Designated for rent payments | - | - | - | 4,619,102 | 4,619,102 |
| Designated for capital replacements | - | - | - | 497,226 | 497,226 |
| Undesignated | - | - | - | 8,550,780 | 8,550,780 |
| Capital projects fund: | | | | | |
| Undesignated | <u>-</u> | <u>-</u> | <u>(7,766,078)</u> | <u>-</u> | <u>(7,766,078)</u> |
| Total fund balances | <u>38,587,806</u> | <u>14,117,762</u> | <u>27,102,187</u> | <u>14,378,469</u> | <u>94,186,224</u> |
| Total liabilities and fund balances | <u>\$ 127,000,597</u> | <u>\$ 14,117,762</u> | <u>\$ 33,440,640</u> | <u>\$ 17,633,193</u> | <u>\$ 192,192,192</u> |

See notes to basic financial statements.

City of Pembroke Pines, Florida
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
September 30, 2010

| | |
|--|----------------|
| Fund Balances - Total governmental funds (page 24) | \$ 94,186,224 |
| 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 funds. | 366,116,329 |
| Unamortized bond issue costs are not available to pay for current-period expenditures and, therefore, are not reported in the funds. | 5,612,067 |
| Interest payable, included in accrued liabilities, is not due and payable in the current period and, therefore, not reported in the funds. | (5,505,680) |
| Net OPEB obligation is not due and payable in the current period and, therefore, not reported in the funds. | (2,330,648) |
| Bonds payable, included in noncurrent liabilities, are not due and payable in the current period and, therefore, are not reported in the funds. | (385,360,700) |
| Deferred amounts for issuance discounts/premiums, included in noncurrent liabilities, are not due and payable in the current period and, therefore, are not reported in the funds. | 6,628,941 |
| Compensated absences, included in noncurrent liabilities, are not due and payable in the current period and, therefore, are not reported in the funds. | (17,659,288) |
| Negative net pension obligation created through treatment of Taxable Communications Services Tax Revenue Bonds as employer contribution to defined benefit pension plans is not recognized in the funds. | 59,203,980 |
| Net assets of governmental activities (page 22) | \$ 120,891,225 |

See notes to basic financial statements.

City of Pembroke Pines, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended September 30, 2010

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Other Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------|-------------------------|-----------------------------|--|---|
| Revenues | | | | | |
| Taxes: | | | | | |
| Property taxes | \$ 47,224,460 | \$ 5,482,360 | \$ - | \$ - | \$ 52,706,820 |
| Utility taxes | 8,919,926 | 1,790,358 | - | - | 10,710,284 |
| Communications services tax | 1,284,689 | 6,463,395 | - | - | 7,748,084 |
| Insurance premium taxes | 2,337,509 | - | - | - | 2,337,509 |
| Local option, use and fuel taxes | - | - | - | 2,633,187 | 2,633,187 |
| Local business tax | 3,191,395 | - | - | - | 3,191,395 |
| Special assessments | 21,015,296 | - | - | - | 21,015,296 |
| Permits, fees and licenses | 11,946,020 | 820,652 | 2,242,686 | - | 15,009,358 |
| Intergovernmental | 10,491,933 | - | 2,575,837 | 48,446,059 | 61,513,829 |
| Charges for services | 27,540,989 | - | - | 1,585,549 | 29,126,538 |
| Fines and forfeitures | 1,619,653 | - | - | 259,916 | 1,879,569 |
| Investment income | 1,853,584 | 147,066 | 516,682 | 262,966 | 2,780,298 |
| Contributions | 114,666 | - | 415,130 | 456,281 | 986,077 |
| Rental revenue | 11,193,742 | 12,014,252 | - | 1,687,502 | 24,895,496 |
| Other | 204,873 | - | - | 1,470,143 | 1,675,016 |
| Total revenues | <u>148,938,735</u> | <u>26,718,083</u> | <u>5,750,335</u> | <u>56,801,603</u> | <u>238,208,756</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 19,417,696 | - | 909,489 | 9,820 | 20,337,005 |
| Public safety | 97,401,662 | - | - | 424,052 | 97,825,714 |
| Physical environment | 2,731,465 | - | - | - | 2,731,465 |
| Transportation | - | - | 859,402 | 6,665,367 | 7,524,769 |
| Economic environment | 7,140,641 | - | - | 4,967,134 | 12,107,775 |
| Human services | 5,118,138 | - | 518,709 | 46,280,308 | 51,917,155 |
| Culture and recreation | 14,771,036 | - | 1,578,491 | - | 16,349,527 |
| Debt service: | | | | | |
| Principal | - | 7,950,000 | - | - | 7,950,000 |
| Interest | - | 17,408,607 | - | - | 17,408,607 |
| Bond issuance cost | - | 45,349 | - | - | 45,349 |
| Other debt service costs | - | 518,434 | - | - | 518,434 |
| Total expenditures | <u>146,580,638</u> | <u>25,922,390</u> | <u>3,866,091</u> | <u>58,346,681</u> | <u>234,715,800</u> |
| Excess (deficiency) of revenues over expenditures | <u>2,358,097</u> | <u>795,693</u> | <u>1,884,244</u> | <u>(1,545,078)</u> | <u>3,492,956</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | - | - | - | 909,154 | 909,154 |
| Transfers out | (453,178) | - | - | (455,976) | (909,154) |
| Refunding bonds issued | - | 8,545,700 | - | - | 8,545,700 |
| Payment to refunded bond escrow agent | - | (8,752,651) | - | - | (8,752,651) |
| Total other financing sources (uses) | <u>(453,178)</u> | <u>(206,951)</u> | <u>-</u> | <u>453,178</u> | <u>(206,951)</u> |
| Net change in fund balances | 1,904,919 | 588,742 | 1,884,244 | (1,091,900) | 3,286,005 |
| Fund balances, beginning | <u>36,682,887</u> | <u>13,529,020</u> | <u>25,217,943</u> | <u>15,470,369</u> | <u>90,900,219</u> |
| Fund balances, ending | <u>\$ 38,587,806</u> | <u>\$ 14,117,762</u> | <u>\$ 27,102,187</u> | <u>\$ 14,378,469</u> | <u>\$ 94,186,224</u> |

See notes to basic financial statements.

City of Pembroke Pines, Florida
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Fiscal Year Ended September 30, 2010

Amounts reported for governmental activities in the statement of activities (page 23) are different because:

Net change in fund balances - total governmental funds (page 26) \$ 3,286,005

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

The details of the difference are as follows:

| | | |
|----------------------|---------------------|--------------|
| Capital outlay | \$ 5,341,778 | |
| Depreciation expense | <u>(15,846,295)</u> | |
| Net adjustment | | (10,504,517) |

The net effect of various miscellaneous transactions involving capital assets (29,725)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, however, it has no effect on net assets.

The details of the difference are as follows:

| | | |
|--|--------------------|-----------|
| Debt issued: | | |
| 2010 Refunding Capital Improvement Revenue Bonds | (8,545,700) | |
| Debt refunded: | | |
| Payment to refunded escrow agent | 8,690,000 | |
| Principal payments: | | |
| Taxable Revenue Bonds | 1,765,000 | |
| General Obligation Bonds | 1,785,000 | |
| Capital Improvement Revenue Bonds | 825,000 | |
| Public Improvement Revenue Bonds | 1,100,000 | |
| Refunded Capital Improvement Revenue Bonds | 1,470,000 | |
| Refunded Public Improvement Revenue Bonds | <u>1,005,000</u> | |
| Total principal payments | 7,950,000 | |
| Bond Issue Costs, Bond Discount/Premium and Loss on Refunded Bonds | <u>(1,294,687)</u> | |
| Net adjustment | | 6,799,613 |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

The details of the difference are as follows:

| | | |
|---|--|-----------|
| Compensated absences | | 1,907,282 |
| Accrued interest | | 163,279 |
| Net OPEB obligation | | 5,000,000 |
| Amortization of negative pension obligation | | 215,083 |

Change in net assets of governmental activities (page 23) \$ 6,837,020

See notes to basic financial statements.

City of Pembroke Pines, Florida
Statement of Fund Net Assets
Proprietary Funds
September 30, 2010

| | Business-type Activities | Nonmajor Governmental Activities |
|--|-------------------------------------|---|
| | <u>Enterprise Fund</u> | <u>Internal Service Fund</u> |
| | <u>Utility Fund</u> | <u>Public Insurance</u> |
| Assets | | |
| Current assets: | | |
| Pooled cash and cash equivalents | \$ 585,714 | \$ 2,362,202 |
| Investments: | | |
| Marketable securities | - | 10,291,073 |
| Accounts receivable: | | |
| Customer accounts, net | 3,844,766 | - |
| Inventory | 44,367 | - |
| Interfund receivables | 2,551,225 | - |
| Total current assets | <u>7,026,072</u> | <u>12,653,275</u> |
| Noncurrent assets: | | |
| Restricted assets: | | |
| Pooled cash and cash equivalents | <u>2,753,511</u> | - |
| Total restricted assets | <u>2,753,511</u> | - |
| Advances to other funds | 71,979,435 | - |
| Deferred bond issue cost | 939 | - |
| Negative net pension obligation | 2,969,363 | 41,971 |
| Capital Assets: | | |
| Land | 3,056,488 | - |
| Buildings and utility plant | 196,919,336 | - |
| Construction-in-progress | 18,987,139 | - |
| Machinery and equipment | 5,905,531 | - |
| Less accumulated depreciation | <u>(75,541,038)</u> | - |
| Total capital assets (net of accumulated depreciation) | <u>149,327,456</u> | - |
| Total noncurrent assets | <u>227,030,704</u> | <u>41,971</u> |
| Total assets | <u>\$ 234,056,776</u> | <u>\$ 12,695,246</u> |

(continued)

See notes to basic financial statements.

City of Pembroke Pines, Florida
Statement of Fund Net Assets
Proprietary Funds
September 30, 2010
(continued)

| | Business-type Activities | Nonmajor Governmental Activities |
|--|-------------------------------------|---|
| | <u>Enterprise Fund</u> | <u>Internal Service Fund</u> |
| | <u>Utility Fund</u> | <u>Public Insurance</u> |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Accounts payable | \$ 78,885 | \$ 224,659 |
| Retainage payable | 469,445 | - |
| Due to other funds | 15,000,001 | - |
| Compensated absences | 410,765 | 9,940 |
| Claims payable | - | 12,452,520 |
| Total current liabilities | <u>15,959,096</u> | <u>12,687,119</u> |
| Noncurrent liabilities payable from restricted assets: | | |
| Customer deposits | 2,753,511 | - |
| Noncurrent liabilities: | | |
| Compensated absences | <u>307,278</u> | <u>8,127</u> |
| Total noncurrent liabilities | <u>3,060,789</u> | <u>8,127</u> |
| Total liabilities | <u>19,019,885</u> | <u>12,695,246</u> |
| Net Assets: | | |
| Invested in capital assets | 149,327,456 | - |
| Unrestricted | <u>65,709,435</u> | - |
| Total net assets | <u>215,036,891</u> | - |
| Total liabilities and net assets | <u>\$ 234,056,776</u> | <u>\$ 12,695,246</u> |

See notes to basic financial statements.

City of Pembroke Pines, Florida
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Fiscal Year Ended September 30, 2010

| | Business-type Activities | Nonmajor Governmental Activities |
|--|-------------------------------------|---|
| | <u>Enterprise Fund</u> | <u>Internal Service Fund</u> |
| | <u>Utility Fund</u> | <u>Public Insurance</u> |
| Operating revenues: | | |
| Charges for services | \$ 36,802,743 | \$ 14,869,557 |
| Other | 9,989 | 1,819,389 |
| Total operating revenues | <u>36,812,732</u> | <u>16,688,946</u> |
| Operating expenses: | | |
| Operating, administrative and maintenance | 34,531,994 | 17,206,900 |
| Depreciation | 5,497,480 | - |
| Total operating expenses | <u>40,029,474</u> | <u>17,206,900</u> |
| Operating loss | <u>(3,216,742)</u> | <u>(517,954)</u> |
| Nonoperating revenues & expenses: | | |
| Interest income | 665,360 | 517,954 |
| Grant for water line replacement | 192,400 | - |
| Total nonoperating revenues & expenses | <u>857,760</u> | <u>517,954</u> |
| Loss before contributions | (2,358,982) | - |
| Capital contributions | <u>680,553</u> | <u>-</u> |
| Change in net assets | (1,678,429) | - |
| Net assets, beginning | <u>216,715,320</u> | <u>-</u> |
| Net assets, ending | <u>\$ 215,036,891</u> | <u>\$ -</u> |

See notes to basic financial statements.

City of Pembroke Pines, Florida
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended September 30, 2010

| | Business-type Activities | Nonmajor Governmental Activities |
|---|-------------------------------------|---|
| | <u>Enterprise Fund</u> | <u>Internal Service Fund</u> |
| | <u>Utility Fund</u> | <u>Public Insurance</u> |
| Cash flows from operating activities | | |
| Cash received from customers: | | |
| For services | \$ 36,753,171 | \$ 14,869,557 |
| For deposits | 6,236 | - |
| Cash payments to suppliers for goods and services | (14,267,819) | (15,574,989) |
| Cash payments to employees for services | (4,988,388) | (134,741) |
| Interfund services used | (15,307,030) | - |
| Other operating revenues | <u>9,989</u> | <u>1,819,389</u> |
| Net cash provided by operating activities | <u>2,206,159</u> | <u>979,216</u> |
| Cash flows from noncapital financing activities | | |
| Increase in advances to other funds | (983,749) | - |
| Decrease in due to other funds | (698,804) | - |
| Interest earned from other funds | 792,795 | - |
| Grant for water line replacement | <u>192,400</u> | <u>-</u> |
| Net cash used in noncapital financing activities | <u>(697,358)</u> | <u>-</u> |
| Cash flows from capital and related financing activities | | |
| Acquisition and construction of capital assets | (1,921,415) | - |
| Deferred bond issue cost | (939) | - |
| Capital contributions provided by developers | <u>574,814</u> | <u>-</u> |
| Net cash used in capital and related financing activities | <u>(1,347,540)</u> | <u>-</u> |

(continued)

City of Pembroke Pines, Florida
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended September 30, 2010
(continued)

| | Business-type Activities | Nonmajor Governmental Activities |
|--|-------------------------------------|---|
| | <u>Enterprise Fund</u> | <u>Internal Service Fund</u> |
| | <u>Utility Fund</u> | <u>Public Insurance</u> |
| Cash flows from investing activities | | |
| Purchase of investment securities | \$ - | \$ (7,000,000) |
| Proceeds from sale and maturity of investments | 2,860,925 | 8,060,848 |
| Income (loss) on cash and cash equivalents | <u>(182,938)</u> | <u>194,038</u> |
| Net cash provided by investing activities | <u>2,677,987</u> | <u>1,254,886</u> |
| | | |
| Net increase in equity in pooled cash and cash equivalents | 2,839,248 | 2,234,102 |
| | | |
| Pooled cash and cash equivalents at beginning of year | <u>499,977</u> | <u>128,100</u> |
| Pooled cash and cash equivalents at end of year | <u>\$ 3,339,225</u> | <u>\$ 2,362,202</u> |
| | | |
| Displayed as: | | |
| Unrestricted | \$ 585,714 | \$ 2,362,202 |
| Restricted | <u>2,753,511</u> | <u>-</u> |
| Total, September 30, 2009 | <u>\$ 3,339,225</u> | <u>\$ 2,362,202</u> |
| | | |
| Reconciliation of operating loss to net cash provided (used) by operating activities: | | |
| Operating loss | \$ (3,216,742) | \$ (517,954) |
| | | |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | | |
| | | |
| Depreciation | 5,497,480 | - |
| | | |
| Change in assets and liabilities: | | |
| Receivables: | | |
| Increase in customer accounts, net | (49,572) | - |
| Increase in inventory | (19,971) | - |
| Decrease in negative net pension obligation | 165,174 | 2,472 |
| Increase in accounts payable | 26,172 | 199,435 |
| Decrease in compensating absences | (202,618) | (13,979) |
| Decrease in insurance claims payable | - | 1,309,242 |
| Increase in customer deposits | <u>6,236</u> | <u>-</u> |
| | | |
| Net cash provided by operating activities | <u>\$ 2,206,159</u> | <u>\$ 979,216</u> |
| | | |
| Noncash investing, capital, and financing activities: | | |
| Property contributed by developers | \$ 105,740 | \$ - |
| Increase in fair value of investments | 55,501 | 323,916 |

See notes to basic financial statements.

City of Pembroke Pines, Florida
Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2010

| | <u>Pension and OPEB Trust Funds</u> | <u>Agency Funds</u> |
|---|--|--------------------------------|
| Assets | | |
| Cash and short-term investments | \$ 10,302,596 | \$ 2,534,403 |
| Receivables | | |
| Accrued interest and dividends | 947,054 | - |
| Other | <u>5,692,857</u> | <u>1,864,382</u> |
| Total receivables | <u>6,639,911</u> | <u>1,864,382</u> |
| Investments, at fair value | | |
| U.S. Government securities | 20,199,325 | - |
| Corporate bonds | 56,324,912 | - |
| Common stocks | 132,868,952 | - |
| Foreign bonds | 2,460,944 | - |
| Domestic equity fund | 38,034,809 | - |
| International equity fund | 22,402,372 | - |
| Real estate fund | 15,433,828 | - |
| Mutual funds | <u>130,784,747</u> | <u>-</u> |
| Total investments | <u>418,509,889</u> | <u>-</u> |
| Capital Assets: | | |
| Property and equipment, net | <u>440,612</u> | <u>-</u> |
| Total capital assets | <u>440,612</u> | <u>-</u> |
| Total assets | <u>435,893,008</u> | <u>4,398,785</u> |
| Liabilities | | |
| DROP participants payable | 62,773,918 | - |
| Reserve for health insurance claims | 739,911 | - |
| Accounts payable | 1,623,964 | 1,864,382 |
| Accrued liabilities | <u>-</u> | <u>2,534,403</u> |
| Total liabilities | <u>65,137,793</u> | <u>4,398,785</u> |
| Net Assets | | |
| Net assets held in trust for pension benefits | 350,813,059 | - |
| Net assets held in trust for OPEB benefits | <u>19,942,156</u> | <u>-</u> |
| Total net assets held in trust for benefits | <u>\$ 370,755,215</u> | <u>\$ -</u> |

See notes to basic financial statements.

City of Pembroke Pines, Florida
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Fiscal Year Ended September 30, 2010

| | Pension and OPEB <u>Trust Funds</u> |
|--|--|
| Additions | |
| Contributions: | |
| Plan members | \$ 4,637,745 |
| Employee buybacks | 7,926 |
| Employer | 39,537,844 |
| State | <u>2,337,509</u> |
| Total | <u>46,521,024</u> |
| Investment earnings and appreciation | 31,095,835 |
| Less investment expense | <u>1,465,502</u> |
| Net investment income | <u>29,630,333</u> |
| | |
| Other additions: | |
| Specific stop loss and medical claims recovery | 153,194 |
| Other income | <u>46,815</u> |
| Total other additions | <u>200,009</u> |
| Total additions | <u>76,351,366</u> |
| | |
| Deductions | |
| Benefit payments and insurance premiums | 27,059,583 |
| Refunds of contributions | (17,120) |
| Administrative expenses | <u>4,672,541</u> |
| Total deductions | <u>31,715,004</u> |
| | |
| Change in net assets | 44,636,362 |
| Net assets, beginning | <u>326,118,853</u> |
| Net assets, ending | <u>\$ 370,755,215</u> |

See notes to basic financial statements.

Notes to Basic Financial Statements



City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Pembroke Pines (the City) was incorporated in 1960. The City operates under a Commission-Manager form of government. In addition to police and fire services, general government, recreation, and public works services provided to its residents, the City operates water and sewer utilities and maintains various trust and agency funds in a fiduciary capacity. The City also provides to its residents educational facilities with the seven (7) Charter Schools that it owns and operates in addition to those facilities provided by the School Board of Broward County.

The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

a. Financial Reporting Entity

The City's financial reporting entity comprises the City of Pembroke Pines as the primary government with no component units. In determining the financial reporting entity, the City complies with the provisions of GASB Statements No.14 and No. 39 relating to "The Financial Reporting Entity." The criterion used for including component units consists 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.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same, or substantially the same, as the City Commission or the component unit provides services entirely to the City. Currently, the City has no blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above, but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. 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 non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among 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 the major enterprise fund are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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 imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. When the primary eligibility requirement under a grant is incurring an eligible expenditure, the City recognizes revenue at the time the expenditure is incurred. The City considers the availability period of grant revenues susceptible to accrual to be a year.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Expenditures generally are recorded when a liability is incurred, as under 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. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise fees and communications taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund, and is always classified as a major fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *debt service fund* accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City. Pledged revenues are used for the debt service payments of principal and interest.

The *capital projects fund* is used to account for resources restricted for the acquisition or construction of specific capital projects or items. The City reports only one Capital Projects Fund, and it is used to account for the acquisition and construction of capital assets from bond proceeds.

The City reports the following nonmajor governmental funds:

The *special revenue funds* accounts for the proceeds of specific revenue sources (other than those for major capital projects) that are restricted legally to expenditures for specified purposes. These include, but are not limited to, various grant funds and the City's Charter School funds.

The City owns and operates seven charter schools: three Elementary Schools, two Middle Schools and one High School are operated under individual charters of the sponsoring Broward County School Board, and one Elementary School is operated by charter granted by Florida State University. These schools are accounted for as special revenue funds of the City. The Charter Schools have a fiscal year of July 1st through June 30th, and are included in the financial statements of the City as of June 30th. The Charter Schools are required to legally adopt budgets in accordance with Section 30.30(F) of the City's Code of Ordinances, and are also required to issue separately audited financial statements.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

In previous years, the Charter Schools were aggregated and shown as two separate columns for financial statement purposes; however, each class of school (Elementary, Middle, High, Florida State University Elementary) is a separate fund for general purpose external financial reporting purposes. Therefore, since fiscal year 2009, each class of school has been disaggregated, and shown as separate columns in the nonmajor governmental funds combining financial statements.

The *permanent fund (Wetland Mitigation Trust Fund)* accounts for resources which are legally restricted to the extent that only the earnings, and not the principal, may be used for purposes that support the City's long-term obligations to maintain its wetlands areas.

The City reports the following major proprietary fund:

The *utility fund* accounts for activities of providing water and wastewater services to the public.

Additionally, the City reports the following fund types:

The *internal service fund* accounts for general liability, workers' compensation and health and life insurance coverage provided to other departments or agencies of the City on a cost reimbursement basis.

The *agency funds* are used to account for assets held by the City in a purely custodial capacity. The reporting entity includes two agency funds. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations. The agency funds are as follows:

| <u>Fund</u> | <u>Brief Description</u> |
|---------------------------|--|
| General Trust Fund | Used to account for fiduciary resources held by the City for individuals, private organizations, or other governments. |
| Sanitation Fund | Used to account for assets held by the City as an agent for private organizations. |

The *Pension and Other Post-Employment Benefit (OPEB) trust funds* account for the activities of the General Employees Pension Plan (GEPP) and the City's Pension Fund for the Firefighters and Police Officers (CPFFPO), which accumulate resources for pension benefits. The OPEB Trust Fund accounts for activities related to the City's retiree health and life insurance benefits.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 City's utility fund and internal service fund are charges for services. Operating expenses for the utility fund and the internal service fund 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 non-operating revenues and expenses.

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

d. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The City's "Pooled cash and cash equivalents" are considered to be cash on hand, demand deposits, money market deposits and deposits held with the State Board of Administration (SBA) Investment Pool and the Florida Municipal Investment Trust (FMIvT) 1-3 Year Bond Fund. For the purpose of the proprietary fund's Statement of Cash Flows, "Pooled cash and cash equivalents" include all demand and savings accounts, money market accounts, short-term investments with original maturities of three months or less from the date of acquisition and the FMIvT 1-3 Year Bond Fund.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Assets, Liabilities and Net Assets or Equity (continued)

Deposits and Investments (continued)

All investments of the City, except the SBA Investment Pool, the FMIvT and the investment in real estate, are reported at fair value, which is based on quoted market price. The SBA Investment Pool and the FMIvT is recorded at its value of the pool shares (2A-7 Pool), which is fair value, and the investment in real estate is valued at cost. Additional deposits and investment disclosures are presented in Note 3.

2. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of receivables. Major receivable balances for the governmental activities include franchise fees and utility taxes, and amounts due from other governments. Business-type activities report utility billings as the major receivable.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Assets, Liabilities and Net Assets or Equity (continued)

4. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year and an initial, individual cost of \$1,000 or more, except computers which retain the threshold of \$750. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

All infrastructure assets acquired after July 1, 1980 are reported in the government-wide financial statements at estimated historical cost provided by the City's engineering division.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase for capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

In June 2007, the GASB issued Statement No. 51 ("GASB 51"), "Accounting and Financial Reporting for Intangible Assets." This Statement requires intangible assets such as software development to be recorded as capital assets. The City implemented GASB 51 effective October 1, 2009. As a result, the financial impact to the City was a net increase of \$0.6 million in capital assets for software developed in-house (See Note 6 – Capital Assets). The City's capitalization threshold for infrastructure and intangible assets is \$1,000. Intangible assets that are considered to have an indefinite useful life because there is no legal, contractual, regulatory, technological, or other factor that limits the useful life are not amortized. As used in these statements, accumulated depreciation includes amortization of intangibles assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Useful Lives (Years)</u> <u>Estimated</u> |
|-----------------------------------|---|
| Buildings | 20-50 |
| Improvements other than buildings | 5-50 |
| Machinery and equipment | 3-10 |
| Infrastructure | 10-50 |
| Intangibles | 10 |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Assets, Liabilities and Net Assets or Equity (continued)

5. Inventories and Prepaid Items

Inventories of governmental funds, which consist of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased, (consumption method). The inventories of supplies, diesel fuel and gasoline are recorded at cost using the moving average method.

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items in both government-wide and fund financial statements.

6. Restricted Assets

Restricted assets include cash and investments of the governmental and enterprise funds that are legally restricted as to their use. The primary restricted assets of the governmental funds are related to amounts that the City is required to segregate in connection with the issuance of bonds, including sinking fund and reserve requirements, as well as amounts segregated for construction projects. The primary restricted assets of the enterprise fund are related to customer utility deposits. See Note 5. for more details on the restricted assets.

7. Compensated Absences

Compensated absences are salary related payments to employees for accumulated vacation and sick leave. They are recorded as expenditures when used or are accrued as a payable to employees who are entitled to cash payment in lieu of taking leave. Employees may accumulate unused sick and vacation leave with limitations as described in the various collective bargaining agreements for police officers, firefighters, general, charter school and Early Development Center employees. The City's policy regarding vacation time is to encourage employees to use it within one year of having earned the leave.

The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability due and payable at September 30th and paid from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Assets, Liabilities and Net Assets or Equity (continued)

8. 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, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. 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.

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.

9. Rebatable Arbitrage

Arbitrage involves the investment of proceeds from the sale of tax-exempt securities in a taxable investment that yields a higher rate of return, resulting in income in excess of interest costs. Federal law requires entities to rebate to the government such income on tax-exempt debt if the yield from these earnings exceeds the effective yield on the related tax-exempt debt issued.

Governmental units that issue no more than \$5 million in total of all such debt in a calendar year are exempt from the rebate requirements. For this purpose, tax-exempt indebtedness includes bonds and certain capital leases and installment purchases. Rebates are payable every five years or at maturity of the debt, whichever is earlier. However, the potential liability is calculated annually for financial reporting purposes.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Assets, Liabilities and Net Assets or Equity (continued)

10. Property Taxes

Under State law, municipalities are able to levy up to 10 mills (\$1 per \$1,000 of taxable value) for operating purposes. In addition, they are permitted to levy additional millage for general obligation debt service purposes, provided a referendum to that effect is approved by the voters. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied annually on November 1 and are due by March 31. Uncollected Ad Valorem taxes as of May 31 are sold as Tax Certificates to investors. The Broward County Revenue Collector bills and collects the property taxes and remits to the City its portion. Due to the immaterial amount of any additional property taxes receivable after the 60-day period, no additional accrual is made in the government-wide financial statements, or in the fund financial statements.

11. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation, or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

12. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts of assets, liabilities, disclosure of contingent liabilities, revenues, and expenditures/expenses reported in the financial statements and accompanying notes. These estimates include assessing the collectibility of receivables, the realization of pension obligations and the useful lives of capital assets. Although those estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations. The City has no material violations of finance-related legal and contractual obligations.

a. Fund Accounting Requirements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements, bond covenants, and segregation for management purposes.

b. Revenue Restrictions

The City has various restrictions placed over certain revenue sources from federal, state, or local requirements. The primary restricted revenue sources include:

| <u>Revenue Source</u> | <u>Legal Restrictions of Use</u> |
|---|---|
| Gas Tax | Roads, bridges, sidewalks, and streetlights |
| School Board of Broward County | Charter School Expenditures |
| Florida State University | Charter School Expenditures |
| Older Americans Act Grant | Grant Program Expenditures |
| Community Development Block Grant (CDBG) | Grant Program Expenditures |
| State Housing Initiative Program Grant (SHIP) | Grant Program Expenditures |

For the year ended September 30, 2010, the City complied, in all material respects, with these revenue restrictions.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 3. DEPOSITS AND INVESTMENTS

The City pools substantially all cash, cash equivalents, and investments, except for accounts that are maintained separately in accordance with legal restrictions.

Deposits and investments as of September 30, 2010 are classified in the accompanying financial statements as follows:

Statement of net assets

| | |
|------------------------------------|-----------------------|
| Cash and cash equivalents | \$ 31,492,874 |
| Investments: | |
| Marketable securities | 32,925,007 |
| Real estate | 68,266,587 |
| Restricted assets: | |
| Pooled cash and cash equivalents | 35,848,091 |
| Investments -marketable securities | 15,000,000 |
| Statement of Fiduciary net assets | |
| Cash and short-term investments | 10,302,596 |
| Investments | 418,509,889 |
| Total cash and investments | <u>\$ 612,345,044</u> |

Cash on hand, deposits and investments as of September 30, 2010 consist of the following:

| | |
|---|-----------------------|
| Governmental and Business-type investments | |
| Cash on hand | \$ 18,903 |
| Deposits with financial institutions | 16,332,468 |
| Money market funds held with financial institutions | 81,919 |
| Florida PRIME | 550,889 |
| Fund B Surplus Trust Fund (Fund B) | 17,718 |
| Florida Municipal Investment Trust (FMIVT) | 67,552,533 |
| Investments held with external Investment manager | 30,711,542 |
| Investment in real estate | 68,266,587 |
| Firefighters and Police Officers Pension Fund: | |
| Cash and short-term investments | 10,075,554 |
| Investments | 287,725,142 |
| General Employees Pension Fund: | |
| Investments in mutual funds | 115,229,691 |
| Other Post-Employment Benefits (OPEB): | |
| Cash and short-term investments | 227,042 |
| Investments | 15,555,056 |
| Total cash and investments | <u>\$ 612,345,044</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Public Deposits

At September 30, 2010, the book balance of the City's public deposits was \$16,332,468 and the bank balance was \$17,248,862. The institutions in which the City's monies are deposited are certified as Qualified Public Depositories pursuant to Florida Statutes, Chapter 280 - *Florida Security for Public Deposits Act*. Therefore, the City's total bank balances on deposit are entirely insured or collateralized by the Federal Depository Insurance Corporation and the Bureau of Collateral Securities, Division of Treasury, State Department of Insurance. 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. The Investment Policy allows for a maximum of 50% of the portfolio may be deposited with any one financial institution.

Investments in External Investments Pools

State Board of Administration (SBA)

The State Board of Administration's Local Government Surplus Funds Trust Fund currently known as the Florida PRIME is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the Rules of the State Board of Administration (SBA). These rules provide guidance and establish the general operating procedures for the administration of the Florida PRIME. Additionally, the Office of the Florida Auditor General performs the operational audit of the activities and investments of the State Board of Administration.

On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A, currently referred to as the Florida PRIME, consisted of all money market appropriate assets, which was approximately \$12 billion or 86% of Pool assets. Pool B, currently referred to as Fund B Surplus Trust Fund (Fund B), consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$2 billion or 14% of Pool assets.

On August 3, 2009 the SBA announced the rebranding of the Local Government Surplus Funds Trust Fund (formerly Pool A) as the "Florida PRIME," reflecting the improvements and added benefits for participants that had been developed. The Florida PRIME is considered a SEC 2a-7-like fund, therefore, account balances are considered to be the fair value of the investment. Fund B is accounted for as a fluctuating Net Asset Value (NAV) pool. The fair value factor for Fund B as of September 30, 2010 is 0.707058094, and the fair value is calculated by multiplying the factor by the account balance.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Investments in External Investments Pools (continued)

State Board of Administration (SBA)

As at September 30, 2010, the City had \$550,889 invested in the Florida PRIME and \$17,718 invested in Fund B. The investments of the Florida PRIME are not restricted as to deposits or withdrawals. Fund B cash holdings are being distributed as they become available from maturities, sales, investment interest and other income received from the assets in Fund B. The investment objective of Fund B is to maximize the present value of distributions to participants. Through January 2011, investors cumulatively received distributions from Fund B totaling nearly \$1.65 billion or 82.2% of their original balances.

Florida Municipal Investment Trust (FMIVT)

The Florida Municipal Investment Trust (FMIVT) was created under the laws of the State of Florida to provide eligible units of local governments with an investment vehicle to pool their surplus funds and to reinvest such funds in one or more investment portfolios under the direction and daily supervision of an investment advisor.

The Florida League of Cities (FLOC) serves as the administrator, investment manager and secretary-treasurer of the Trust. The State Board of Administration's Local Government Surplus Funds Trust Fund and the Florida Municipal Investment Trust (FMIVT) are not registrants with the Securities and Exchange Commission (SEC); however, the funds have adopted operating procedures consistent with the requirements for a 2a-7 Fund. The City invests operating funds in the following funds:

| | Balance |
|--------------------------------------|-----------------------------|
| <u>FMIVT Bond Funds:</u> | <u>as of 9/30/10</u> |
| 0-2 Year High Quality Bond Fund | \$ 123,676 |
| 1-3 Year High Quality Bond Fund | 50,387,805 |
| High Quality Growth Equity Portfolio | 17,041,052 |
| Total FMIVT Bond Funds | <u>\$ 67,552,533</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Investments in External Investments Pools (continued)

Florida Municipal Investment Trust (FMIvT)

The Other Post Employment Benefit (OPEB) Trust Fund also invests in the Florida Municipal Investment Trust (FMIvT) in both the fixed income and equity funds as shown in the table below:

| | Balance as of 9/30/10 |
|--|----------------------------------|
| Mercantile Bank Money Market | \$ 227,042 |
| FMIvT Investment Accounts: | |
| 1-3 Year High Quality Bond Fund | 5,739,676 |
| High Quality Growth Equity Portfolio | 2,966,204 |
| Diversified Small to Mid (SMID) Cap Equity Portfolio | 997,681 |
| Russell 1000 Enhanced Index Equity Portfolio | 1,941,719 |
| International Blend Equity Portfolio | 1,106,764 |
| Large Cap Diversified Value Equity Portfolio | 2,803,012 |
| Total cash and investments | <u>\$ 15,782,098</u> |

The investments of the General Employees Pension Fund are managed by the Principal Financial Group. These are pooled as separate investment accounts, under a group annuity contract and operate similar to a mutual fund. These investments are not subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair market value of an investment. Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided in the table below as of September 30, 2010.

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Effective Duration (Years)</u> | <u>% of the Total Fixed Income Investment Portfolio</u> |
|--|----------------------|-----------------------------------|---|
| GOVERNMENTAL & BUSINESS-TYPE INVESTMENTS: | | | |
| <u>Managed by External Investment Manager:</u> | | | |
| Temporary investments | \$ 623,273 | - | 0.6% |
| Treasuries | 13,906,720 | 2.27 | 14.0% |
| Federal agencies | 3,002,225 | 2.28 | 3.0% |
| Mortgage pass-through | 985,558 | 2.57 | 1.0% |
| Collateralized mortgage obligations | 1,304,464 | 2.97 | 1.4% |
| Mortgages -collateralized mortgage-backed securities | 170,337 | 0.11 | 0.2% |
| Asset-backed securities | 2,703,248 | 0.79 | 2.7% |
| Corporate | 5,983,289 | 1.76 | 6.1% |
| Corporate - Non US | 2,032,427 | 1.76 | 2.1% |
| <u>Investment in External Investment Pools:</u> | | | |
| FMIvT -0-2 Year high quality bond fund | 123,675 | 0.70 | 0.1% |
| FMIvT -1-3 Year bond fund | 50,387,805 | 1.50 | 51.0% |
| FMIvT -Intermediate high quality bond fund | 17,041,052 | 2.80 | 17.2% |
| Florida PRIME | 550,889 | - | 0.6% |
| Fund B surplus fund trust fund | 17,718 | - | 0.0% |
| Total Governmental & Business-type Fixed Income | \$ 98,832,680 | | 100.0% |
| Weighted average effective duration of the Governmental & Business-type activities | | 1.87 | |
| FIDUCIARY FUNDS: | | | |
| Firefighters and Police Officers Pension Fund: | | | |
| Federal agencies | \$ 20,199,325 | 2.96 | 25.6% |
| Corporate bonds | 56,324,912 | 4.58 | 71.3% |
| State of Israel bonds | 2,460,944 | not available | 3.1% |
| Total Fixed Income Firefighters and Police Officers Pension Fund | \$ 78,985,181 | | 100.0% |
| Weighted average effective duration of Police & Fire Pension Fund | | 4.02 | |
| General Employees Pension Fund: | | | |
| <u>Investment in separate fixed income investments accounts:</u> | | | |
| Principal core plus 1 | \$ 14,557,697 | 4.55 | 36.6% |
| Principal bond and mortgage | 7,896,822 | 4.80 | 19.8% |
| Principal inflation protection | 6,464,976 | 7.54 | 16.2% |
| Principal high yield | 5,962,947 | 4.07 | 15.0% |
| Principal US property | 4,957,227 | - | 12.4% |
| Total Fixed Income General Employees Pension Fund | \$ 39,839,669 | | 100.0% |
| Weighted average effective duration of the General Employees Pension Fund | | 4.45 | |
| Other Post-Employment Benefit (OPEB) Trust Fund: | | | |
| <u>Investment in Funds of the Florida League of Cities</u> | | | |
| FMIvT -1-3 Year bond fund | 5,739,676 | 1.50 | 100.0% |
| Total Fixed Income -Other Post-Employment Benefits Trust Fund | \$ 5,739,676 | | 100.0% |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk (continued)

Governmental and Business-type/ Operating Investments

The City limits its exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the investment portfolio. The Operating Investment Policy of the City states that the average effective duration of the portfolio as a whole may not exceed five (5) years, and that no more than 30% of the total investment in debt securities shall be placed in securities with an expected duration of more than five (5) years. This calculation excludes the maturities of the underlying securities of a repurchase agreement. The Operating Investment Policy of the City limits the investment in collateralized mortgage obligations to a maximum of 30% of the portfolio. The maximum effective duration for an investment in any mortgage-backed security issued by a Federal Instrumentality is ten (10) years, and for a private corporation is five (5) years. A maximum of 50% of the City's operating investments may be directly invested in the combined categories of commercial paper and corporate obligations. The maximum duration for corporate obligations is five (5) years for both fixed and variable rate securities.

The weighted average days to maturity of the Florida PRIME as of September 30, 2010 is 52 days and the weighted average life of Fund B as of September 30, 2010 is 7.49 years. However, because Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding the weighted average life.

Firefighters and Police Officers Pension Investments

The investment portfolio of the Firefighters and Police Officers pension fund are managed by a separate Board of Trustees, which have established an Operating Investment Policy, and detailed guidelines to manage the risk, diversification, maturity and liquidity requirements of the Fund. As a means of limiting its exposure to interest rate risk, the Firefighters and Police Officers Pension Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk (continued)

General Employees Pension Investments

The General Employees Pension Investment Policy allows for various authorized investments including all the separate accounts offered by the Principal Financial Group. In the event that the Principal Financial Group deems it necessary to offer or discontinue any separate account(s), the City Administration is authorized to execute the necessary documents to implement the change. Currently, all the investments of the General Employees Pension Fund are invested in the separate accounts of the Principal Financial Group which operate like a mutual fund, since the investments are not evidenced by securities that exist in physical or book entry form. The General Employees Pension Investment Policy does not limit the amount of fixed income securities of the portfolio. The weighted expected average maturity of US government and agency securities shall not exceed 10 years, and the weighted expected average maturity of corporate bonds shall not exceed 10 years.

Other Post-Employment Benefits (OPEB) Investments

The OPEB Investment Policy allows for various authorized investments including all the investment accounts offered by the Florida League of Cities. Currently, the investments of the OPEB Trust Fund are invested in money markets funds, and in the pooled accounts of the Florida League of Cities which operate like a mutual fund, since the investments are not evidenced by securities that exist in physical or book entry form. The OPEB Investment Policy does not limit the amount of fixed income securities of the portfolio. The weighted expected average maturity of US government and agency securities shall not exceed 10 years, and the weighted expected average maturity of corporate bonds shall not exceed 10 years.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Credit Risk: Credit risk exists when there is a possibility that the issuer or other counterparty to an investment may be unable to fulfill its obligations. The City of Pembroke Pines utilizes portfolio diversification and credit quality rating in order to control this risk.

| <u>Investment Type</u> | <u>Credit Quality Rating</u> | | | <u>Fair Value</u> |
|---|------------------------------|----------------|----------------|----------------------|
| | <u>Fitch</u> | <u>S&P</u> | <u>Moodys</u> | |
| GOVERNMENTAL & BUSINESS-TYPE INVESTMENTS: | | | | |
| <u>Managed by External Investment Manager:</u> | | | | |
| Temporary investments | | AAA | Aaa | \$ 623,273 |
| Treasuries | | AAA | Aaa | 13,906,720 |
| Federal agencies | | AAA | Aaa | 3,002,225 |
| Mortgage pass-through | | AAA | Aaa | 985,558 |
| Collateralized mortgage obligations | | BBB+ | Baa1 | 1,304,464 |
| Mortgages -collateralized mortgage-backed securities | | AAA | Aaa | 170,337 |
| Asset-backed securities | | AAA | Aaa | 2,703,248 |
| Corporate | | AA- | Aa3 | 5,983,289 |
| Corporate - Non US | | AA | Aa2 | 2,032,427 |
| <u>Investment in External Investment Pools:</u> | | | | |
| FMIvT -0-2 Year high quality bond fund | | | AAAf/S1 | 123,675 |
| FMIvT -1-3 Year bond fund | | AAA/V2 | | 50,387,805 |
| FMIvT -Intermediate high quality bond fund | | AAA/V3 | | 17,041,052 |
| Florida PRIME | | | AAAam | 550,889 |
| Fund B surplus funds trust fund | | | Not rated | 17,718 |
| Total Governmental & Business-type Fixed Income | | | | \$ 98,832,680 |
| FIDUCIARY FUNDS: | | | | |
| Firefighters and Police Officers Pension Fund: | | | | |
| U.S. government guaranteed | | | Not applicable | \$ 20,199,325 |
| Corporate bonds | | AAA | | 1,054,330 |
| Corporate bonds | | AA+ | | 1,663,611 |
| Corporate bonds | | AA | | 2,135,668 |
| Corporate bonds | | AA- | | 5,542,994 |
| Corporate bonds | | A+ | | 13,268,574 |
| Corporate bonds | | A | | 21,780,054 |
| Corporate bonds | | A- | | 6,193,220 |
| State of Israel bonds | | | A | 2,460,944 |
| Corporate bonds | | BBB+ | | 3,650,418 |
| Corporate bonds | | BBB | | 532,036 |
| Corporate bonds | | BB+ | | 504,007 |
| Total Fixed Income Firefighters and Police Officers Pension Fund | | | | \$ 78,985,181 |
| General Employees Pension Fund: | | | | |
| <u>Investment in separate fixed income investments accounts:</u> | | | | |
| Principal core plus 1 | | | Not rated | \$ 14,557,697 |
| Principal bond and mortgage | | | Not rated | 7,896,822 |
| Principal inflation protection | | | Not rated | 6,464,976 |
| Principal high yield | | | Not rated | 5,962,947 |
| Principal US property | | | Not rated | 4,957,227 |
| Total Fixed Income General Employees Pension Fund | | | | \$ 39,839,669 |
| Other Post-Employment Trust Fund: | | | | |
| <u>Investment in Funds of the Florida League of Cities</u> | | | | |
| FMIvT -1-3 Year bond fund | | AAA/V2 | | 5,739,676 |
| Total Fixed Income -Other Post-Employment Benefits Trust Fund | | | | \$ 5,739,676 |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Credit Risk (continued)

Governmental and Business-type/ Operating Investments

Credit risk 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. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The City of Pembroke Pines utilizes portfolio diversification and credit quality rating in order to control this risk.

The Operating Investment Policy of the City does not specify a credit quality rating for its mortgage-backed securities. However, the City currently uses the rating established for corporate bonds. Currently, the mortgage pass-throughs, Federal Agencies (AGY), and the commercial mortgage-backed securities (CMBS) are rated “AAA” by Standard and Poor’s. The Operating Investment Policy limits the exposure of mortgage-backed securities to a maximum of 30% of the portfolio.

The Operating Investment Policy stipulates that corporate bonds must have two (2) of the following three minimum ratings: A-, A3, or A-, as rated by Standard and Poor’s, and/or Moody’s, and or Fitch Investor Service rating services. However, if such obligations are rated by one rating service, then such rating shall be at least AA-, Aa3, or AA by Standard and Poor’s, Moody’s or Fitch. The City’s operating investments in corporate bonds were rated AA- by Standard and Poor’s and Aa3 by Moody’s.

The Florida PRIME is currently rated AAAM by Standard and Poor’s, while Fund B is not rated by any nationally recognized statistical rating agency.

During the fiscal year, the investment portfolio held two securities that are below the credit ratings for corporate bonds as stipulated in the Operating Investment Policy. Although the Operating Investment Policy does not stipulate a credit rating for collateralized mortgage obligations (CMO’s), the City has used the ratings of its corporate bonds as the standard. The Investment Manager and the City are monitoring these investments and will review its Operating Investment Policy to make changes that will ensure the safety of principal. These securities are listed below.

| Type of Investment | Name | CUSIP | Ratings | | Market Value |
|----------------------------|------------------------|-----------|-------------------|---------|--------------|
| | | | Standard & Poor's | Moody's | |
| Mortgage-backed Securities | Countrywide Home Loans | 170256AD3 | CC | CAA1 | \$ 208,577 |
| Mortgage-backed Securities | Indymac Index Mtg. | 45660LYD5 | CCC | C | 41,915 |
| Total fair market value | | | | | \$ 250,492 |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Credit Risk (continued)

Firefighters and Police Officers Pension Investments

Credit risk is the risk that a security will lose some or all its value due to a real or perceived change in the ability of the issuer to repay its debt. The Firefighters and Police Officers Pension Plan uses portfolio diversification in order to control this risk. The Firefighters and Police Officers Pension Investment Policy stipulates that fixed investments must have a minimum credit quality of "A" or equivalent as rated by one or more recognized bond rating services at the time of purchase. Fixed income investments that are downgraded below "BAA" shall be liquidated within a reasonable time as determined by the Investment Manager, but not to the detriment of the Firefighters and Police Officers Pension Plan. If the Investment Manager determines it is prudent to hold an investment that has been downgraded below BAA, they will be required to report to the Board on the status of the bonds and the reason for holding the downgraded bond.

General Employees Pension Investments

The General Employees Pension Investment Policy sets no minimum credit quality rating for the insurance company separate accounts of the Principal Financial Group. The separate accounts are commingled pools, rather than individual securities and, therefore, these accounts are not rated.

Other Post-Employment Benefits (OPEB) Investments

The OPEB Investment Policy sets no minimum credit quality rating for the investment accounts of the Florida Municipal Investment Trust (FMIVT). The investment accounts are commingled pools, rather than individual securities and, therefore, these accounts are not rated.

Concentration of Credit Risk: Concentration risk exists when investments are concentrated in one issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investment are excluded from the concentration of credit risk disclosure requirements.

The City of Pembroke Pines' Operating Investment Policy does not allow for an investment in any one issuer that is in excess of five percent (5%) of the City's total investments. This limitation also applies to the Firefighters and Police Officers Pension Plan. The General Employees Pension Plan and the OPEB Trust Fund are not subject to concentration of credit risk, custodial credit risk or foreign currency risk, as the investments of Plan operate like mutual funds, and are not evidenced by securities that exist in physical or book entry form.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk - Deposits

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and they are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

All deposits of the City are either covered by depository insurance or are collateralized by the pledging financial institution's trust department or agent in the City's name.

Custodial Credit Risk - Investments

Investment securities are exposed to custodial credit risk if they are uninsured and are not registered in the name of the government and are held by either the counterparty or by the counterparty's trust department or agent but not in the government's name. 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. Therefore, consistent with policy, all identifiable investment securities of the City are either insured or are registered in the Custodian's Street name for the benefit of the City, and are held by the counterparty's trust department or agent. Investments in mutual funds and external investment pools are not subject to custodial credit risk.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 4. RECEIVABLES

Receivables and the related allowance for uncollectible accounts as of September 30, 2010 are as follows:

| <u>Receivables</u> | <u>General Fund</u> | <u>Capital Projects Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Enterprise Fund</u> | <u>Total</u> |
|--|-------------------------|--------------------------------------|--|----------------------------|---------------------|
| Customer accounts | \$ - | \$ - | \$ - | \$4,270,870 | \$ 4,270,870 |
| Franchise fees and taxes | 5,051,162 | - | 443,834 | - | 5,494,996 |
| Due from other governments | 73,741 | 46,332 | 1,390,818 | - | 1,510,891 |
| Other receivables | 1,048,321 | - | 206,924 | - | 1,255,245 |
| Gross receivables | <u>6,173,224</u> | <u>46,332</u> | <u>2,041,576</u> | <u>4,270,870</u> | <u>12,532,002</u> |
| Less: allowance for uncollectible accounts | - | - | - | (426,104) | (426,104) |
| Net total receivables | <u>\$ 6,173,224</u> | <u>\$ 46,332</u> | <u>\$ 2,041,576</u> | <u>\$3,844,766</u> | <u>\$12,105,898</u> |

NOTE 5. RESTRICTED ASSETS

The City is required to segregate and restrict certain assets in connection with ordinances governing the issuance of Revenue and General Obligation Bonds. Amounts segregated and restricted to these ordinances and related reserves for the payment of principal and interest at September 30, 2010 are as follows:

| <u>Restricted assets</u> | <u>Debt Service Fund</u> | <u>Capital Projects Fund</u> | <u>Governmental Funds</u> | <u>Enterprise Fund</u> | <u>Total</u> |
|---------------------------------------|------------------------------|----------------------------------|-------------------------------|----------------------------|----------------------|
| Revenue Bonds sinking fund | \$ 11,715,637 | \$ - | \$ - | \$ - | \$ 11,715,637 |
| General Obligation Bonds sinking fund | 50,203 | - | - | - | 50,203 |
| Revenue Bonds reserve fund | 2,351,922 | - | - | - | 2,351,922 |
| Restricted for construction projects | - | 33,394,308 | - | - | 33,394,308 |
| Restricted for wetland mitigation | - | - | 582,509 | - | 582,509 |
| Customer deposits - water and sewer | - | - | - | 2,753,511 | 2,753,511 |
| Total restricted assets | <u>\$ 14,117,762</u> | <u>\$ 33,394,308</u> | <u>\$ 582,509</u> | <u>\$ 2,753,511</u> | <u>\$ 50,848,090</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 6. CAPITAL ASSETS

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

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|-----------------------|-----------------------|---------------------------|
| <u>Governmental activities:</u> | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 65,574,153 | \$ - | \$ - | \$ 65,574,153 |
| Construction-in-progress | 1,022,989 | 3,840,981 | (2,596,699) | 2,267,271 |
| Total capital assets, not being depreciated | <u>66,597,142</u> | <u>3,840,981</u> | <u>(2,596,699)</u> | <u>67,841,424</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 238,797,112 | 997,260 | (33,548) | 239,760,824 |
| Improvements other than buildings | 129,950,911 | 1,565,839 | (240) | 131,516,510 |
| Machinery and equipment | 52,484,276 | 1,767,704 | (2,002,725) | 52,249,255 |
| Infrastructure | 33,019,870 | 13,386 | - | 33,033,256 |
| Intangibles | - | 61,307 | - | 61,307 |
| Total capital assets, being depreciated | <u>454,252,169</u> | <u>4,405,496</u> | <u>(2,036,513)</u> | <u>456,621,152</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (37,222,964) | (4,820,152) | - | (42,043,116) |
| Improvements other than buildings | (36,687,712) | (7,011,355) | - | (43,699,067) |
| Machinery and equipment | (41,015,323) | (3,556,392) | 1,698,788 | (42,872,927) |
| Infrastructure | (29,272,741) | (457,885) | - | (29,730,626) |
| Intangibles | - | (511) | - | (511) |
| Total accumulated depreciation | <u>(144,198,740)</u> | <u>(15,846,295)</u> | <u>1,698,788</u> | <u>(158,346,247)</u> |
| Total capital assets, being depreciated, net | 310,053,429 | (11,440,799) | (337,725) | 298,274,905 |
| Governmental activities capital assets, net | <u>\$ 376,650,571</u> | <u>\$ (7,599,818)</u> | <u>\$ (2,934,424)</u> | <u>\$ 366,116,329</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 6. CAPITAL ASSETS (continued)

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|-----------------------|---------------------|---------------------------|
| <u>Business-type activities:</u> | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 3,056,488 | \$ - | \$ - | \$ 3,056,488 |
| Construction-in-progress | 17,496,005 | 1,907,470 | (416,336) | 18,987,139 |
| Total capital assets, not being depreciated | <u>20,552,493</u> | <u>1,907,470</u> | <u>(416,336)</u> | <u>22,043,627</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 20,675,280 | 20,000 | - | 20,695,280 |
| Improvements other than buildings | 175,721,980 | 502,076 | - | 176,224,056 |
| Machinery and equipment | 5,918,900 | 13,945 | (27,314) | 5,905,531 |
| Total capital assets, being depreciated | <u>202,316,160</u> | <u>536,021</u> | <u>(27,314)</u> | <u>202,824,867</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (5,323,099) | (499,148) | - | (5,822,247) |
| Improvements other than buildings | (59,714,563) | (4,589,666) | - | (64,304,229) |
| Machinery and equipment | (5,033,210) | (408,666) | 27,314 | (5,414,562) |
| Total accumulated depreciation | <u>(70,070,872)</u> | <u>(5,497,480)</u> | <u>27,314</u> | <u>(75,541,038)</u> |
| Total capital assets, being depreciated, net | 132,245,288 | (4,961,459) | - | 127,283,829 |
| Business-type activities capital assets, net | <u>\$ 152,797,781</u> | <u>\$ (3,053,989)</u> | <u>\$ (416,336)</u> | <u>\$ 149,327,456</u> |

Depreciation expense was charged to functions/programs as follows:

| | |
|---|----------------------|
| Governmental activities: | |
| General government services | \$ 735,307 |
| Public safety | 2,665,360 |
| Physical environment | 56,876 |
| Transportation | 3,258,814 |
| Economic environment | 1,590,212 |
| Human services | 3,481,224 |
| Culture/recreation | 4,058,502 |
| Total depreciation expense - governmental activities | <u>\$ 15,846,295</u> |
| Business-type activities: | |
| Water-sewer combined service | \$ 5,497,480 |
| Total depreciation expense - business-type activities | <u>\$ 5,497,480</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances and transfers as of September 30, 2010 is follows:
Due to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> | <u>Purpose</u> |
|------------------------|-----------------------|----------------------|-----------------------------|
| General | Nonmajor Governmental | \$ 1,007,671 | Provide temporary resources |
| General | Utility | 15,000,001 | Provide temporary resources |
| Total | | <u>\$ 16,007,672</u> | |

Interfund receivables/payables:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> | <u>Purpose</u> |
|------------------------|---------------------|---------------------|-------------------------------|
| Utility | Capital Projects | \$ 2,551,225 | Capital projects expenditures |
| Total | | <u>\$ 2,551,225</u> | |

Advances to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> | <u>Purpose</u> |
|------------------------|---------------------|----------------------|---------------------------------------|
| *Utility | General Fund | \$ 68,266,587 | Purchase of investment in real estate |
| *Utility | Capital Projects | 3,712,848 | Capital projects expenditures |
| Total | | <u>\$ 71,979,435</u> | |

*This amount is not expected to be paid within one year from September 30, 2010.

Interfund Transfers:

| <u>Transfer in:</u> | | | |
|--------------------------------|-----------------------------------|-------------------|------------------------|
| | Nonmajor Governmental Funds | Total | Purpose |
| <hr/> | | | |
| Transfer out: | | | |
| General Fund | \$ 453,178 | \$ 453,178 | Supplement other funds |
| Nonmajor Governmental Funds | 455,976 | 455,976 | Supplement other funds |
| Total | <u>\$ 909,154</u> | <u>\$ 909,154</u> | |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 8. OPERATING LEASES

The City is the lessor in operating leases on various buildings as described below. Depreciation expense on these leased assets for the year ended September 30, 2010 amounted to \$1,898,105. Cost and carrying amounts of these leased assets as of September 30, 2010 were as follows:

| | |
|--------------------------------|----------------------|
| Land | \$ 1,068,835 |
| Buildings | <u>95,772,696</u> |
| Total Cost | 96,841,531 |
| Less: Accumulated Depreciation | <u>(12,258,000)</u> |
| Book Value as of 9/30/10 | <u>\$ 84,583,531</u> |

The City leases 650 square feet to the Miramar-Pembroke Pines Regional Chamber of Commerce. In the "Silver Emporium" Senior Citizen Multipurpose Center, the City leases 276 square feet to a podiatrist and 270 square feet to a medical doctor. The 11,950 square foot restaurant "Club 19" at the City's Golf & Racquet Club is also leased out to an operator. As of September 30, 2010, Club 19 leased facilities consisted of \$72,700 in land and \$212,077 in buildings for a total cost of \$284,777. The accumulated depreciation and the net book value of the property as of September 30, 2010 are \$107,707 and \$177,070, respectively. Depreciation expense for the year was \$4,242. Additional office space at City Hall is provided at no cost to several Federal and local elected officials who represent portions of the City.

The City also leases small parcels of property to various telecommunications service providers in order to construct, maintain and operate telecommunications facilities. The annual leases vary from 5 to 15 years with rental charges ranging between \$3,687 and \$49,930 per year. Annual rentals increase at rates from 3% to 5% per year. In addition to the annual rent, and subject to prior approval, the City shall receive 50% of any amounts received from any third-party source for co-location for the construction or use of telecommunication towers. The City received a total of \$1,264,461 from the tower rentals in the year ended September 30, 2010.

On June 11, 1986 the City leased 30 acres of the Walter C. Young Resource Center site to the School Board of Broward County for the purpose of their constructing and operating a Community Education Facility. The terms call for a rental of \$1.00 per year for 50 years. At the termination of the lease, all improvements made on the site by the School Board of Broward County will become the property of the City.

On December 3, 1996 the City leased two acres of the Walter C. Young Resource Center site adjacent to the Walter C. Young Middle School to the School Board of Broward County and to Broward County, jointly, for the purpose of their constructing a Library facility on the site. The terms call for a rental of \$1.00 per year for 30 years, plus a 20-year option to renew. At the termination of the lease, all improvements made on the site by the School Board of Broward County and by Broward County will become the property of the City.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 8. OPERATING LEASES (continued)

On April 20, 1998 the City entered into a Ground Lease Agreement with Children's Harbor, Inc., a Florida Non-Profit Organization, whereby the Organization will design, develop, construct and operate a Children's Development Center with residential and educational facilities on 7.4 acres in western Pembroke Pines to provide family type homes for abused and neglected children. The lease is for 30 years at \$1.00 per year with two ten-year renewal periods upon mutual consent. The leased facilities include land valued at \$500,000, and buildings costing \$1,780,834 with a total cost of \$2,280,834. Accumulated depreciation and the net book value of the facilities as of September 30, 2010 amounted to \$730,706 and \$1,550,128, respectively. Depreciation expense for the year was \$28,382.

On June 23, 1999 the City leased a site at the Pembroke Pines Academic Village to Broward College for the construction of the 26,000 square foot Southwest Broward County Center of Broward College. The terms call for a rental of \$1.00 per year for 40 years plus two additional 25-year options to renew. At the termination of the lease, all improvements made on the site by the Broward College will become the property of the City.

On March 15, 2001, the City subleased the 157-acre site of the former South Florida State Hospital from the Florida Department of Children & Families for a 50-year period beginning July 1, 2001 (See Note 12. "Commitments"). As of September 30, 2010 the City had sub-subleased portions of the site, now known as the "Senator Howard C. Forman Human Services Campus", to Youth Services International, Citrus Health Network, Jose Maria Vargas University, Bayview Center for Mental Health, Dept. of Children & Families, Green Cross of Pembroke Pines, Safeguard Services, Elan Lawn Services and several other lessees at various rentals and terms. The City also provides office space, furniture and services on the site at no cost to the Transportation Authority, Inc., a contractor utilized to provide all transportation services required for the City's seven Charter Schools, as well as to Chartwells, a Division of Compass Group USA, Inc. who is the contractor providing student meals to the Charter Schools. The City received a total of \$1,700,763 from the rental of buildings on the Campus for the year ended September 30, 2010.

On March 13, 2002 the City signed an agreement with Florida International University (FIU), for use of educational facilities located at the Academic Village. The Academic Village is a shared-use facility located on the northeast corner of Sheridan Street and Northwest 172nd Avenue, and includes the City's Charter High School, the Broward County Southwest Regional Library, the Southwest Broward County Campus for Broward College, and the *Susan B. Katz Memorial Auditorium*, a 450-seat shared auditorium. In order to provide for the operation of an integrated educational program, and to offset the costs incurred by the City, the agreement requires FIU to pay to the City an annual rent starting at \$400,000, which increases by an additional \$200,000 for the next two years and an additional \$50,000 in the fourth year. Thereafter, the annual rent will be adjusted by a minimum of 50% of the increase or decrease in the Consumer Price Index (CPI) for Miami, Florida. The lease is for 10 years through December 31, 2012, with one ten-year renewal period.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 8. OPERATING LEASES (continued)

An additional option may be negotiated if requested in writing to the City. The rental income of \$972,430 received in the Charter Schools' fiscal year ended June 30, 2010 was recorded in the City's Charter High School financial statements, and future rentals are included in the table below. The cost of the shared-use facility is \$13,599,845, and accumulated depreciation and net book value as of September 30, 2010 amounted to \$1,693,013 and \$11,906,382, respectively. Depreciation expense for the year was \$281,264.

On November 23, 2004 the City signed a Sub-Sublease Agreement with Susan B. Anthony Center, Inc. ("SBA"), a Florida Non-Profit Organization that provides transitional housing for women with children whom are recovering from substance abuse. The City leases to SBA a 5.2-acre site in the Senator Howard C. Forman Human Services Campus, and constructed buildings providing a residential complex, an administrative and treatment facility and an Early Learning Center plus land and off-site improvements. The City financed this construction using the proceeds from the issuance of \$7,910,000 in Variable Rate Capital Improvement Revenue Bonds maturing on October 1, 2034. (See Note 9. "Long-Term Debt"). SBA pays rent to the City in order to reimburse the City for its ongoing fiscal and debt service expenditures incurred in financing the project. The project received its Certificate of Occupancy on February 2, 2006 and rentals due to the City are included in the table below from that date onward. The cost of the Center is \$7,035,387, and accumulated depreciation and net book value as of September 30, 2010 amounted to \$656,637 and \$6,378,750, respectively. Depreciation expense for the year was \$140,708.

The City receives various short-term rentals from religious and civic groups and other organizations utilizing the Charter Schools' classrooms on weekends, and other available City sites, including the Walter C. Young Resource Center. Apartments at the two Senior Housing sites are rented on leases not exceeding one year. During the year ended September 30, 2010 the City received rental income of \$1,588,007 from the two Senior Housing Facilities located in the Southwest Focal Point Senior Center known as "Pines Point", and \$5,094,407 from the three Senior Housing Facilities located in the Senator Howard C. Forman Human Services Campus known as "Pines Place". Pines Point land cost is \$496,135 and its building costs are \$17,366,392. The accumulated depreciation and net book value of Pines Point as of September 30, 2010 amounted to \$4,525,092 and \$13,337,435, respectively, and depreciation expense for the year was \$339,511. Pines Place cost is \$55,778,161 and its accumulated depreciation and net book value as of September 30, 2010 amounted to \$4,544,845 and \$51,233,316, respectively, and depreciation expense for the year was \$1,111,800. The City also maintains a storage lot for recreational vehicles and boats and trailers, and received storage rentals amounting to \$269,193 for the year ended September 30, 2010. None of these short-term rentals are included in the table below.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 8. OPERATING LEASES (continued)

The approximate minimum future rentals to be received, excluding cost of living increases or expected lease renewals, on non-cancelable operating leases as of September 30, 2010 are:

Fiscal year ending September 30:

| | |
|------------------------------|---------------------|
| 2011 | \$4,299,247 |
| 2012 | 1,823,164 |
| 2013 | 1,523,894 |
| 2014 | 1,451,608 |
| 2015 | 1,563,086 |
| 2016-2020 | 2,018,029 |
| 2021-2025 | 2,227,455 |
| 2026-2030 | 2,452,882 |
| 2031-2035 | 2,893,495 |
| 2036-2039 | <u>2,718,553</u> |
| Total minimum future rentals | <u>\$22,971,413</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 9. LONG-TERM DEBT

Revenue Bonds - The source of repayment of these bonds is the income derived from the acquired or constructed assets and/or specific revenue sources. The outstanding revenue bonds as of September 30, 2010 include the following (All capitalized terms are as defined in each bond issue's official documents):

Public Improvement Revenue Bonds, Series 2001 – On October 12, 2001, the City issued \$19,600,000 bonds for the purpose of providing funds for various City projects including a police annex, fire and rescue system improvements, park improvements, and the payoff of the \$10,000,000 Capital Improvement Certificate of Indebtedness, Series 2000. The \$10,985,000 outstanding bonds, maturing on and after October 1, 2014, were advance refunded and defeased on December 1, 2006 by the Public Improvement Revenue Refunding Bonds, Series 2006. The refunding bond proceeds are held in an irrevocable escrow deposit trust for the purpose of generating the required resources for the refunded bonds' debt service and redemption premiums until they are called for redemption on October 1, 2011. The remaining \$3,550,000 outstanding bonds that were not refunded are due in varying installments through October 1, 2013. They bear interest at rates which range from 4.00% to 4.30%, with interest payable semi-annually on April 1st and October 1st. The principal and interest on these bonds are payable from a pledge of and lien upon the City's electric public service tax revenues and rentals from the City of Pembroke Pines/Florida State University Charter Elementary School. The bonds maturing on and after October 1, 2012 are subject to redemption at the option of the City, on or after October 1, 2011, in such order of maturity as the City selects, plus accrued interest to the redemption date.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|---------------------|-------------------|---------------------|
| Fiscal year ending September 30: | | | |
| 2011 | \$ 835,000 | \$ 130,800 | \$ 965,800 |
| 2012 | 870,000 | 96,265 | 966,265 |
| 2013 | 905,000 | 59,425 | 964,425 |
| 2014 | 940,000 | 20,210 | 960,210 |
| Total | <u>\$ 3,550,000</u> | <u>\$ 306,700</u> | <u>\$ 3,856,700</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 9. LONG-TERM DEBT (continued)

Revenue Bonds (continued)

Taxable Communications Services Tax Revenue Bonds, Series 2003A – On October 17, 2003, the City issued \$39,935,000 bonds in order to maintain the City's pension contribution as a percentage of payroll at the level prior to the increased benefits for firefighters under the contributory defined benefit retirement plan known as the City Pension Fund for Firefighters and Police Officers. These bonds have an outstanding balance of \$37,935,000 due in varying installments through October 1, 2033. The outstanding bonds bear an interest rate of 5.97%, payable semi-annually on April 1st and October 1st of each year. The principal and interest on these bonds are payable from and secured by a pledge of and an irrevocable lien on the Communications Services Tax Revenues and Water Public Service Tax Revenues on parity with the Series 2004 Bonds and any additional bonds hereafter issued. The lien on and pledge of the Water Public Service Tax Revenues to the payment of the bonds shall be released upon the City demonstrating that, based on the City's annual audited financial statements for the two fiscal years immediately preceding such release, the Communications Services Tax Revenues recognized for each of such fiscal year, without taking into consideration any Water Public Service Tax Revenues, were not less than 1.30 times the Maximum Bond Service Requirement on all parity bonds then outstanding. The bonds maturing on and after October 1, 2014 are subject to redemption prior to their respective dates of maturity at the option of the City on or after October 1, 2013, in such order of maturity as the City selects, plus accrued interest to the redemption date.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|----------------------|----------------------|----------------------|
| Fiscal year ending September 30: | | | |
| 2011 | \$ 750,000 | \$ 2,242,332 | \$ 2,992,332 |
| 2012 | 795,000 | 2,196,214 | 2,991,214 |
| 2013 | 840,000 | 2,147,409 | 2,987,409 |
| 2014 | 890,000 | 2,095,768 | 2,985,768 |
| 2015 | 945,000 | 2,040,994 | 2,985,994 |
| 2016-2020 | 5,640,000 | 9,261,559 | 14,901,559 |
| 2021-2025 | 7,545,000 | 7,306,234 | 14,851,234 |
| 2026-2030 | 10,080,000 | 4,693,316 | 14,773,316 |
| 2031-2034 | 10,450,000 | 1,293,103 | 11,743,103 |
| Total | <u>\$ 37,935,000</u> | <u>\$ 33,276,929</u> | <u>\$ 71,211,929</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 9. LONG-TERM DEBT (continued)

Revenue Bonds (continued)

Taxable Communications Services Tax Revenue Bonds, Series 2004 – On April 1, 2004, the City issued \$49,910,000 bonds for the purpose of funding a deposit to the Police Pension Plan under the contributory defined benefit retirement plan known as the City Pension Fund for Firefighters and Police Officers and the General Employees' Pension Plan to maintain the City's annual contribution to such plans at approximately the same level as before the adoption of the 2004 Enhanced Pension Benefits. These bonds have an outstanding balance of \$47,005,000 due in varying installments through October 1, 2033. The outstanding bonds bear interest at rates from 3.75% to 5.25%, payable semi-annually on April 1st and October 1st of each year. The principal and interest on these bonds are payable from and secured by a pledge of and an irrevocable lien on the Communications Services Tax Revenues and Water Public Service Tax Revenues on parity with the Series 2003A Bonds and any additional bonds hereafter issued. The lien on and pledge of the Water Public Service Tax Revenues to the payment of the Bonds shall be released upon the City demonstrating that, based on the City's annual audited financial statements for the two fiscal years immediately preceding such release, the Communications Services Tax Revenues recognized for each of such fiscal year, without taking into consideration any Water Public Service Tax Revenues, were not less than 1.30 times the Maximum Bond Service Requirement on all parity bonds then outstanding. The bonds maturing on and after October 1, 2015 are subject to redemption prior to their respective dates of maturity at the option of the City on or after October 1, 2014, in such order of maturity as the City selects, plus accrued interest to the redemption date.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|----------------------|----------------------|----------------------|
| Fiscal year ending September 30: | | | |
| 2011 | \$ 1,095,000 | \$ 2,337,188 | \$ 3,432,188 |
| 2012 | 1,135,000 | 2,293,956 | 3,428,956 |
| 2013 | 1,180,000 | 2,246,181 | 3,426,181 |
| 2014 | 1,230,000 | 2,193,431 | 3,423,431 |
| 2015 | 1,290,000 | 2,136,731 | 3,426,731 |
| 2016-2020 | 7,395,000 | 9,692,914 | 17,087,914 |
| 2021-2025 | 9,405,000 | 7,624,865 | 17,029,865 |
| 2026-2030 | 12,095,000 | 4,849,819 | 16,944,819 |
| 2031-2034 | 12,180,000 | 1,319,587 | 13,499,587 |
| Total | <u>\$ 47,005,000</u> | <u>\$ 34,694,672</u> | <u>\$ 81,699,672</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 9. LONG-TERM DEBT (continued)

Revenue Bonds (continued)

Public Improvement Revenue Bonds, Series 2004A – On May 6, 2004, the City issued \$20,140,000 bonds for the purpose of funding the acquisition, construction, and equipping of the Senior Housing Project (Tower One), the site development, engineering and permitting costs related to the Senior Housing Project, and the mobile safety equipment. These bonds have an outstanding balance of \$20,140,000 due in varying installments through October 1, 2034. The outstanding bonds bear interest at rates from 3.00% to 5.00%, with interest payable semi-annually on April 1st and October 1st. The principal and interest on these bonds are payable from a pledge of and lien upon the City's electric public service tax revenues. These bonds were issued on parity with both of the Public Improvement Revenue Bonds, Series 1998 and 2001. The bonds maturing on or after October 1, 2015 are subject to redemption at the option of the City, on or after October 1, 2014, in such order of maturity as the City selects, plus accrued interest to the redemption date.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|----------------------|----------------------|----------------------|
| Fiscal year ending September 30: | | | |
| 2011 | \$ 475,000 | \$ 921,747 | \$ 1,396,747 |
| 2012 | 485,000 | 906,741 | 1,391,741 |
| 2013 | 500,000 | 890,110 | 1,390,110 |
| 2014 | 520,000 | 871,610 | 1,391,610 |
| 2015 | 540,000 | 851,397 | 1,391,397 |
| 2016-2020 | 3,040,000 | 3,905,609 | 6,945,609 |
| 2021-2025 | 3,755,000 | 3,162,426 | 6,917,426 |
| 2026-2030 | 4,755,000 | 2,134,875 | 6,889,875 |
| 2031-2035 | 6,070,000 | 788,000 | 6,858,000 |
| Total | <u>\$ 20,140,000</u> | <u>\$ 14,432,515</u> | <u>\$ 34,572,515</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 9. LONG-TERM DEBT (continued)

Revenue Bonds (continued)

Public Improvement Revenue Bonds, Series 2004B – On July 14, 2004, the City issued \$15,975,000 bonds for the purpose of funding the cost of planning, designing, constructing, and equipping of the Senior Housing Project (Tower Two), and any remaining or additional Tower One project costs. These bonds have an outstanding balance of \$15,975,000 due in varying installments through October 1, 2034. The outstanding bonds bear interest at rates from 3.50% to 5.00%, with interest payable semi-annually on April 1st and October 1st. The principal and interest on these bonds are payable from a pledge of and lien upon the City’s electric public service tax revenues. These bonds were issued on parity with the Public Improvement Revenue Bonds, Series 1998, 2001, and 2004A. The bonds maturing on and after October 1, 2015 are subject to redemption at the option of the City, on or after October 1, 2014, in such order of maturity as the City selects, plus accrued interest to the redemption date.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|----------------------|----------------------|----------------------|
| Fiscal year ending September 30: | | | |
| 2011 | \$ 365,000 | \$ 751,527 | \$ 1,116,527 |
| 2012 | 375,000 | 738,343 | 1,113,343 |
| 2013 | 390,000 | 724,136 | 1,114,136 |
| 2014 | 405,000 | 708,879 | 1,113,879 |
| 2015 | 420,000 | 692,423 | 1,112,423 |
| 2016-2020 | 2,380,000 | 3,170,785 | 5,550,785 |
| 2021-2025 | 2,985,000 | 2,546,453 | 5,531,453 |
| 2026-2030 | 3,805,000 | 1,706,125 | 5,511,125 |
| 2031-2035 | 4,850,000 | 629,500 | 5,479,500 |
| Total | <u>\$ 15,975,000</u> | <u>\$ 11,668,171</u> | <u>\$ 27,643,171</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 9. LONG-TERM DEBT (continued)

Revenue Bonds (continued)

Public Improvement Revenue Refunding Bonds, Series 2006 – On December 1, 2006, the City issued \$29,720,000 bonds for the purpose of advance refunding of all of the Public Improvement Revenue Bonds, Series 1998 maturing on and after October 1, 2009 totaling \$18,935,000 and all of the Public Improvement Revenue Bonds, Series 2001, maturing on and after October 1, 2014 totaling \$10,985,000. This advance refunding generates a net present value benefit of \$1,268,541. These refunding bonds have an outstanding balance of \$28,685,000 due in varying installments through October 1, 2022. The outstanding bonds bear interest at rates from 4.00% to 5.00%, with interest payable semi-annually on April 1st and October 1st. The principal and interest on these bonds are payable from a pledge of and lien upon the City's electric public service tax revenues. They were issued on parity with the Public Improvement Revenue Bonds, Series 1998, 2001, 2004A, and 2004B. The bonds maturing on and after October 1, 2017 are subject to redemption at the option of the City, on or after October 1, 2016, in such order of maturity as the City selects, plus accrued interest to the redemption date.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|----------------------|----------------------|----------------------|
| Fiscal year ending September 30: | | | |
| 2011 | \$ 1,040,000 | \$ 1,305,950 | \$ 2,345,950 |
| 2012 | 1,085,000 | 1,263,450 | 2,348,450 |
| 2013 | 1,130,000 | 1,219,150 | 2,349,150 |
| 2014 | 1,175,000 | 1,173,050 | 2,348,050 |
| 2015 | 2,200,000 | 1,094,550 | 3,294,550 |
| 2016-2020 | 12,785,000 | 3,661,875 | 16,446,875 |
| 2021-2023 | 9,270,000 | 581,750 | 9,851,750 |
| Total | <u>\$ 28,685,000</u> | <u>\$ 10,299,775</u> | <u>\$ 38,984,775</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 9. LONG-TERM DEBT (continued)

Revenue Bonds (continued)

Capital Improvement Revenue Refunding Bonds, Series 2006 – On December 1, 2006, the City issued \$45,050,000 bonds for the purpose of (1) advance refunding \$28,100,000 outstanding Capital Improvement Revenue Bonds, Series 1999, maturing on and after December 1, 2009 that were not used to refund the Refunded 1995 Bonds and (2) funding various City capital projects. The advance refunding generates a net present value benefit of \$1,778,037. These refunding bonds have an outstanding balance of \$42,640,000 due in varying installments through December 1, 2031. They bear interest at rates which range from 3.85 % to 5.00%, with interest payable semi-annually on June 1st and December 1st. The principal and interest on these bonds are payable from a pledge of and lien upon the City's electric franchise revenues. These bonds were issued on parity with the Capital Improvement Revenue Bonds, Series 1999 and the Variable Rate Capital Improvement Revenue Bonds, Series 2005, which were current refunded by the Variable Rate Capital Improvement Revenue Refunding Bonds, Series 2008. The bonds maturing on and after December 1, 2017 are subject to redemption at the option of the City, on or after December 1, 2016, in such order of maturity as the City selects, plus accrued interest to the redemption date.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|----------------------|----------------------|----------------------|
| Fiscal year ending September 30: | | | |
| 2011 | \$ 1,530,000 | \$ 1,842,713 | \$ 3,372,713 |
| 2012 | 1,590,000 | 1,780,312 | 3,370,312 |
| 2013 | 1,650,000 | 1,715,513 | 3,365,513 |
| 2014 | 1,725,000 | 1,648,012 | 3,373,012 |
| 2015 | 1,795,000 | 1,575,675 | 3,370,675 |
| 2016-2020 | 10,365,000 | 6,467,600 | 16,832,600 |
| 2021-2025 | 13,020,000 | 3,696,629 | 16,716,629 |
| 2026-2030 | 8,780,000 | 1,150,997 | 9,930,997 |
| 2031-2032 | 2,185,000 | 93,819 | 2,278,819 |
| Total | <u>\$ 42,640,000</u> | <u>\$ 19,971,270</u> | <u>\$ 62,611,270</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 9. LONG-TERM DEBT (continued)

Revenue Bonds (continued)

Capital Improvement Revenue Bonds, Series 2007 – On January 24, 2007, the City issued \$26,805,000 bonds for the purpose of funding (1) the design, construction, and equipping of approximately 220 residential units to become part of the City's senior housing facilities to be owned and operated by the City, to be located on the Senator Howard C. Forman Human Services Campus and related subordinate facilities, and (2) renovations to existing senior housing facilities owned and operated by the City. These bonds have an outstanding balance of \$26,290,000 due in varying installments through December 1, 2036. The outstanding bonds bear interest at rates from 3.75% to 5.00%, with interest payable semi-annually on June 1st and December 1st. The principal and interest on these bonds are payable from a pledge of and lien upon the City's electric franchise revenues. These bonds were issued on parity with the Capital Improvement Revenue Bonds, Series 1999, the Variable Rate Capital Improvement Revenue Bonds, Series 2005, which were current refunded by the Variable Rate Capital Improvement Revenue Refunding Bonds, Series 2008, and the Capital Improvement Revenue Refunding Bonds, Series 2006. The bonds maturing on and after December 1, 2017 are subject to redemption at the option of the City, on or after December 1, 2016, in such order of maturity as the City selects, plus accrued interest to the redemption date.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|----------------------|----------------------|----------------------|
| Fiscal year ending September 30: | | | |
| 2011 | \$ 535,000 | \$ 1,180,163 | \$ 1,715,163 |
| 2012 | 555,000 | 1,158,362 | 1,713,362 |
| 2013 | 580,000 | 1,135,663 | 1,715,663 |
| 2014 | 605,000 | 1,111,962 | 1,716,962 |
| 2015 | 630,000 | 1,087,263 | 1,717,263 |
| 2016-2020 | 3,550,000 | 5,025,444 | 8,575,444 |
| 2021-2025 | 4,335,000 | 4,235,000 | 8,570,000 |
| 2026-2030 | 5,365,000 | 3,211,700 | 8,576,700 |
| 2031-2035 | 6,870,000 | 1,709,250 | 8,579,250 |
| 2036-2037 | 3,265,000 | 165,375 | 3,430,375 |
| Total | <u>\$ 26,290,000</u> | <u>\$ 20,020,182</u> | <u>\$ 46,310,182</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

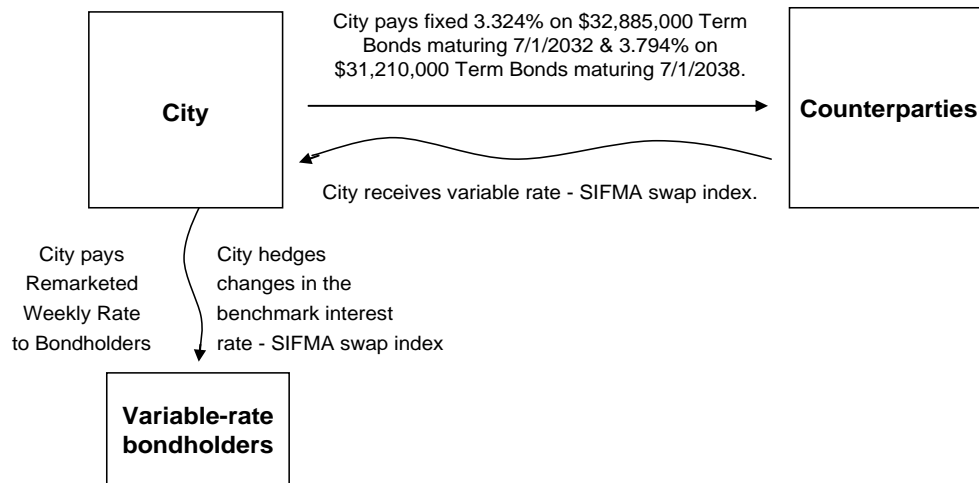
Fiscal Year Ended September 30, 2010

NOTE 9. LONG-TERM DEBT (continued)

Revenue Bonds (continued)

Charter School Revenue Bonds, Series 2008 -. On March 25, 2008, the City issued \$64,095,000 bonds for the purpose of providing funds to: (i) finance the acquisition, construction and equipping of certain additions to existing Charter Schools educational facilities located within the City and (ii) advance refund the outstanding City of Pembroke Pines, Florida Charter School Revenue Bonds, Series 2001A and 2001B (the "Refunded Bonds") in the aggregate principal amount of \$29,405,000 and \$17,715,000, respectively. In an effort to hedge its exposure to variable interest rates on the 2008 Bonds, the City has entered into four Qualified Fixed Payor Swap (pay-fixed, receive-variable interest rate swap) transactions (collectively, the "Series 2008 Swap Transaction") with two Counterparties.

The following diagram depicts the terms of the Series 2008 Swap Transaction:



The Series 2008 Swap Transaction has an initial notional amount equal to the initial aggregate principal amount of the 2008 Bonds and will terminate at various times with the final termination date on the final maturity date of the 2008 Bonds, unless terminated earlier pursuant to the terms of the applicable 2008 Swap Transaction. The notional amount of the Series 2008 Swap Transaction will amortize at the same times and in the same amounts as the amortization of the 2008 Bonds. The City will pay a fixed rate of interest to each of the Swap Counterparties on their respective notional amounts equal to 3.324% and 3.794% and will receive in return from each of the Swap Counterparties a floating rate equal to the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index, on the same notional amount determined on the day of the week specified in the applicable Series 2008 Swap Transaction.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 9. LONG-TERM DEBT (continued)

Revenue Bonds (continued)

It is anticipated by the City that the floating rate payable by each of the Swap Counterparties will approximate the interest rate on the 2008 Bonds while the 2008 Bonds bear interest in the Weekly Rate Mode. There is no guarantee, however, that such rates will match at all times or at any time. The City is exposed to "basis risk" to the extent that the floating rate it receives from the applicable Swap Counterparty does not equal the interest rate it is required to pay on the 2008 Bonds. The City's payment obligations under the Series 2008 Swap Transaction (except for Swap Termination Payments) will be payable from Pledged Revenues on a parity with the payment of interest on the 2008 Bonds, and are paid on a priority to principal payments on the 2008 Bonds.

The City's net payments/receipts under the Series 2008 Swap Transaction will consist of Periodic Payments based upon fluctuations in short-term interest rates and, in the event of a termination of the Series 2008 Swap Transaction prior to the stated term thereof, a potential Swap Termination Payment. The amount of such potential Swap Termination Payment will be based primarily upon market interest rate levels and the remaining term of the Series 2008 Swap Transaction at the time of termination. The City's obligations with respect to the payment of Swap Termination Payments, if any, are subordinate to the payment of Pledged Revenues on the 2008 Bonds and the Periodic Payments on the Series 2008 Swap Transaction.

The 2008 Bonds have an outstanding balance of \$63,495,000 due in varying installments through July 1, 2038. They initially bear interest at the Weekly Rate, but may be converted at the option of the City, to a Fixed Rate. The interest rate during each Weekly Rate Period will be determined by the Remarketing Agent. The 2008 Bonds and the City's regular payment obligations under the Series 2008 Swap Transaction, are payable from and secured by a lien upon and pledge of revenues derived by the City from lease payments made to the City as a result of its ownership and operation of the Charter Schools and Charter Lab School, including, fee-based pre-school programs and revenues received pursuant to leases and/or other agreements for use of such facilities. Pursuant to the Resolution, the City has covenanted to apply the funds on deposit in the Special Revenue Fund to the payment of the Charter School Lease Revenues prior to any other application. In the event the Pledged Revenues are not sufficient, the City has covenanted to budget and appropriate in its annual budget amounts sufficient to meet its obligation from Non-Ad Valorem Revenues. The covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues. These Bonds are subject to optional and mandatory tender for purchase and to optional and mandatory redemption prior to maturity. Holders of the 2008 Bonds may elect to have their 2008 Bonds purchased on any Business Day, upon delivery of a Tender Notice to the Tender Agent seven days prior to the applicable Purchase Date. They are subject to redemption on any Business Day at the option of the City at a redemption price equal to 100% of the principal amount of such 2008 Bonds plus accrued interest to the date of redemption.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 9. LONG-TERM DEBT (continued)

Revenue Bonds (continued)

The debt service shown in the schedule appeared hereunder and the following "Schedule of Debt Service on Outstanding Bonds as of September 30, 2010" is based on the Weekly Rate of 0.27% which is the rate in effect at the financial statement date (September 30, 2010) per GASB Statement No. 38, paragraph 10.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|----------------------|---------------------|----------------------|
| Fiscal year ending September 30: | | | |
| 2011 | \$ 300,000 | \$ 171,301 | \$ 471,301 |
| 2012 | 300,000 | 171,909 | 471,909 |
| 2013 | 100,000 | 169,298 | 269,298 |
| 2014 | 100,000 | 169,030 | 269,030 |
| 2015 | 100,000 | 168,761 | 268,761 |
| 2016-2020 | 500,000 | 842,110 | 1,342,110 |
| 2021-2025 | 4,365,000 | 824,107 | 5,189,107 |
| 2026-2030 | 17,375,000 | 697,824 | 18,072,824 |
| 2031-2035 | 23,780,000 | 408,960 | 24,188,960 |
| 2036-2038 | 16,575,000 | 82,902 | 16,657,902 |
| Total | <u>\$ 63,495,000</u> | <u>\$ 3,706,202</u> | <u>\$ 67,201,202</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 9. LONG-TERM DEBT (continued)

Revenue Bonds (continued)

Variable Rate Capital Improvement Revenue Refunding Bonds (Susan B. Anthony Center), Series 2008 - On July 25, 2008, the City issued \$8,040,000 bonds under an Indenture of Trust between the Issuer and U.S. National Bank Association, as trustee for the purpose of current refunding the Variable Rate Capital Improvement Revenue Bonds, Series 2005 (Susan B. Anthony Center) in order to realize a net interest cost savings. The Series 2008 Bonds initially will bear interest at the Weekly Rate, determined by the Remarketing Agent each Wednesday and payable on the first Wednesday of each month. The Issuer may change the interest rate determination method from time to time. A change in the method, other than a change between the Daily Rate and the Weekly Rate, will result in the Series 2008 Bonds becoming subject to mandatory tender for purchase on the effective date of such change.

These 2008 Bonds have an outstanding balance of \$8,040,000 due in varying installments through October 1, 2038. They are subject to optional redemption, purchase and tender. During any Daily Period or Weekly Period, the Series 2008 Bonds are subject to redemption by the Issuer, at the option of the Issuer, in whole at any time or in part on any Interest Payment Date, less than all of such Series 2008 Bonds to be selected by lot or in such other manner as the Trustee shall determine, at a redemption price of 100% of the outstanding principal amount thereof plus accrued interest. The Series 2008 Bonds shall be subject to mandatory tender by the Registered Owners for purchase. The principal of, premium, if any, and interest on the Series 2008 Bonds are payable from and secured by a pledge of and an irrevocable lien upon the City's Electric Franchise Revenues. These bonds were issued on parity with the Capital Improvement Revenue Refunding Bonds, Series 2006, the Capital Improvement Revenue Bonds (Phase II of Forman Senior Housing Project), Series 2007 and any Additional Parity Franchise Revenue Bonds of the City.

The debt service shown in the schedule appeared hereunder and the following "Schedule of Debt Service on Outstanding Bonds as of September 30, 2010" is based on the Weekly Rate of 0.62% which is the rate in effect at the financial statement date (September 30, 2010) per GASB Statement No. 38, paragraph 10.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 9. LONG-TERM DEBT (continued)

Revenue Bonds (continued)

Variable Rate Capital Improvement Revenue Refunding Bonds (Susan B. Anthony Center), Series 2008 (continued)

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|---------------------|-------------------|---------------------|
| Fiscal year ending September 30: | | | |
| 2011 | \$ - | \$ 50,667 | \$ 50,667 |
| 2012 | - | 49,630 | 49,630 |
| 2013 | - | 49,654 | 49,654 |
| 2014 | - | 49,711 | 49,711 |
| 2015 | 150,000 | 48,855 | 198,855 |
| 2016-2020 | 895,000 | 229,165 | 1,124,165 |
| 2021-2025 | 1,185,000 | 196,412 | 1,381,412 |
| 2026-2030 | 1,570,000 | 152,960 | 1,722,960 |
| 2031-2035 | 2,090,000 | 95,054 | 2,185,054 |
| 2036-2039 | 2,150,000 | 21,889 | 2,171,889 |
| Total | <u>\$ 8,040,000</u> | <u>\$ 943,998</u> | <u>\$ 8,983,998</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 9. LONG-TERM DEBT (continued)

Revenue Bonds (continued)

Capital Improvement Revenue Refunding Bonds, Series 2010:

On June 22, 2010, the City issued the Capital Improvement Revenue Refunding Bonds, Series 2010 in the amount of \$8,545,700 for the purpose of refunding the outstanding \$8,690,000 Capital Improvement Revenue Bonds, Series 1999 in order to realize a net interest cost savings. It had resulted in a net present savings of \$571,658. These Series 2010 Bonds have an outstanding balance of \$8,545,700 due in varying installments through December 1, 2026. The outstanding bonds bear interest at the rate of 4.1575%, with interest payable semi-annually on June 1st and December 1st. The principal and interest on these bonds are payable from a pledge of and lien upon the City's electric franchise revenues on a parity with the Capital Improvement Revenue Refunding Bonds, Series 2006, the Capital Improvement Revenue Bonds (Phase II of Forman Senior Housing Project), Series 2007, the Variable Rate Capital Improvement Revenue Refunding Bonds (Susan B. Anthony Center), Series 2008 and any Additional Parity Franchise Revenue Bonds. The Bonds are subject to redemption at the option and direction of the Issuer in whole or in part on any date on and after the 10th anniversary of the Delivery Date at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued to the date of redemption.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|---------------------|---------------------|----------------------|
| Fiscal year ending September 30: | | | |
| 2011 | \$ 102,500 | \$ 332,432 | \$ 434,932 |
| 2012 | 357,600 | 343,592 | 701,192 |
| 2013 | 377,400 | 328,314 | 705,714 |
| 2014 | 392,100 | 312,318 | 704,418 |
| 2015 | 406,300 | 295,721 | 702,021 |
| 2016-2020 | 2,323,300 | 1,203,215 | 3,526,515 |
| 2021-2025 | 2,997,100 | 662,163 | 3,659,263 |
| 2026-2027 | 1,589,400 | 66,807 | 1,656,207 |
| Total | <u>\$ 8,545,700</u> | <u>\$ 3,544,562</u> | <u>\$ 12,090,262</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 9. LONG-TERM DEBT (continued)

General Obligation Bonds - The source of repayment of these bonds is the unlimited ad valorem taxes on all taxable real and tangible personal property within the City (except exemptions provided by applicable law). There are no direct limitations imposed by the Florida Constitution or the Florida Statutes on the amount of debt that the City can issue. The outstanding General Obligation Bonds as of September 30, 2010 are as follows:

General Obligation Bonds, Series 2005 – On September 30, 2005, the City issued its first General Obligation Bonds in the amount of \$47,000,000 for the purpose of funding multiple projects including, but not limited to, various roadwork projects, recreational and cultural amenities, economic development and neighborhood revitalization. On December 1, 2005, \$5,456,448 of the General Obligation Bonds, Series 2005 was used to refund the Capital Improvement Revenue Bonds, Series 1993, which had a principal outstanding balance of \$5,985,000. These Series 2005 bonds have an outstanding balance of \$42,160,000 due in varying installments through September 1, 2035. The outstanding bonds bear interest at rates from 3.20% to 4.55%, with interest payable semi-annually on March 1st and September 1st. The Series 2005 Bonds are general obligations of the City and are payable from unlimited ad valorem taxes on all taxable real and tangible personal property within the City (except exemptions provided by applicable law). The bonds maturing on or after September 1, 2016 are subject to redemption at the option of the City, on or after September 1, 2015, in such order of maturity as the City selects, plus accrued interest to the redemption date.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|----------------------|----------------------|----------------------|
| Fiscal year ending September 30: | | | |
| 2011 | \$ 1,025,000 | \$ 1,772,053 | \$ 2,797,053 |
| 2012 | 1,055,000 | 1,739,252 | 2,794,252 |
| 2013 | 1,090,000 | 1,704,438 | 2,794,438 |
| 2014 | 1,130,000 | 1,667,377 | 2,797,377 |
| 2015 | 1,170,000 | 1,627,828 | 2,797,828 |
| 2016-2020 | 6,555,000 | 7,430,762 | 13,985,762 |
| 2021-2025 | 7,995,000 | 5,981,825 | 13,976,825 |
| 2026-2030 | 9,865,000 | 4,118,675 | 13,983,675 |
| 2031-2035 | 12,275,000 | 1,705,790 | 13,980,790 |
| Total | <u>\$ 42,160,000</u> | <u>\$ 27,748,000</u> | <u>\$ 69,908,000</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 9. LONG-TERM DEBT (continued)

General Obligation Bonds (continued)

General Obligation Bonds, Series 2007 – On July 25, 2007, the City issued its Phase II General Obligation Bonds in the amount of \$43,000,000 for the purpose of funding the costs of design, construction and repair of certain improvements within the City. These Series 2007 Bonds have an outstanding balance of \$40,900,000 due in varying installments through September 1, 2036. The outstanding bonds bear interest at rates from 4.00% to 4.75%, with interest payable semi-annually on March 1st and September 1st. The Series 2007 Bonds are general obligations of the City and are payable from unlimited ad valorem taxes on all taxable real and tangible personal property within the City (except exemptions provided by applicable law). The bonds maturing on or after September 1, 2018 are subject to redemption at the option of the City, on or after September 1, 2017, in such order of maturity as the City selects, plus accrued interest to the redemption date.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|----------------------|----------------------|----------------------|
| Fiscal year ending September 30: | | | |
| 2011 | \$ 820,000 | \$ 1,860,837 | \$ 2,680,837 |
| 2012 | 855,000 | 1,825,988 | 2,680,988 |
| 2013 | 890,000 | 1,791,787 | 2,681,787 |
| 2014 | 925,000 | 1,755,075 | 2,680,075 |
| 2015 | 960,000 | 1,718,075 | 2,678,075 |
| 2016-2020 | 5,440,000 | 7,960,312 | 13,400,312 |
| 2021-2025 | 6,750,000 | 6,660,075 | 13,410,075 |
| 2026-2030 | 8,420,000 | 4,986,325 | 13,406,325 |
| 2031-2035 | 10,610,000 | 2,801,076 | 13,411,076 |
| 2036 | 5,230,000 | 248,425 | 5,478,425 |
| Total | <u>\$ 40,900,000</u> | <u>\$ 31,607,975</u> | <u>\$ 72,507,975</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 9. LONG-TERM DEBT (continued)

Derivative Instruments

On March 25, 2008, the City issued \$64,095,000 Charter School Revenue Bonds, Series 2008. In an effort to hedge its exposure to variable interest rates on the 2008 Bonds, the City has entered into four Qualified Fixed Payor Swap (pay-fixed, receive-variable interest rate swap) transactions (collectively, the "Series 2008 Swap Transaction") with two Counterparties. Based on the consistency of the terms of the swaps and the variable-rate bonds, the city determines that the swaps are hedging derivative instruments using the consistent critical terms method. The City implemented the Governmental Accounting Standard Board Statement 53 (Accounting and Financial Reporting for Derivative Instruments) in the City's fiscal year 2010 financial statements for the first year. Changes in the fair values of the swaps will not be applicable in the September 30, 2010 financial statement. Accordingly, changes in the fair values of the swaps in the future years will be reported as deferrals on the statement of net assets. The fair value and notional amount of the derivative instrument outstanding at September 30, 2010 are as follows:

| | Changes in Fair Values | | Fair Value at September 30, 2010* | | |
|---------------------------------|---|--------|--------------------------------------|---------------|--------------|
| | Classification | Amount | Classification | Amount | Notional |
| Governmental Activities: | | | | | |
| Cash flow hedges | | | | | |
| Pay-fixed interest rate swap | Change is not applicable in the first year of GASBS 53 implementation | \$ - | Debt | \$(8,124,574) | \$63,495,000 |

* The fair value is expressed from the point of view of the City.

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

The fair value balance and notional amount of the derivative instrument outstanding at September 30, 2010 are \$(8,124,574) in favor of the Counterparties and \$63,495,000 respectively.

The fair values of the interest rate swaps were provided by the Counterparties at mid-market.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 9. LONG-TERM DEBT (continued)

Derivative Instruments

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of the City's hedging derivative instruments outstanding at September 30, 2010, along with the credit rating of the associated counterparty:

| Type | Objective | Counterparty | Notional Amount | Effective Date | Maturity Date | Terms | Counterparty Credit Rating |
|------------------------------|--|-----------------------------|-----------------|----------------|---------------|--|------------------------------|
| | | | | | | | <u>S&P/Moody's/Fitch</u> |
| Pay-fixed interest rate swap | Hedge of changes in cash flows on the City of Pembroke Pines' \$64,095,000 Charter School Revenue Bonds, Series 2008 | Royal Bank of Canada | \$22,599,500 | 3/25/2008 | 7/1/2018 | Pay 3.324% receive SIFMA ⁽¹⁾ swap index | AA-/Aa1/AA |
| | | Royal Bank of Canada | \$21,847,000 | 3/25/2008 | 7/1/2038 | Pay 3.794% receive SIFMA ⁽¹⁾ swap index | AA-/Aa1/AA |
| | | The Bank of New York Mellon | \$ 9,685,500 | 3/25/2008 | 7/1/2018 | Pay 3.324% receive SIFMA ⁽¹⁾ swap index | AA/AAA/AA- |
| | | The Bank of New York Mellon | \$ 9,363,000 | 3/25/2008 | 7/1/2038 | Pay 3.794% receive SIFMA ⁽¹⁾ swap index | AA/AAA/AA- |

(1) The Securities Industry and Financial Markets Association Municipal Swap Index

Risks

Interest rate risk. The City is exposed to interest rate risk on its pay-fixed, receive-variable interest rate swap. As the SIFMA swap index decreases, the City's net payment on the swap increases.

Basis risk. The City is exposed to basis risk on its pay-fixed interest rate swaps because the variable-rate payments received by the City on these hedging derivative instruments are based on a rate or index other than interest rates that the City pays on its hedged variable-rate debt, which is remarketed every 7 days. For the fiscal year ended September 30, 2010, however, the average interest rate on the City's hedged variable-rate debt is 0.26%, while the hedging derivative instruments' average SIFMA municipal swap index rate is also 0.26%.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 9. LONG-TERM DEBT (continued)

Derivative Instruments (continued)

Termination risk. The City or its Counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. The early termination of a an Interest Rate Swap may result in a very substantial payment being due from one party to the other based on the market value of the Interest Rate Swap at the time of early termination and without regard to the fault, if any, of either party to the Interest Rate Swap or any specified affiliate thereof in connection with such early termination. Moreover, early termination of an Interest Rate Swap can leave a party unhedged with respect to the financial risk previously hedged by such terminated Interest Rate Swap.

Rollover risk The City is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, the City will be re-exposed to the risks being hedged by the hedging derivative instrument. The City is exposed to rollover risk on the pay-fixed, receive-variable interest rate swaps scheduled to mature in July 2018 because the hedged debt is scheduled to mature in July 2032.

Hedging derivative instrument payments and hedged debt - As of September 30, 2010, the aggregate debt service requirements of the City's Charter School Revenue Bonds, Series 2008 and the net receipts/payments on the associated hedging derivative instruments are as follows. These amounts assume that current interest rate of 0.27% on the variable- rate bonds and the current SIFMA Municipal Swap Index rate of 0.27% of the hedging derivative instruments will remain the same for their terms. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will change.

| Fiscal Year Ending September 30 | Principal | Interest | Hedging Derivatives, Net | Total |
|--|----------------------|---------------------|---|----------------------|
| 2011 | \$ 300,000 | \$ 171,301 | \$ 2,083,534 | \$ 2,554,835 |
| 2012 | 300,000 | 171,909 | 2,074,372 | 2,546,281 |
| 2013 | 100,000 | 169,298 | 2,066,737 | 2,336,035 |
| 2014 | 100,000 | 169,030 | 2,063,683 | 2,332,713 |
| 2015 | 100,000 | 168,761 | 2,060,629 | 2,329,390 |
| 2016-2020 | 500,000 | 842,110 | 8,125,909 | 9,468,019 |
| 2021-2025 | 4,365,000 | 824,107 | 5,499,202 | 10,688,309 |
| 2026-2030 | 17,375,000 | 697,824 | 5,499,202 | 23,572,026 |
| 2031-2035 | 23,780,000 | 408,960 | 4,868,802 | 29,057,762 |
| 2036-2038 | 16,575,000 | 82,902 | 1,038,214 | 17,696,116 |
| Total | <u>\$ 63,495,000</u> | <u>\$ 3,706,202</u> | <u>\$ 35,380,284</u> | <u>\$102,581,486</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 9. LONG-TERM DEBT (continued)

Derivative Instruments (continued)

Contingencies

In the event the insurer's and the City's ratings are both downgraded below a rating of "A-" by Standard & Poor's or "A3" by Moody's Investors Service, the City will have an option of posting collateral in order to prevent swap termination. The collateral posted is to be in the form of cash or U.S. Treasury securities in the amount of the fair value of hedging derivative instruments in liability positions net of the effect of applicable netting arrangements. If the City does not post collateral, the hedging derivative instrument may be terminated by the Counterparty. At September 30, 2010, the aggregate fair value of all hedging derivative instruments with these optional collateral posting provisions is a negative (\$8,124,574). If the collateral posting requirements were necessary at September 30, 2010, the City would be required to post \$8,124,574 in collateral to its counterparties. As the City negotiated termination at mid-market, termination values are the same as market values. The City's underlying General Obligation Bond rating is "Aa2" by Moody's Investors Service, "AA" by Fitch Ratings, and not rated by Standard & Poor's. The insurer's ratings are "AA+" by Standard & Poor's, "Aa3" by Moody's Investors Service and "not rated" by Fitch Ratings. Therefore, no collateral was posted as of September 30, 2010.

Current Refunding

Capital Improvement Revenue Refunding Bonds, Series 2010 - On June 22, 2010, the City issued the Capital Improvement Revenue Refunding Bonds, Series 2010 in the amount of \$8,545,700 for the purpose of refunding the outstanding \$8,690,000 Capital Improvement Revenue Bonds, Series 1999 in order to realize a net interest cost savings. The reacquisition price exceeded the net carrying amount of the old debt by \$112,941. This amount is being netted against the new debt and amortized over the remaining life of both the refunded and refunding debts which have the same maturity date. This current refunding was undertaken to reduce total debt service payments over the next 16 years by \$799,932 and resulted in an economic gain of 571,658.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 9. LONG-TERM DEBT (continued)

Outstanding Advanced Refunded Bonds

In prior years, the City defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2010, the \$67.05 million of bonds outstanding are considered defeased. They are listed as follows:

Consolidated Utility Systems Revenue Bonds, Series 1992 - The outstanding balance is \$12,920,000. These bonds were defeased on July 3, 1997. The escrow funds are held in a trust with assets sufficient to pay scheduled debt service requirements to maturity.

Public Improvement Revenue Bonds, Series 2001 - The outstanding balance is \$10,985,000 maturing on and after October 1, 2014. These bonds were refunded on December 1, 2006. They are to be redeemed on October 1, 2011 with the escrow funds.

Charter School Revenue Bonds, Series 2001A - The outstanding balance is \$27,285,000. They were refunded on March 25, 2008. The bonds maturing on or after July 1, 2012 are to be redeemed on July 1, 2011 with the escrow funds.

Charter School Revenue Bonds, Series 2001B - The outstanding balance is \$15,860,000. They were refunded on March 25, 2008. The bonds maturing on or after July 1, 2013 are to be redeemed on July 1, 2012 with the escrow funds.

Bonds Authorized, but Un-issued – On March 8, 2005, the voters of the City of Pembroke Pines approved the issuance of \$100,000,000 General Obligation Bonds, of which \$47,000,000 General Obligation Bonds, Series 2005 were issued on September 30, 2005, and \$43,000,000 General Obligation Bonds, Series 2007 were issued on July 25, 2007. The remaining \$10,000,000 General Obligation Bonds already authorized will be issued only if needed. Currently, the City's General Obligation Bonds authorized by voters is \$100,000,000. Any General Obligation Bonds in addition to this limit will need further approval.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 9. LONG-TERM DEBT (continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2010 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|-----------------------|----------------------|------------------------|-----------------------|---------------------------|
| Governmental activities: | | | | | |
| Bonds and loans payable: | | | | | |
| Revenue bonds: | | | | | |
| Capital Improvement Revenue Bonds, Series 1999 | \$ 9,000,000 | \$ - | \$ (9,000,000) | \$ - | \$ - |
| Public Improvement Revenue Bonds, Series 2001 | 4,350,000 | - | (800,000) | 3,550,000 | 835,000 |
| Taxable Communications Services Tax Revenue Bonds, Series 2003A | 38,640,000 | - | (705,000) | 37,935,000 | 750,000 |
| Taxable Communications Services Tax Revenue Bonds, Series 2004 | 48,065,000 | - | (1,060,000) | 47,005,000 | 1,095,000 |
| Public Improvement Revenue Bonds, Series 2004A | 20,140,000 | - | - | 20,140,000 | 475,000 |
| Public Improvement Revenue Bonds, Series 2004B | 15,975,000 | - | - | 15,975,000 | 365,000 |
| Public Improvement Refunding Revenue Bonds, Series 2006 | 29,690,000 | - | (1,005,000) | 28,685,000 | 1,040,000 |
| Capital Improvement Refunding Revenue Bonds, Series 2006 | 44,110,000 | - | (1,470,000) | 42,640,000 | 1,530,000 |
| Capital Improvement Revenue Bonds, Series 2007 | 26,805,000 | - | (515,000) | 26,290,000 | 535,000 |
| Charter School Revenue Bonds, Series 2008 | 63,795,000 | - | (300,000) | 63,495,000 | 300,000 |
| Variable Rate Capital Improvement Revenue Refunding Bonds, Series 2008 | 8,040,000 | - | - | 8,040,000 | - |
| Capital Improvement Refunding Revenue Bonds, Series 2010 | - | 8,545,700 | - | 8,545,700 | 102,500 |
| Total revenue bonds | <u>308,610,000</u> | <u>8,545,700</u> | <u>(14,855,000)</u> | <u>302,300,700</u> | <u>7,027,500</u> |
| General obligation bonds: | | | | | |
| General Obligation Bonds, Series 2005 | 43,155,000 | - | (995,000) | 42,160,000 | 1,025,000 |
| General Obligation Bonds, Series 2007 | 41,690,000 | - | (790,000) | 40,900,000 | 820,000 |
| Total general obligation bonds | <u>84,845,000</u> | <u>-</u> | <u>(1,785,000)</u> | <u>83,060,000</u> | <u>1,845,000</u> |
| Total revenue and general obligation bonds | 393,455,000 | 8,545,700 | (16,640,000) | 385,360,700 | 8,872,500 |
| Less deferred amounts: | | | | | |
| For issuance discounts/premiums | 1,287,197 | - | (183,677) | 1,103,520 | - |
| On refundings | (8,743,512) | (45,349) | 1,056,400 | (7,732,461) | - |
| Total bonds payable | 385,998,685 | 8,500,351 | (15,767,277) | 378,731,759 | 8,872,500 |
| Estimated self-insurance claims | 11,143,278 | 14,104,185 | (12,794,943) | 12,452,520 | 5,190,736 |
| Compensated absences | 19,598,618 | 8,335,305 | (10,256,568) | 17,677,355 | 9,942,405 |
| Net OPEB obligation | 7,330,648 | - | (5,000,000) | 2,330,648 | - |
| Derivative instrument - interest rate swaps | - | 8,124,574 | - | 8,124,574 | - |
| Governmental activity long-term liabilities | <u>\$ 424,071,229</u> | <u>\$ 39,064,415</u> | <u>\$ (43,818,788)</u> | <u>\$ 419,316,856</u> | <u>\$ 24,005,641</u> |
| | | | | | |
| Business-type activities: | | | | | |
| Compensated absences | \$ 920,661 | \$ 353,273 | \$ (555,891) | \$ 718,043 | \$ 410,765 |
| Business-type activity long-term liabilities | <u>\$ 920,661</u> | <u>\$ 353,273</u> | <u>\$ (555,891)</u> | <u>\$ 718,043</u> | <u>\$ 410,765</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors, and omissions, injuries to employees, and natural disasters. The City established a risk management fund (an Internal Service Fund) to account for the uninsured risks of loss. Under this program, the risk management fund provides coverage for up to a maximum of \$150,000 for each City employee workers' compensation claim, \$250,000 for each Police or Firefighter's workers' compensation claim, \$150,000 per occurrence for each general liability claim, \$100,000 per occurrence for each employee's dishonesty claim and \$25,000 for each occurrence of damage to City-owned property. The City's exposure on health insurance is limited to \$1,112.50 per month per covered employee and their covered dependents. This is for claims only and does not include administrative expenses or stop loss. Total maximum loss exposure to the City for health insurance on covered employees and dependents was \$20,540,088 for the fiscal year ended September 30, 2010. The City purchases commercial insurance for claims in excess of coverage provided by the fund, and for all other risks of loss. There were no reductions in insurance coverage from the prior year. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

All funds of the City participate in the program and make payments to the risk management fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The estimated claims liability of \$12,452,520 reported in the fund at September 30, 2010 is based on the requirements of GASB Statement No. 10, as amended by Statement No. 30 includes IBNR (incurred but not reported claims), and is based on the estimated ultimate cost of settling the claims, using past experience adjusted for current trends, and any other factors that would modify past experience.

Claims liabilities include specific and incremental claim adjustment expenditures/expenses. In addition, estimated recoveries on unsettled claims, such as salvage or subrogation, were evaluated in terms of their estimated realizable value and deducted from the liability for unpaid claims. Estimated recoveries on settled claims were deducted from the liability for unpaid claims.

The changes in the fund's claims liability amount during the past two years were as follows:

| | <u>Beginning of Year Liability</u> | <u>Claims and Changes in Estimates</u> | <u>Claims Payments</u> | <u>End of Year Liability</u> |
|-----------|--|--|----------------------------|----------------------------------|
| 2008-2009 | \$11,452,673 | \$13,026,059 | \$(13,335,454) | \$11,143,278 |
| 2009-2010 | 11,143,278 | 14,104,185 | (12,794,943) | 12,452,520 |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 11. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to future audit and compliance testing, which may result in adjustments by Federal and State grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of such expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

NOTE 12. COMMITMENTS

On September 28, 1990, the City entered a "Large User Wastewater Agreement" with the City of Hollywood, Florida. The agreement provides for the connection of the portion of the City's sewage collection system east of Flamingo Road to the City of Hollywood's treatment and disposal facility. The City is being charged based upon an average daily wastewater flow to cover operating and maintenance expenses, non-operating expenses, capital expenditures, bond retirement, and interest expenses. The charge to operations of the water and sewer fund under this Agreement is \$6,347,983 for the year ended September 30, 2010.

In 1986, the City entered into a lease with the Broward County School Board and Walter C. Young Resource Center for fifty (50) years at \$1.00 per year. The City holds title to the Resource Center. The City also entered into an Interlocal Agreement in 1989 with the Broward County School Board to operate the Walter C. Young Resource Center. The City is responsible for a prorated share of the operating costs based on its usage as defined in the agreement. The Resource Center includes a Middle School for sixth, seventh and eighth graders, and also offers adult education classes on evenings and weekends. One of the City's Early Development Centers, "Bright Beginnings", is also located at the Resource Center.

On October 21, 1992, the City entered into an agreement with the Florida Wetlandsbank™ (FW), a Florida Joint Venture, wherein the City granted FW a license to develop a Wetlands Mitigation Bank at a site that then comprised approximately 450 acres located in the Chapel Trail Preserve. This agreement which lasted until December 31, 2004, established the first Wetland Mitigation Bank in Florida and the second in the nation. Florida Wetlandsbank's responsibilities included designing, permitting, and constructing the ecosystem; maintaining and monitoring the Wetlands for a five-year period once construction was completed; and the sales and marketing of the mitigation credits. On January 1, 2005 the City assumed full responsibility and maintenance for the Wetlands. The City now owns 15 sites totaling approximately 620 acres of Wetlands. The City became the Grantor of the Mitigation Bank Irrevocable Trust Fund on April 5, 1995 in order to hold the funds to maintain the Wetlands in perpetuity. The current Trustee is the Bank of New York Mellon, Inc., and the beneficiaries of the Trust Fund are the City, the South Florida Water Management District, the U. S. Army Corps of Engineers, and Broward County. Payments are made quarterly from the investment earnings of the Trust Fund to cover the expenses in maintaining the Wetlands. In the event that investment earnings are insufficient to cover expenses, payments from the principal of the Trust can be utilized with the written consent of the Trust's beneficiaries.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 12. COMMITMENTS (continued)

At September 30, 2010 the balance in the Trust Fund account was \$582,509. For the fiscal year ended September 30, 2010, the Trust earned \$1,681 in investment income, and incurred expenses of \$9,820.

On March 15, 2001, the City entered into an Interlocal Agreement with The Florida Department of Children & Families (DCF), which provides for the City to develop, operate and maintain the 157-acre site of the former South Florida State Hospital. The site was originally leased by DCF from the State of Florida on January 4, 1973. The agreement specifies that the City will sublease the site from DCF for a 50-year period from July 1, 2001 to June 30, 2051 for a \$300 annual administration fee, and is subject to other terms and conditions relating to the City's management of the site. The City has renamed the site "Senator Howard C. Forman Human Services Campus", and has subleased the site's facilities to various lessees. (See Note 8. "Operating Leases"). The City constructed three senior housing towers with a total of 614 apartment units, and has constructed the Susan B. Anthony Center for women with children whom are recovering from substance abuse, containing a 40-unit Residential Complex, an administration and treatment building, and an Early Learning Center at the site. The City has financed these projects with various bond issues. (See Note 9. "Long-Term Debt"). The site also includes a central kitchen facility for the City's Charter Schools as well as fuel storage tanks for the Charter School buses which are parked on the site. During the year ended September 30, 2010 the City completed the renovation of an existing building on the site, and created an Artists' Colony named "Studio 18 in the Pines." The structure contains rental studios and gallery space consisting of 18 inside studios, 5 outside studios, a jewelry studio and a ceramics studio. The studios range from 98 square feet to 260 square feet. All of the inside studios have water and air conditioning, and most have natural lighting.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 12. COMMITMENTS (continued)

The City has the following construction commitments as of September 30, 2010:

| Vendor | Project Name | Original Amount | Balance as of 9/30/10 |
|---------------------------------------|--|-----------------|-----------------------|
| Stiles | City Center | \$ 18,642,631 | \$ 2,816,743 |
| Bergeron Land Development, Inc. | Sheridan Street | 18,562,599 | 1,385,369 |
| Widell, Inc. | Water / Waste Water Plant Improv Phase II | 15,403,880 | 1,000,000 |
| Bergeron Land Development, Inc. | Pines/I-75 Intersection | 11,194,802 | 480,712 |
| Calvin, Giordano & Associates, Inc. | Alternative Water Supply Phase 2 | 9,018,000 | 8,817,803 |
| Stiles | City Center - Spine Road Infrastructure & Hardscape | 7,000,000 | 717,483 |
| Weekley Asphalt Paving | Pembroke Road Corridor - Phase 2B | 4,874,897 | 469,123 |
| Bergeron | Pembroke Road Corridor - Phase 2C - South | 4,369,002 | 1,442 |
| Kaufman Lynn, Inc. | Pembroke Falls Expansion YMCA | 4,142,804 | 3,426,527 |
| Stiles Corporation | Pines Blvd. Phase III | 3,454,390 | 252,489 |
| Calvin, Giordano & Associates, Inc. | Alternative Water Supply (AWS) Phase 1 | 2,665,000 | 137,251 |
| Haskell | Pembroke Road Corridor - Phase 2 | 2,554,326 | 629,821 |
| Widell, Inc. | Water Treatment Plant Expansion | 1,676,400 | 74,140 |
| Municipal Energy Alternatives, LLC | Thermal Storage Project - Academic Village | 1,054,388 | 219,207 |
| Green Construction Technologies, Inc. | East, West & Central Charter School Athletic Fields Renovation | 424,205 | 5,556 |
| General Asphalt Co Inc. | Pines Blvd. & Hiatus Road Improvements | 303,204 | 18,864 |
| Surge Solutions Group, Inc. | Fuel Storage Tank Replacement - Police Station & Liftstation | 279,662 | 279,662 |
| B & M Construction Co, Inc. | Fuel Storage Tank Replacement - City Hall | 33,000 | 33,000 |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 13. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB)

In fiscal year 2008, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions" (GASB 45). Prior to GASB 45, most OPEB Plans were reported on a pay-as-you-go basis and a government's financial statements did not report the financial effects of these post-employment benefits until paid.

Summary of Significant Accounting Policies

Basis of Accounting - The Plan's policy is to prepare its financial statements on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. 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 in the financial statements based on the quoted market prices as reported by recognized security exchanges. Securities that have no quoted market price will be presented at estimated fair value as provided by the custodial bank and investment counsel. As of September 30, 2010, the Plan held \$15,555,056 in investments and \$227,042 in cash.

The City's Other Post-Employment Benefits Trust Fund does not issue separate stand-alone financial statements, therefore included below is the Statement of Fiduciary Net Assets and the Statement of Changes in Fiduciary Net Assets for the fiscal year ended September 30, 2010.

Other Post-Employment Benefits (OPEB) Statement of Fiduciary Net Assets September 30, 2010

| | <u>2010</u> |
|-------------------------------------|-----------------------------|
| Assets | |
| Cash and short-term investments | \$ 227,042 |
| Other receivables | 5,000,000 |
| Investments | 15,555,056 |
| Total assets | <u>20,782,098</u> |
| Liabilities | |
| Reserve for health insurance claims | 739,911 |
| Accounts payable | 100,031 |
| Total liabilities | <u>839,942</u> |
| Net Assets | |
| Net assets held in trust for OPEB | <u><u>\$ 19,942,156</u></u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 13. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (continued)

Other Post-Employment Benefits (OPEB) Statement of Changes in Fiduciary Net Assets For the Year Ended September 30, 2010

| Additions: | <u>2010</u> |
|--|---------------------|
| Contributions | |
| Plan members | \$ 455,394 |
| Employer | 13,834,000 |
| Total contributions | <u>14,289,394</u> |
| Investment income: | |
| Investment earnings | 923,921 |
| Net investment earnings | <u>923,921</u> |
| Other additions: | |
| Specific Stop Loss and medical claims recovery | 153,194 |
| Total other additions | <u>153,194</u> |
| Total additions | <u>15,366,509</u> |
| Deductions: | |
| Benefit payments and insurance | 28,240 |
| Administrative expenses | 3,942,349 |
| Total deductions | <u>3,970,589</u> |
| Change in net assets | 11,395,920 |
| Net assets, beginning | <u>8,546,236</u> |
| Net assets, ending | <u>\$19,942,156</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 13. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (continued)

Plan Description

The retiree health and life insurance program is a single-employer defined benefit plan administered by the City which provides medical and life insurance benefits to eligible retirees and their beneficiaries. The health plan is self insured and administered by United Medical Resources (UMR) on behalf of the City. The life insurance plan is fully insured through Sun Life Financial. The City Commission has authority to establish and amend benefits related to the City's retiree health and life insurance program. On December 7, 2007 the City adopted Ordinance 1598 creating the Other Post-Employment Benefits Trust Fund in accordance with Florida Statutes Chapter 115.

The City created a retiree health and life insurance program as adopted and amended by City Commission by the following ordinances:

| Ordinance Number | Dated | Ordinance Number | Dated |
|-----------------------------|-------------------|-----------------------------|------------------|
| 990 | April 15, 1992 | 1443 | June 18, 2003 |
| 1015 | November 4, 1992 | 1480 | March 17, 2004 |
| 1024 | February 17, 1993 | 1554 | August 16, 2006 |
| 1144 | December 6, 1995 | 1598 | December 3, 2007 |
| 1371 | April 4, 2001 | 1670 | August 4, 2010 |

Medical/Prescription Drug Plan Benefits

Coverage of health insurance is provided to all regular full-time permanent general employees, certified firefighters and police officers employees and their spouses, if hired before October 1, 1991, who have reached normal retirement age and completed service as prescribed by the City Pension Plan which covers the employee.

Coverage for employees hired after October 1, 1991 is limited to employee (single) coverage only. Effective July 1, 2010, general employees, who are members of the collective bargaining unit, that retire after July 1, 2010 may continue to participate in the City's health insurance plan but will be required to pay the active/blended rate. Additionally, effective July 1, 2010, members hired prior to May 1, 2005 will receive a health insurance subsidy of five dollars per month for each year of service, as long as they have completed at least 10 years of eligible service and retire from the City at age 55 or above.

Firefighter members hired on or after October 1, 1991 but prior to April 1, 2006 may elect to participate in the City's retiree health insurance plan, and the City will pay for the coverage of the employee only. Firefighters hired after April 1, 2006 are required to pay 100% of the active/blended rate for their retirement coverage.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 13. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (continued)

Plan Description (continued)

Police Officer members hired on or after October 1, 1991 but prior to October 1, 2006, may elect to participate in the City's retiree health insurance plan, and the City will pay for the coverage of the employee only. Police Officers hired after October 1, 2006 are required to pay 100% of the active/blended rate for their retirement coverage.

Primary insurance coverage is extended until the employee qualifies for Medicare benefits (at 65 years of age). At that time, Medicare becomes the primary coverage.

In addition, extended health insurance coverage is offered to terminated employees for a period of 18 months, divorced or widowed spouses of current employees for a period of 36 months, and disabled employees meeting the requirements of Social Security for a period of 29 months. These extended benefits are offered in order to comply with COBRA's requirements. The cost of this extended insurance coverage is paid by the covered individual using a blended/active rate.

Eligible retirees receive health care coverage through one of two medical plans, an EPO and a PPO plan. Effective July 1, 2010, general employees are required to contribute \$100.00 per month for their health insurance coverage in addition to the amounts contributed for dependent, spousal or family coverage. Police officers hired after May 1, 2010 eligible for single coverage are required to contribute an additional \$80 per month for their health insurance coverage.

Life Insurance Benefits

A life insurance benefit is provided to police officers, firefighters, general and utility employees. Employees from the Charter Schools are excluded from this benefit. The life insurance benefit available to retirees is equal to 100% of final salary at retirement, up to a maximum of \$100,000. The benefit amount is reduced by 50% at age 65. General and utility employees hired after February 1, 2010 and police officers hired after May 1, 2010 shall no longer be eligible to participate in the retiree life insurance program and their life insurance policy will terminate when they separate from the City.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 13. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (continued)

Plan Membership Information

At October 1, 2009, the date of the latest actuarial valuation, the Plan's membership consisted of:

| | <u>OPEB</u> |
|---|--------------|
| Retirees and beneficiaries currently receiving benefits | 376 |
| Active Plan Members: | |
| Fully Vested | 233 |
| Partially Vested | <u>1,011</u> |
| Total | <u>1,620</u> |

Contributions and Reserves

Funding Policy

Contributions are required for both retiree and dependent health insurance coverage. Currently, retirees are not required to pay contributions for the life insurance benefits.

Contribution rates are determined based on the following factors: hire date, retirement date, and employee group. Based on these factors, retirees pay either the full rates, reduced rates or nothing for the medical and prescription drug benefit. The contribution requirements of the plan members are established and may be amended by the City Commission. The City has adopted a funding plan that will see annual increases in City contributions within two to three years. The percentage contributed is expected to equal the Annual Required Contribution (ARC) as determined by the annual actuarial valuation. Administrative costs are financed through investment earnings where available.

For the year ended September 30, 2010, the Plan members contributed \$455,394 and the City contributed \$13,834,000 which was 160% of ARC. The ARC as determined by the actuarial valuation was \$8,649,000.

Reserves

The balance in the Plan's legally required reserves as at September 30, 2010 was \$739,911, which was unchanged from the previous year.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 13. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (continued)

Annual OPEB Cost and Net OPEB Obligation

For the fiscal year ended September 30, 2010, the City's annual OPEB cost for the Plan was \$8,834,000. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the fiscal year ended September 30, 2010 were as follows:

| | |
|--|----------------------------|
| Annual required contribution | \$ 8,649,000 |
| Interest on net OPEB obligation | 586,000 |
| Adjustment to annual required contribution | (401,000) |
| Annual OPEB cost | <u>8,834,000</u> |
| Contributions made | (13,834,000) |
| Change in net OPEB obligation/(asset) | <u>(5,000,000)</u> |
| Net OPEB obligation/(asset), beginning of year | 7,330,646 |
| Net OPEB obligation/(asset), end of year | <u><u>\$ 2,330,646</u></u> |

Trend Information

| Fiscal Year Ended | Annual Pension Cost (APC) | Contribution | Percentage of APC Contributed | Net Pension Obligation |
|-------------------|---------------------------|--------------|-------------------------------|------------------------|
| 9/30/2008 | \$ 11,396,000 | \$ 6,636,677 | 58% | \$ 4,759,323 |
| 9/30/2009 | 12,208,000 | 9,636,677 | 79% | 7,330,646 |
| 9/30/2010 | 8,834,000 | 13,834,000 | 157% | 2,330,646 |

Funded Status and Funding Progress

The funded status of the Plan as of the most recent actuarial valuation date is as follows:

| Actuarial Valuation Date | (a) Actuarial Value of Assets | (b) Actuarial Accrued Liability (AAL) | Unfunded AAL (UAAL) (b) - (a) | Funded Ratio (a) / (b) | (c) Covered Payroll | UAAL as a Percentage of Covered Payroll (b-a) / (c) |
|--------------------------|----------------------------------|--|----------------------------------|---------------------------|------------------------|--|
| 10/1/2007 | \$ - | \$ 126,392,000 | 126,392,000 | 0.0% | \$ 84,808,998 | 149.0% |
| 10/1/2008 | 2,688,520 | 131,728,115 | 129,039,595 | 2.0% | 88,914,877 | 145.1% |
| 10/1/2009 | 8,546,236 | 114,192,000 | 105,645,764 | 7.5% | 92,293,666 | 114.5% |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 13. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

Funded Status and Funding Progress (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as Required Supplemental Information (RSI), following the Notes to the Basic Financial Statements, will present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedules of employer contributions will present trend information about the amounts contributed to the Plan by the employer in comparison to the ARC; an amount that is actuarially determined in accordance with the parameters of GASB Statement 43 and 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and the plan members) and includes the types of benefits provided at the time of each valuation, and the historical pattern of sharing of benefit costs between the employer and the plan members to that point.

Investments

In September 2010, the OPEB Trust adopted an Investment Policy. Authorized investments are subject to limitations prescribed in the OPEB Investment Policy. Investments in equities are limited to 60% of the portfolio, of which international equities shall not exceed 20% of the equity portfolio. Property and or real estate securities shall not exceed 10% of the total portfolio at cost, and there is no limitation on fixed income securities. The assets of the OPEB Trust fund are currently invested in money market funds and various investment accounts offered by the Florida League of Cities' Florida Municipal Investment Trust (FMIVT). As of September 30, 2010, the investments held by the Plan were not required to be categorized per Statement No. 40 of the Governmental Accounting Standards Board. The investments held with the Florida League of Cities are investments in an external investment pool and are not evidenced by securities that exist in physical or book entry form. The Plan's net investment income for the year ended September 30, 2010 was \$923,921. As of September 30, 2010, the Plan held no single investment that exceeded 5% of net assets.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 13. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (continued)

The cash and investment holdings of the OPEB Fund as of September 30, 2010 are shown in the table below. Additional information can be found in Note 3. –Deposits and Investments.

| | Balance as of 9/30/10 |
|--|----------------------------------|
| Mercantile Bank Money Market | \$ 227,042 |
| FMIvT Investment Accounts: | |
| 1-3 Year High Quality Bond Fund | 5,739,676 |
| High Quality Growth Equity Portfolio | 2,966,204 |
| Diversified Small to Mid (SMID) Cap Equity Portfolio | 997,681 |
| Russell 1000 Enhanced Index Equity Portfolio | 1,941,719 |
| International Blend Equity Portfolio | 1,106,764 |
| Large Cap Diversified Value Equity Portfolio | 2,803,012 |
| Total cash and investments | <u>\$ 15,782,098</u> |

Methods and Assumptions

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility on actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation is as follows:

Retiree Health and Life Insurance Program

| | |
|-------------------------------|------------------------------|
| Valuation date | 10/1/2009 |
| Actuarial cost method | Projected Unit Credit Method |
| Amortization method | Level percent, open |
| Remaining amortization period | 30 years |
| Asset valuation method | Market value |
| Actuarial assumptions: | |
| Investment rate of return | 8.0% |
| Projected salary increases* | 4.0% |
| Healthcare cost trend rate | 9.0% initial |
| | 5.0% ultimate |
| *Includes inflation at | 4.0% |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 13. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (continued)

Defined Contribution OPEB Plan

Retirement Health Savings Plan – Police Union Members

Effective October 1, 2006, as part of the collective bargaining agreement between the City of Pembroke Pines and Broward County Police Benevolent Association (PBA), the City is required to contribute 2% of the Police Union member's base salary to a retirement health saving account for employees hired after October 1, 2006. However, effective April 30, 2010, the City ceased all contributions to this Plan as agreed to under the amended Collective Bargaining Agreement.

For the fiscal year ended September 30, 2010 there were 28 officers in this Plan and the City had contributed \$18,792. The Plan is sponsored by the PBA, and is administered by the International City Management Association Retirement Corporation (ICMA-RC). Plan benefits are 100% vested and must be used towards medical expenses eligible under the Internal Revenue Code (IRC) Section 213 other than direct long-term care expenses, and including non-prescription medications allowed under the IRC.

A participant is eligible to receive benefits at the earliest of:

1. attainment of age 45,
2. normal retirement from the City's retirement plan
3. one (1) year following the participant's union membership is dropped or
4. six (6) months following the date of separation of service.

A participant who dies or becomes totally and permanently disabled (as defined by the Social Security Administration) will become immediately eligible to receive medical benefit payments from his/her retirement health saving plan account.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS

The City is the sponsor of two single-employer Public Employee Retirement Systems (PERS) that are administered to provide pension benefits to its employees. The City administers the General Employees Pension Plan, and a nine-person Board of Trustees administers the City Pension Fund for Firefighters and Police Officers. The City contributes to the General Employees Pension Plan (GEPP) and the City Pension Fund for Firefighters and Police Officers (CPFFPO), which are both defined benefit pension plans.

General Employees Pension Plan

Summary of Significant Accounting Policies

Basis of Accounting – The Plan’s policy is to prepare its financial statements on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

Method Used to Value Investments - Investments are reported at fair value in the financial statements based on the quoted market prices as reported by recognized security exchanges. Bonds are reported at established fair value. Securities that have no quoted market price are presented at estimated fair value as provided by the custodial bank and investment counsel.

Plans’ Membership Information

At October 1, 2009, the date of the latest actuarial valuation, the Plans’ membership consisted of:

| | |
|--|-------------------|
| | <u>2009</u> |
| Active members | 56 |
| Retired members and beneficiaries currently receiving benefits | 299 |
| Disabled members receiving benefits | 3 |
| Terminated and inactive vested members (including bargained employees whose benefit was frozen effective 7/1/2010) | 481 |
| Total | <u><u>839</u></u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

General Employees Pension Plan (continued)

The General Employees Pension Trust Fund does not issue separate stand-alone financial statements; therefore, included below is the Statement of Fiduciary Net Assets and the Statement of Changes in Fiduciary Net Assets for the fiscal year ended September 30, 2010.

General Employees Pension Trust Fund Statement of Fiduciary Net Assets September 30, 2010

| | <u>2010</u> |
|---|------------------------------|
| Assets | |
| Other receivables | \$ 9,310 |
| Investments | 115,229,691 |
| Total assets | <u>115,239,001</u> |
| Liabilities | |
| | <u>-</u> |
| Net Assets | |
| Net assets held in trust for pension benefits | <u><u>\$ 115,239,001</u></u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

General Employees Pension Plan (continued)

General Employees Pension Trust Fund Statement of Changes in Fiduciary Net Assets For the Year Ended September 30, 2010

| Additions: | <u>2010</u> |
|------------------------------------|-----------------------|
| Contributions: | |
| Plan members | \$ 1,157,825 |
| Employer | 3,502,940 |
| Total contributions | <u>4,660,765</u> |
| Investment earnings: | |
| Investment earnings & appreciation | 11,434,873 |
| Less investment expenses | 28,724 |
| Net investment income | <u>11,406,149</u> |
| Total additions | <u>16,066,914</u> |
| Deductions: | |
| Pension benefits | 8,766,235 |
| Refunds of contributions | (20,517) |
| Administrative expenses | 93,726 |
| Total deductions | <u>8,839,444</u> |
| Change in net assets | 7,227,470 |
| Net assets, beginning | <u>108,011,531</u> |
| Net assets, ending | <u>\$ 115,239,001</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

General Employees Pension Plan (continued)

Plan Description

The General Employees Pension Plan of the City of Pembroke Pines was established by Referendum in 1973 (collectively known as the “Referendum”) as restated October 1, 1989, as amended by the following Ordinances (collectively known as the “Ordinances”):

| Ordinance | | Ordinance | |
|-----------|-------------------|-----------|-------------------|
| Number | Dated | Number | Dated |
| 992 | April 15, 1992 | 1515 | May 18, 2005 |
| 1058 | December 15, 1993 | 1520 | August 3, 2005 |
| 1297 | March 17, 1999 | 1555 | August 16, 2006 |
| 1413 | June 19, 2002 | 1614 | September 3, 2008 |
| 1479 | March 17, 2004 | 1668 | August 4, 2010 |

The Plan, which is a single-employer plan, was established to provide retirement benefits to general and utility employees of the City of Pembroke Pines. A more detailed description of the Plan and its provisions appears in the Referendum constituting the Plan and in the summary plan description. The Plan does not issue a stand-alone financial report, but is included in the reporting entity of the City as a pension trust fund.

Eligibility

All full time employees, as defined in the Referendum, were required to participate in the Plan as a condition of continued employment. However, effective July 1, 2010, bargaining unit members are no longer allowed to participate in the Plan, and any benefits accrued up to June 30, 2010, are frozen. Bargaining unit members will not accrue any additional benefits. Non-bargaining unit members are still allowed to participate in the Plan and active members are still accruing benefits.

Service Retirement Benefits

Upon normal retirement, a participant will receive a monthly pension amount equal to 2.85% of average monthly earnings for the highest two years of continuous service multiplied by years of service (not to exceed 28.07 years).

A participant may retire early after completing 5 years of continuous service and attaining 50 years of age. Early retirement benefits are calculated in a manner similar to those for normal retirement, but at an actuarially reduced amount.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

General Employees Pension Plan (continued)

Disability Benefits

If a participant becomes totally disabled before termination of employment and prior to reaching normal retirement age, he or she is entitled to do one of the following:

Non-service-connected – Ten years of vesting service is required for a non-service-related disability benefit to be payable. If vested, the benefit payment is based on the accrued benefit on the date of disability.

Service-connected - Benefits will be the greater of (i) earned pension as of the date of disability or (ii) 40% of the current monthly pay as of such date.

Cost of Living Adjustments

General employee members who retired on or after October 1, 2001 receive an annual 3.0% cost of living adjustment (COLA) to a their retirement benefit. The COLA is applied to the benefit effective October 1 of each year. Effective February 1, 2010, the COLA for all participants entitled to receive a COLA is reduced from 3% to 2% per year. Effective July 1, 2010, there is no retiree annual pension COLA adjustment for bargaining unit employees who retire after July 1, 2010, unless such active individual has reached Normal Retirement Age as defined in the Plan.

Benefit payments under the General Employees Pension Plan are paid directly out of fund assets.

Other forms of benefits are available to Plan participants and are further discussed in the Referendum.

Funding Policy

The City of Pembroke Pines is required to contribute an actuarially determined amount that, when combined with participant's contributions, will fully provide for all benefits as they become payable. The funding policy can only be amended by authorization of the City Commission.

Effective February 1, 2010, non-bargaining unit participants are required to contribute 7.25% of regular wages down from 8.5%. Effective July 1, 2010, bargaining unit members are no longer required to contribute to the Plan since the Plan was closed, and the benefits were frozen. In fiscal year 2010, employee contributions amounted to \$1,157,825. The City's Annual Required Contribution (ARC) for fiscal year 2010 amounted to \$3,502,940 or 85.7% of annual covered payroll as compared with \$7,736,872 or 34.4% of covered payroll in fiscal year 2009. The City's ARC for fiscal year 2010 is based on the actuarial report using the entry age normal frozen initial liability method.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

General Employees Pension Plan (continued)

On April 1, 2004 the City deposited \$19,370,924 into the General Employees Pension Plan as a lump sum contribution. This was part of the Taxable Communications Services Tax Revenue Bonds, Series 2004. The bonds were issued to pay for the enhanced benefit of a 2% cost of living adjustment as approved by the City Commission, and to maintain the City's Annual Required Contributions (ARC) at the "pre-cost of living" level for the existing Plan participants. See also Note 9. for additional information on the bond issue.

Investment and administrative expenses are paid out of Plan assets that are replenished by investment earnings and employee and City contributions in order to maintain the plan actuarially sound.

Investments

As of September 30, 2010, the Plan held no single investment that exceeded 5% of net assets. Authorized investments are subject to limitations prescribed in the City's Investment Policy as adopted per Ordinance 1515, dated May 18, 2005. Investments in equities are limited to 60% of the portfolio, of which international equities shall not exceed 20% of the equity portfolio. Property and or real estate securities shall not exceed 10% of the total portfolio at cost, and there is no limitation on fixed income securities. The assets of the General Employee Pension fund are currently invested in various separate investment accounts offered by the Principal Financial Group. As of September 30, 2010, the investments held by the Plan were not required to be categorized per Statement No. 40 of the Governmental Accounting Standards Board. The Plan's net investment income for the year ended September 30, 2010 was \$11,406,149 which represented a 370.8% increase over last year's net investment loss of \$4,212,541.

Annual Pension Cost and Net Pension Obligation

The annual pension cost and net pension obligation/ (asset) for the current year is as follows:

| | |
|---|------------------------|
| Annual required contribution | \$ 3,502,940 |
| Interest on net pension obligation | (1,189,903) |
| Adjustment to annual required contribution | 1,973,803 |
| Annual pension cost | <u>4,286,840</u> |
| Contributions made | <u>(3,502,940)</u> |
| Change in net pension obligation/(asset) | 783,900 |
| Net pension obligation/(asset), beginning of year | <u>(14,873,779)</u> |
| Net pension obligation/(asset), end of year | <u>\$ (14,089,879)</u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

General Employees Pension Plan (continued)

Three-Year Trend Information

| Fiscal Year Ended | Annual Pension Cost (APC) | Contribution | Percentage of APC Contributed | Net Pension Obligation (Asset) |
|-------------------|---------------------------|--------------|-------------------------------|--------------------------------|
| 9/30/2008 | \$ 7,704,183 | \$ 6,830,795 | 89% | \$ (15,701,144) |
| 9/30/2009 | 8,564,237 | 7,736,872 | 90 | (14,873,779) |
| 9/30/2010 | 4,286,840 | 3,502,940 | 82 | (14,089,879) |

DROP Plan

Effective March 17, 1999, the City created the Deferred Retirement Option Plan (DROP) under Ordinance 1297. This plan is a defined contribution plan created in accordance with Section 401(a) of the Internal Revenue Code. An active participant of the General Employees' Pension Plan becomes eligible to participate in the DROP on the first day of the month coincident with or next following the active participant's normal retirement date. Upon entry into the DROP, an amount equal to the participant's monthly retirement benefit is transferred to an account designated by the participant for investment. The maximum period of DROP participation is five (5) years. For the fiscal year ended September 30, 2010, \$1,150,342 was contributed to the DROP.

Funded Status and Funding Progress

The funded status of the Plan as of October 1, 2009, the date of the most recent actuarial valuation date is as follows:

| Actuarial Valuation Date | (a) Actuarial Value of Assets | (b) Actuarial Accrued Liability (AAL) | Unfunded AAL (UAAL) (b) - (a) | Funded Ratio (a) / (b) | (c) Covered Payroll | UAAL as a Percentage of Covered Payroll (b-a) / (c) |
|--------------------------|-------------------------------|---------------------------------------|-------------------------------|------------------------|---------------------|---|
| 10/1/2009 | \$ 129,455,600 | \$ 137,608,183 | \$ 8,152,583 | 94% | \$ 4,088,776 | 199.4% |

The schedule of funding progress, presented as Required Supplemental Information (RSI) following the Notes to the Basic Financial Statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

General Employees Pension Plan (continued)

Additional information as of the latest actuarial valuation follows:

| | |
|-------------------------------|--|
| Valuation date | 10/1/2009 |
| Actuarial cost method | Entry age normal frozen initial liability |
| Amortization method | N/A - there are no amortization bases as of the beginning of the Plan year. |
| Remaining amortization period | N/A - there is no unfunded frozen initial liability as of 10/1/2009. |
| Asset valuation method | Market value with 4 year phase in of investment actuarial gains and losses |
| Actuarial assumptions: | |
| Investment rate of return | 7.5% |
| Projected salary increases* | S-5 table from the Actuary's Pension handbook plus a 4.5% add on |
| Cost of living adjustments | 3% |
| *Includes inflation at | 3.0% |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

City Pension Fund for Firefighters and Police Officers

Summary of Significant Accounting Policies

Basis of Accounting – The Plan’s policy is to prepare its financial statements on the accrual basis of accounting. Plan member contributions are recognized as revenues in the period in which the contributions are due. Employer (City) contributions to the plan are recognized as revenues when due pursuant to the Actuarial Valuation. State contributions are recognized as revenues in the period which they are approved by the State. 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.

Method Used to Value Investments - Investments are reported at fair value in the financial statements based on the quoted market prices as reported by recognized security exchanges. Bonds are reported at established fair value. Securities that have no quoted market price are presented at estimated fair value as provided by the custodial bank and investment counsel.

Plans’ Membership Information

At October 1, 2009, the date of the latest actuarial valuation, the Plans’ membership consisted of:

| | <u>2009</u> |
|---|-------------------|
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving them | 255 |
| Current employees: | |
| Fully Vested | 141 |
| Non-vested | <u>226</u> |
| Total | <u><u>622</u></u> |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

City Pension Fund for Firefighters and Police Officers (continued)

Plan Description

The City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines (CPFPO) was established and amended by the following Ordinances (collectively known as the "Ordinances"):

| Ordinance Number | Dated | Ordinance Number | Dated |
|-----------------------------|--------------------|-----------------------------|--------------------|
| 557 | February 19, 1981 | 1325 | January 19, 2000 |
| 829 | March 4, 1987 | 1353 | September 20, 2000 |
| 967 | September 19, 1991 | 1360 | December 15, 2000 |
| 1014 | November 4, 1992 | 1443 | June 18, 2003 |
| 1067 | February 16, 1994 | 1480 | March 17, 2004 |
| 1091 | September 8, 1994 | 1509 | February 17, 2005 |
| 1131 | September 6, 1995 | 1521 | August 3, 2005 |
| 1198 | December 18, 1996 | 1572 | February 21, 2007 |
| 1249 | January 7, 1998 | 1581 | May 16, 2007 |
| 1318 | November 17, 1999 | 1669 | August 4, 2010 |
| 1321 | December 15, 1999 | 1670 | August 4, 2010 |

The Plan, which is a single-employer plan, was established to provide retirement benefits to firefighters and police officers of the City of Pembroke Pines. A more detailed description of the Plan and its provisions appears in the Ordinances constituting the Plan and in the summary plan description. Publicly available financial statements of the Plan can be obtained from the City of Pembroke Pines Finance Department.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

City Pension Fund for Firefighters and Police Officers (continued)

Eligibility

All full time employees, as defined in the Ordinances, are required to participate in the Plan as a condition of continued employment, provided that at the time of hiring the employee is at least eighteen years of age and satisfactorily completes all required medical examinations.

Service Retirement Benefits

Any member may retire on a normal service retirement pension upon attainment of age 50 and completion of 10 years of continuous service, or upon completion of 20 years of continuous service or attainment of age 55 with no service requirement if eligible on February 19, 1981.

As of November 4, 1992, upon normal retirement, a police officer will receive a monthly pension, equal to 3% of the average monthly earnings for the highest two years of continuous service multiplied by the number of years of continuous service not to exceed 80% of the average monthly earnings.

Police officers hired before May 1, 2010 shall receive a monthly pension, equal to 4% per year of continuous service prior to May 1, 2010 plus 3.5% per year of continuous service after April 30, 2010 of the average monthly earnings for the highest two years multiplied by the number of years of continuous service provided pension does not exceed 80% of the average monthly earnings.

Police officers hired after April 30, 2010 shall receive a benefit amount equal to 3% per year of the average monthly earnings for the highest two years multiplied by the number of years of continuous service provided pension does not exceed 80% of the average monthly earnings for the highest two years of continuous service.

Effective March 17, 2004, eligible police officer members, age 50, who had completed 16 years of service, but no more than 20 years of service may purchase an increase to the benefit multiplier to achieve a final retirement benefit not to exceed 80% of his or her average monthly earnings.

Upon normal retirement, a firefighter member will receive a monthly pension, payable for life, equal to 3% of the average monthly earnings for the highest two years multiplied by the number of years of continuous service provided that the pension does not exceed 80% of the average monthly earnings.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

City Pension Fund for Firefighters and Police Officers (continued)

Service Retirement Benefits (continued)

Firefighter members hired on or before June 18, 2003 shall receive a monthly pension, payable for life, equal to 4% per year of continuous service accrued prior to May 1, 2010 plus 3.5% per year of continuous service after April 30, 2010 times of the average monthly earnings for the highest two years multiplied by the number of years of continuous service provided pension does not exceed 80% of the average monthly earnings.

Firefighter members hired after June 18, 2003 but before May 1, 2010 shall receive a benefit amount equal to 4% plus 3.5% per year of continuous service after April 30, 2010 times the average monthly earnings for the highest two years provided pension does not exceed 80% of the average monthly salary. Provided they retire or enter the DROP no later than the date they accrue the same accrual percentage they would have reached under the terms of the Plan in effect prior to April 30, 2010.

Firefighters hired after April 30, 2010 shall receive a benefit amount equal to 3% of the average monthly earnings for the highest two years of continuous service multiplied by the number of years of continuous service provided that the pension does not exceed 80% of the average monthly earnings.

For firefighters hired after March 31, 2006, in no event shall the benefit exceed 98% of average monthly regular wages.

However, police officer and firefighter members as of October 1, 1980 shall receive at their normal retirement date (age 55, regardless of years of service) the greater of the benefit provided by the formula above or 50% of average monthly earnings for the highest two years of continuous service.

For firefighter and police officer members who retired prior to April 30, 2010 under the Career Anniversary Pension retirement Incentive Option, earnings may include payment up to 1,000 hours of accrued unused leave. Effective May 1, 2010, firefighter and police officer members may include only accrued time earned as of April 30, 2010, up to 1,000 hours, in the final calculation of pension benefits. Employees hired after April 30, 2010, no payment of accrued leave will be included in the final calculation of pension benefits.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

City Pension Fund for Firefighters and Police Officers (continued)

Service Retirement Benefits (continued)

Effective June 18, 2003 (Firefighters) and March 17, 2004 (Police) continuous service for members may include up to four years purchased for active service in the Armed Forces or Merchant Marines of the United States prior to employment by the City. Effective March 17, 2004, police officer members may purchase up to four years prior service as a certified police officer in the United States. Effective May 19, 2010, police officers may purchase up to four years prior service as a certified correctional officer in the United States. The maximum credit for purchased service credit shall be four years.

Early retirement benefits are calculated in a manner similar to those for normal retirement, except that continuous service and average monthly earnings shall be determined as of the early retirement date.

Other forms of benefits are available to Plan participants and are further discussed in the Ordinances.

Disability Benefits

Service connected – Any member who becomes totally and permanently disabled at any time as a result of illness or injury suffered in the line of duty may be retired on accidental disability pension.

Non-service connected – Any member who becomes totally or permanently disabled after 10 years of creditable service as a result of illness or injury not suffered in the line of duty may be retired on an ordinary disability retirement pension.

A participant who incurs a service-connected disability is entitled to a monthly benefit equal to the greater of (a) 66-2/3% of the average monthly salary of the member at the time of disability retirement or (b) the accrued benefit.

A participant who incurs a non-service-connected disability and who has completed ten years of continuous service is entitled to a monthly benefit equal to the greater of (a) 3 % of the average monthly earnings on the date of disability or (b) the accrued benefit, subject to a maximum of 50% of monthly earnings (but not greater than 35% of average monthly earnings).

Death Benefits

The Plan also provides for spouses and/or children of members for both service connected and non-service connected deaths.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

City Pension Fund for Firefighters and Police Officers (continued)

Refund of Employee Contributions

If a member resigns or is lawfully discharged before retirement, their contributions with 3% simple interest per annum are returned to them. The Plan also provides a special provision for vested benefits for employees who terminate after 10 years of service.

Termination Benefits

Upon termination after completing at least 10 years of continuous service, a member is entitled to a monthly benefit of 3% of average monthly earnings times the number of years of continuous service as of date of termination, not to exceed 80% of the average monthly earnings.

13th Check Benefits

Retired police officers and disabled police officers receiving pension or DROP benefits, prior to October 1, 2006, or their beneficiaries may be eligible to receive a supplemental pension distribution, the amount of which shall be determined September 30th each year. The amount of the distribution should be up to 2% of investment return in excess of 9% for police officers who retired after October 1, 2003 but before October 1, 2006, or their beneficiaries (8% for police officers who retired prior to October 1, 2003) based on the present value of future pension payments of current police officer members, not to exceed outstanding balance of cumulative net actuarial gains. Any distributable amount is allocated to eligible members based upon years of service with a prorated share during the first year of entitlement. However, no supplemental benefits will be available for members who retire, enter the DROP or are disabled on or after October 1, 2006 or their beneficiaries. Police retirees who retired prior to April 1, 2006 were provided with a one-time irrevocable option to continue to receive the 13th check; or they may opt to receive instead a cost of living increase to their retirement benefit.

Funding Policy

The City of Pembroke Pines is required to contribute an actuarially determined amount that, when combined with participants' contributions and contributions from the State of Florida, will fully provide for all benefits as they become payable. The City's contribution, excluding amounts from the State, was \$22,200,904 or 80.6% of covered payroll.

The State contributions totaled \$2,337,509 or 8.5% of covered payroll, and are recorded as revenues and expenditures in the General Fund before being reported as contributions in the pension trust fund. The State contributions consist of local Insurance Premium Tax revenues which are used to fund additional benefits for members of the Plan, in accordance with Florida Statutes 175 and 185.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

City Pension Fund for Firefighters and Police Officers (continued)

Funding Policy (continued)

Members of the Plan who are certified firefighters and police officers make regular contributions to the Plan at a rate equal to 10.4% of their respective annual earnings.

On October 17, 2003 the City contributed \$36,720,000 to the Plan as a result of the Taxable Communications Services Tax Revenue Bonds, Series 2003A. This pension obligation bond was issued to finance the enhanced benefits for Firefighter members of the Plan. Benefits included, but were not limited to, a minimum of 2% cost of living adjustment for firefighter members, and up to 1,000 hours of unused leave can be included as part of the earnings used to calculate pension benefits. See also Note 9. for additional information on the bond issue.

On April 1, 2004 the City contributed \$26,200,000 to the Plan as a result of the Taxable Communications Services Tax Revenue Bonds, Series 2004. This pension obligation bond was issued to finance the enhanced benefits for Police Officer members of the Plan, as well as to maintain the City's contribution at the same percentage level of payroll prior to the enhanced benefits. These benefits were similar to the firefighter members, and included, but were not limited to, a 1.5% cost of living adjustment, and up to 1,000 hours of unused sick leave can be included as part of earnings used to calculate pension benefits. See also Note 9. for additional information on the bond issue.

All eligible employees, as a condition of membership, must agree in writing on becoming a member to make the contribution specified in the Plan. These contributions are in the form of payroll deductions until the member has completed twenty-six and two-thirds years of continuous service or has reached the age of 62, whichever occurs earlier, at which time payments stop.

Investment and administrative expenses are paid out of Plan assets that are replenished by investment earnings and employee and City contributions in order to maintain the Plan actuarially sound.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

City Pension Fund for Firefighters and Police Officers (continued)

Property and Equipment

Land is carried at cost. Property and equipment are also stated at cost and depreciated using the straight-line method over the estimated useful lives of the related assets.

Property and equipment consist of the following at September 30, 2010:

| <u>Description</u> | <u>Estimated Useful Life</u> | <u>FY2010</u> |
|-------------------------------------|----------------------------------|-------------------|
| Land | - | \$ 28,000 |
| Building | 39 years | 343,399 |
| Building improvements | 39 years | 90,834 |
| Equipment | 5 years | 27,600 |
| Total property and equipment | | <u>489,833</u> |
| Accumulated depreciation | | (49,221) |
| Property and equipment, net | | <u>\$ 440,612</u> |

These assets commenced depreciation in December 2007 when they were placed in service. For the year ended September 30, 2010, the depreciation expense amounted to \$17,372.

Investments

Investments are reported at fair value as of September 30, 2010. The fair value of the quoted investments is based on the closing sales price or bid price as reported by recognized security exchanges. Bonds are reported at established fair value. Securities that have no quoted market price are presented at estimated fair value as provided by the custodial bank and investment counsel.

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

The Plan's investment policy is determined by the Board of Trustees. The policy has been identified by the Board to conduct the operations of the Plan in a manner so that the assets will provide pension and other benefits provided under applicable laws, including City Ordinances, preserving principal while maximizing return.

The Trustees are authorized to acquire and retain every kind of property, real, personal or mixed, and every kind of investment specifically including, but not by way of limitation, bonds, debentures, and other corporate obligations, and stocks, preferred or common.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

City Pension Fund for Firefighters and Police Officers (continued)

Investments (continued)

Investments in all equity securities shall be limited to those listed on a major U.S. Stock Exchange and limited to no more than 72% (at market) of the Plan's total asset value, with no more than 5% of the total market value being invested in equity securities of any one company. Investments in stocks of foreign companies shall be limited to 10% of the value of the portfolio. Additionally, no more than 15% of the equity securities are to be invested in small cap stocks and no more than 12% in mid cap stocks.

The fixed income portfolio shall be comprised of securities with a minimum quality rating of "A" or equivalent as rated by one or more recognized bond rating services at the time of purchase. Fixed income investments that are downgraded below BAA shall be liquidated within a reasonable period of time. If the investment manager determines it is prudent to hold an investment that has been downgraded below BAA, they will be required to report to the Board on the status of, and the reason for, holding the bond. No more than 5% of the total market value of fixed income securities shall be invested in debt obligations of any one fixed income issuer, except for securities issued and guaranteed by the United States Government, or its agencies, which may be held without limitations.

Types of Investments

Florida statutes and Plan investment policy authorize the Trustees to invest funds in various investments.

The current target asset allocation range of these investments at market is as follows:

| Authorized investments | Target | Minimum | Maximum |
|-------------------------------|---------------|----------------|----------------|
| Domestic equities | 52.0% | 42.0% | 62.0% |
| Fixed income | 30.0% | 20.0% | 50.0% |
| International equities | 8.0% | 0.0% | 10.0% |
| Real estate | 10.0% | 0.0% | 12.0% |
| Cash | 0.0% | 0.0% | 5.0-10.0% |

The Plan's net investment income for the year ended September 30, 2010 was \$17,300,263, a 401.9% improvement over last year's net investment loss of \$5,729,994. (See Note 3. –"Deposits and Investments" for additional information)

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

City Pension Fund for Firefighters and Police Officers (continued)

Annual Pension Cost and Net Pension Obligation/(Assets)

The annual pension cost and net pension obligation/(asset) for the current year is as follows:

| | |
|---|-----------------|
| Annual required contribution | \$ 24,538,413 |
| Interest on net pension obligation | (3,783,528) |
| Adjustment to annual required contribution | 2,952,191 |
| Annual pension cost | 23,707,076 |
| Contributions made | (24,538,413) |
| Change in net pension obligation/(asset) | (831,337) |
| Net pension obligation/(asset), beginning of year | (47,294,098) |
| Net pension obligation/(asset), end of year | \$ (48,125,435) |

Three-Year Trend Information

| Fiscal Year <u>Ended</u> | Annual Pension <u>Cost (APC)</u> | <u>Contribution</u> | Percentage of APC <u>Contributed</u> | Net Pension Obligation <u>(Asset)</u> |
|--------------------------------|--|---------------------|--|---|
| 9/30/2008 | \$20,209,235 | \$17,795,174 | 88% | \$ (49,588,177) |
| 9/30/2009 | 24,229,082 | 21,935,003 | 91 | (47,294,098) |
| 9/30/2010 | 23,707,076 | 24,538,413 | 104 | (48,125,435) |

DROP Plan

During December 1996, the CPFFPO adopted the Deferred Retirement Option Plan (DROP) under Ordinance 1198. Eligible police officers and firefighters may enter into the DROP.

Upon becoming eligible to participate in the DROP, an employee may elect to enter that program for a maximum of five years. DROP payments contributed to a member's DROP account earn or lose interest at the same rate and frequency as in the CPFFPO, less reasonable and necessary administrative expenses, unless the fixed interest option below is selected.

On June 18, 2003 for Firefighters and March 17, 2004 for Police Officers, the Plan adopted Ordinances giving members the additional option of having their DROP account earn an annual fixed interest rate of 8% on future payments and on all or any portion of the member's DROP account balance.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

City Pension Fund for Firefighters and Police Officers (continued)

DROP Plan (continued)

Annually, during the month of September only, members may change their rate of return election to be effective as of the following October 1st. Members participating in the DROP on April 30, 2010, shall be eligible to elect between earning the same rate and frequency as the Plan or an annual fixed interest rate of 8%.

Members hired before May 1, 2010 entering the DROP after April 30, 2010, DROP interest credits will be based upon Plan gross return, subject to a minimum 5% to a maximum 8% per annum.

Members hired after April 30, 2010 entering the DROP, interest credits will be based upon Plan gross return.

Cost of Living Adjustment

Effective April 1, 2005, and April 1 of each year thereafter, firefighter retirees, their beneficiaries and DROP participants who were receiving benefits or enrolled in the DROP after June 18, 2003 will receive either a 2% cost of living increase to their retirement benefit, or an adjustment equal to the total percentage increase in base wages, excluding performance or merit adjustments, provided in the collective bargaining agreement to bargaining unit members, for the City's fiscal year commencing the preceding October 1, whichever is greater. Upon retirement, firefighter members who were hired on or after April 1, 2006 shall receive a fixed 3% increase to their retirement benefit on April 1 of each year following retirement. Firefighters hired on or after May 1, 2010, who retire or enter the DROP, and their beneficiaries, shall receive a 1.5% increase to their retirement benefit on October 1st each year following retirement. If the benefit is received for less than one year, COLA is prorated for that first year.

Effective October 1, 2009 and October 1 of each year thereafter, police retirees, their beneficiaries and DROP participants who are receiving benefits or enrolled in the DROP on or after October 1, 2003 will receive a 1.5% increase in their retirement benefit. If the benefit is received for less than one year, the COLA is prorated for the first year.

Effective October 1, 2009, and October 1 of each year thereafter, police retirees who retired or entered the DROP on or after October 1, 2006, or their beneficiaries will receive a 3% increase to their retirement benefit. Effective May 1, 2010, police officers who were hired prior to May 1, 2010 and retire or enter the DROP after April 30, 2010 and their beneficiaries, shall receive a 2% increase to their retirement benefit on October 1st each year following retirement. Police officers hired on or after May 1, 2010, who retire or enter the DROP, and their beneficiaries, shall receive a 1.5% increase to their retirement benefit on October 1st each year following retirement.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

City Pension Fund for Firefighters and Police Officers (continued)

Cost of Living Adjustment (continued)

For the year ended September 30, 2010 and 2009 investment income in the financial statements of the CPFPO is reduced by the investment income earned on the DROP accounts totaling \$4,436,517 and \$3,607,852 respectively. No benefit payments are made from a member's DROP account during their participation in the DROP.

Optional Benefits

In accordance with Ordinance 1480 and 1443, members who elect to retire or enter the DROP upon, but not after, attaining the earlier of the normal retirement age of 20 years of service or age 50 with ten years of service, the amount of the benefit shall be 4% rather than 3% of average monthly earnings for the highest two years of continuous service, subject in any event to a maximum of 80% of average monthly earnings. Also earnings shall include up to 1,000 hours of accrued unused leave.

Funded Status and Funding Progress

The funded status of the Plan as of October 1, 2008, the date of the most recent actuarial valuation date is as follows:

| <u>Actuarial Valuation Date</u> | (a) <u>Actuarial Value of Assets</u> | (b) <u>Actuarial Accrued Liability (AAL)</u> | <u>Unfunded AAL (UAAL) (b) - (a)</u> | <u>Funded Ratio (a) / (b)</u> | (c) <u>Covered Payroll</u> | UAAL as a <u>Percentage of Covered Payroll (b-a) / (c)</u> |
|---|---|---|--|---------------------------------------|-----------------------------------|--|
| 10/1/2009 | \$ 261,948,320 | \$ 434,353,251 | \$ 172,404,931 | 60% | \$ 27,528,175 | 626.3% |

The schedule of funding progress, presented as Required Supplemental Information (RSI) following the Notes to the Basic Financial Statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

City Pension Fund for Firefighters and Police Officers (continued)

Additional information as of the latest actuarial valuation follows:

| | Firefighters and Police Officers |
|-------------------------------|---|
| Valuation date | 10/1/2009 |
| Actuarial cost method | Entry age normal |
| Amortization method | Level percent, closed |
| Remaining amortization period | 30 years |
| Asset valuation method | Market value with 5 year phase in of investment actuarial gains and losses |
| Actuarial assumptions: | |
| Investment rate of return | 8.0% |
| Projected salary increases* | 5.0% - 12.0% |
| Payroll growth | 3.5% |
| Cost of living adjustments: | |
| Firefighters | 2.0% or 3.0% |
| Police officers | 0.0%, 2.0%, 2.5% or 3.0% |
| *Includes inflation at | 4.0% |

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

Florida Retirement System (FRS) - Charter School Employees

On August 16, 2006, the City Commission passed Resolution number 3105 which mandated that all Pembroke Pines Charter Schools' full-time employees hired after August 7, 2006 and all part-time employees regardless of the date of hire will join the Florida Retirement System (FRS) Pension Plan. Individuals who were members of the ICMA-RC Defined Contribution Plan were given a one-time irrevocable election whether or not to participate in the FRS Pension Plan.

The Charter Schools' employees participate in the Florida Retirement System (FRS), a cost-sharing, multiple-employer, defined benefit Public Employment Retirement System (PERS). The FRS is noncontributory, and is totally administered by the State of Florida.

Plan Description

Benefits are computed on the basis of age, average final compensation and service credit. Average final compensation is the average of the highest five (5) fiscal years of earnings. The FRS provides vesting of benefits after six (6) years of creditable service. Early retirement may be taken any time after vesting; however, there is a 5% benefit reduction for each year prior to normal retirement age or date. The FRS also provides death and disability benefits. A State statute establishes the benefit. Normal retirement requirements are vesting and age 62, or 30 years of creditable service regardless of age. FRS issues an annual financial report. A copy can be obtained by sending a written request to:

Division of Retirement
P.O. Box 9000
Tallahassee, FL. 32315-9000

Funding Policy

The Charter Schools' required contribution rate is established, and may be amended, by State statute. For the Charter Schools' fiscal year ended June 30, 2010, the actuarially determined contribution rate was 9.85% of covered payroll which amounted to \$1,789,814. As of June 30, 2010 there were 495 members in this Plan, compared with 501 members last year. The Charter Schools are required to contribute both for full-time and part-time members of the Plan. The contribution rate includes the post-employment health insurance supplement of 1.11% and the administrative/educational fee of 0.05%.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

Defined Contribution Plans

Charter School and Early Development Center Employees

Effective July 1, 2000, the City established a defined contribution plan for employees of the Charter Schools and Early Development Centers (the Charter Schools' Plan) created in accordance with Internal Revenue Service Code Section 401(a) and Ordinance 1345 and amended by Ordinance 1401 dated April 3, 2002. If a participant separates from service and subsequently becomes employed with another unit of a state or local government, then the participant may rollover the benefits into his new employer's pension plan providing said plan permits rollovers.

At September 30, 2010, there were one hundred and twenty-one (121) Plan members. Effective January 1, 2002, the Charter Schools' Plan members may make voluntary after-tax contributions of up to 25 percent of compensation during the fiscal year. Such contributions are 100 percent vested at all times. The City's required contribution was 9.85 percent of the Charter School Plan member's gross salary and 5.0% for the Early Development Centers Plan members. For the 2010 fiscal year, the City contributed \$320,172 to the Charter Schools' Plan. Provisions of the Charter Schools' Plan may be amended by the City Commission. The Charter Schools' Plan is held in a trust for the exclusive benefit of the participants and their beneficiaries. Therefore, the net assets of the Charter Schools' Plan are not included in the City's financial statements.

Effective October 1, 2006 all new hires of the City's Charter Schools are required to join the defined benefit plan of the Florida Retirement System (FRS). Existing members of the defined contribution plan were given the option to continue with their defined contribution plan or to select the FRS. In fiscal year 2006, the City increased its contribution to the defined contribution plan from 5.0% to 9.85% of the Charter Schools members' gross wages, in keeping with the contribution required by the FRS.

The City's Early Development Center employees remain in the original defined contribution plan with the City continuing to contribute 5.0% of covered payroll.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2010

NOTE 15. SUBSEQUENT EVENTS

On December 3, 2010, the City issued \$12.3 million in bank qualified tax-exempt bonds with T.D. Bank N.A. The bonds will be used to (a) finance \$9,018,000 for phase 2 of the Alternative Water Supply (AWS) Project, and to (b) reimburse \$2,665,000 to the City for expenditures incurred for phase 1 of the project. The bonds will bear interest at 3.50%. Interest will be payable semi-annually each June 1st and December 1st, with the first interest due on June 1st, 2011. The first principal payment of the Series 2010 bonds will payable annually on December 1st of each year through the final principal payment of Series 2010 Bond, due on December 1st, 2025. In 1997, the State of Florida mandated that the South Florida Water Management District (SFWMD) develop and implement a Lower East Coast Water Supply Plan (LEC), which was adopted in 2000 and subsequently amended in 2005. As a result of this State mandate, the City must plan the funding, design and construction of an alternative water supply project that re-claims the Biscayne Aquifer water for re-use.

On January 25, 2011, the City Commission gave the final approval for the sale of 27.2 acres of City Center to Mills Creek Residential Trust LLC, which intends to develop 700 multifamily units and related amenities such as a clubhouse, outdoor playground, and parking for a total purchase price of \$18.2 million. The development will take place in two phases, with “Phase I Property” being the development of 405 multifamily units for a purchase price of \$10.5 million and “Phase II Property” which will include 295 multifamily units for a purchase price of \$7.7 million. Mills Creek Residential Trust LLC will have two consecutive periods of 270 days after the purchase of “Phase I Property” to purchase “Phase II Property.”

Required Supplementary Information



City of Pembroke Pines, Florida
Required Supplementary Information
Schedule of Contributions from Employer and Other Contributing Entities
Fiscal Year Ended September 30, 2010

| <u>Fiscal Year</u> | <u>(A) Annual Required Contributions</u> | <u>Employer Contributions</u> | <u>State Contributions</u> | <u>Total Employer Contributions</u> | <u>(B) Percentage Contributed</u> |
|---|--|-------------------------------|----------------------------|-------------------------------------|-----------------------------------|
| General Employees Pension Plan | | | | | |
| 2010 | \$ 3,502,940 | \$ 3,502,940 | \$ - | \$ 3,502,940 | 100% |
| 2009 | 7,736,872 | 7,736,872 | - | 7,736,872 | 100% |
| 2008 | 6,830,795 | 6,830,795 | - | 6,830,795 | 100% |
| 2007 | 7,418,930 | 7,418,930 | - | 7,418,930 | 100% |
| 2006 | 6,429,405 | 6,429,405 | - | 6,429,405 | 100% |
| 2005 | 6,152,234 | 6,152,234 | - | 6,152,234 | 100% |
| 2004 | 4,961,285 | 4,961,285 (C) | - | 4,961,285 | 100% |
| 2003 | 4,273,282 | 4,273,282 | - | 4,273,282 | 100% |
| 2002 | 3,604,737 | 3,604,737 | - | 3,604,737 | 100% |
| 2001 | 3,361,081 | 3,361,081 | - | 3,361,081 | 100% |
| City Pension Fund for Firefighters and Police Officers | | | | | |
| 2010 | \$ 24,538,413 | \$ 22,200,904 | \$ 2,337,509 | \$ 24,538,413 | 100% |
| 2009 | 21,935,003 | 19,505,427 | 2,429,576 | 21,935,003 | 100% |
| 2008 | 17,795,174 | 15,214,031 | 2,581,143 | 17,795,174 | 100% |
| 2007 | 14,254,450 | 11,812,342 | 2,442,108 | 14,254,450 | 100% |
| 2006 | 10,233,546 | 8,205,196 | 2,028,350 | 10,233,546 | 100% |
| 2005 | 8,322,719 | 6,461,387 | 1,861,332 | 8,322,719 | 100% |
| 2004 | 4,905,659 | 3,654,190 (C) | 1,730,676 | 5,384,866 | 110% |
| 2003 | 4,898,628 | 3,472,188 | 1,426,440 | 4,898,628 | 100% |
| 2002 | 4,877,023 | 3,643,183 | 1,233,840 | 4,877,023 | 100% |
| 2001 | 4,267,395 | 3,254,269 | 1,013,126 | 4,267,395 | 100% |
| Other Post-Employment Benefits (OPEB) | | | | | |
| 2010 | \$ 8,649,000 | \$ 13,834,000 (D) | \$ - | \$ 13,834,000 | 160% |
| 2009 | 12,087,000 | 9,636,677 | - | 9,636,677 | 80% |
| 2008 | 11,396,000 | 6,636,677 | - | 6,636,677 | 58% |

(A) Actuarially determined contribution requirements.

(B) Total actual contributions as a percentage of annual required contributions.

(C) Employer contributions for FY 2004 does not include the \$82,290,924 of pension obligation bond proceeds, as it was not intended to pay the Annual Required Contribution (ARC) for the year, and is therefore not ARC related.

(D) An additional \$5 million was contributed to reduce the Net OPEB Obligation.

City of Pembroke Pines, Florida
Required Supplementary Information
Schedule of Funding Progress
September 30, 2010

| Actuarial Valuation Date | (a) Actuarial Value of Assets | (b) Actuarial Liability (AAL) | Unfunded AAL (UAAL) (b) - (a) | Funded Ratio (a) / (b) | (c) Covered Payroll | UAAL as a Percentage of Covered Payroll (b-a) / (c) |
|---|--|--|--|-----------------------------------|--------------------------------|--|
| General Employees Pension Plan | | | | | | |
| 10/1/2009 | \$ 129,455,600 | \$ 137,608,183 | \$ 8,152,583 | 94.1% | \$ 4,088,776 | 199.4% |
| 10/1/2008 | 131,976,740 | 164,002,104 | 32,025,364 | 80.5% | 22,493,706 | 142.4% |
| 10/1/2007 | 123,702,275 | 139,548,384 | 15,846,109 | 88.6% | 21,988,709 | 72.1% |
| 10/1/2006 | 107,426,569 | 123,224,221 | 15,797,652 | 87.2% | 21,477,150 | 73.6% |
| 10/1/2005 | 93,396,808 | 105,027,398 | 11,630,590 | 88.9% | 20,078,368 | 57.9% |
| 10/1/2004 | 81,839,021 | 94,176,751 | 12,337,730 | 86.9% | 20,495,048 | 60.2% |
| 10/1/2003 | 56,509,780 | 66,987,878 | 10,478,098 | 84.4% | 20,246,275 | 51.8% |
| 10/1/2002 | 51,328,586 | 62,044,070 | 10,715,484 | 82.7% | 18,280,801 | 58.6% |
| 10/1/2001 | 45,363,715 | 52,913,807 | 7,550,092 | 85.7% | 17,534,331 | 43.1% |
| 10/1/2000 | 41,116,588 | 48,928,587 | 7,811,999 | 84.0% | 17,310,177 | 45.1% |
| City Pension Fund for Firefighters and Police Officers | | | | | | |
| 10/1/2009 | \$ 261,948,320 | \$ 434,353,251 | \$ 172,404,931 | 60.3% | \$ 27,528,175 | 626.3% |
| 10/1/2008 | 246,182,224 | 412,142,825 | 165,960,601 | 59.7% | 26,616,124 | 623.5% |
| 10/1/2007 | 229,650,770 | 370,661,059 | 141,010,289 | 62.0% | 26,610,708 | 529.9% |
| 10/1/2006 | 205,102,670 | 302,916,889 | 97,814,219 | 67.7% | 26,040,640 | 375.6% |
| 10/1/2005 | 186,347,282 | 263,608,172 | 77,260,890 | 70.7% | 24,294,435 | 318.0% |
| 10/1/2004 | 168,315,697 | 234,355,322 | 66,039,625 | 71.8% | 23,530,488 | 280.7% |
| 10/1/2003 | 134,868,154 | 208,995,372 | 74,127,218 | 64.5% | 22,934,597 | 323.2% |
| 10/1/2002 | 96,599,615 | 109,491,991 | 12,892,376 | 88.2% | 23,984,023 | 53.8% |
| 10/1/2001 | 89,587,047 | 103,737,625 | 14,150,578 | 86.4% | 22,906,692 | 61.8% |
| 10/1/2000 | 81,679,522 | 93,079,784 | 11,400,262 | 87.8% | 20,958,000 | 54.4% |
| Other Post-Employment Benefits (OPEB) | | | | | | |
| 10/1/2009 | \$ 8,546,236 | \$ 114,192,000 | \$ 105,645,764 | 7.5% | \$ 92,293,666 | 114.5% |
| 10/1/2008 | 2,688,520 | 131,728,115 | 129,039,595 | 2.0% | 88,914,877 | 145.1% |
| 10/1/2007 | - | 126,392,000 | 126,392,000 | 0.0% | 84,808,998 | 149.0% |

City of Pembroke Pines, Florida
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended September 30, 2010

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------------|-------------------------|--------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Taxes | \$62,832,506 | \$63,242,718 | \$62,957,979 | (\$284,739) |
| Permits, fees and licenses | 13,430,037 | 33,643,296 | 32,961,316 | (681,980) |
| Intergovernmental revenue | 10,049,690 | 9,931,949 | 10,491,933 | 559,984 |
| Charges for services | 28,379,534 | 27,899,266 | 27,540,989 | (358,277) |
| Fines and forfeitures | 1,363,205 | 1,321,400 | 1,619,653 | 298,253 |
| Miscellaneous revenues | 35,178,531 | 13,560,893 | 13,366,865 | (194,028) |
| Total revenues | <u>151,233,503</u> | <u>149,599,522</u> | <u>148,938,735</u> | <u>(660,787)</u> |
| Expenditures | | | | |
| General government services | | | | |
| Administrative services | 4,563,508 | 3,551,001 | 3,313,518 | 237,483 |
| City attorney | 910,280 | 910,280 | 883,771 | 26,509 |
| City clerk | 1,664,252 | 1,217,188 | 1,179,003 | 38,185 |
| City manager | 346,845 | 345,841 | 330,062 | 15,779 |
| Finance | 2,962,787 | 2,429,183 | 2,385,104 | 44,079 |
| Human resources | 1,415,001 | 1,055,445 | 1,027,595 | 27,850 |
| Mayor & commission | 566,981 | 498,127 | 486,434 | 11,693 |
| Non-departmental | 4,652,870 | 3,777,453 | 3,349,378 | 428,075 |
| Public services | 7,049,137 | 7,406,034 | 6,462,831 | 943,203 |
| Total general government services | <u>24,131,661</u> | <u>21,190,552</u> | <u>19,417,696</u> | <u>1,772,856</u> |
| Public safety | | | | |
| Administrative services | 1,332,958 | 1,045,540 | 1,002,765 | 42,775 |
| Fire | 50,813,873 | 46,543,011 | 46,453,384 | 89,627 |
| Police | 55,911,973 | 50,004,644 | 49,945,513 | 59,131 |
| Total public safety | <u>108,058,804</u> | <u>97,593,195</u> | <u>97,401,662</u> | <u>191,533</u> |
| Physical environment | | | | |
| Public services | 3,957,217 | 2,929,317 | 2,731,465 | 197,852 |
| Total physical environment | <u>3,957,217</u> | <u>2,929,317</u> | <u>2,731,465</u> | <u>197,852</u> |

(continued)

City of Pembroke Pines, Florida
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended September 30, 2010
(continued)

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|---------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Expenditures | | | | |
| Economic environment | | | | |
| Community services | \$7,690,385 | \$7,610,876 | \$7,140,641 | \$470,235 |
| Total economic environment | <u>7,690,385</u> | <u>7,610,876</u> | <u>7,140,641</u> | <u>470,235</u> |
| Human services | | | | |
| Community services | 1,033,952 | 1,323,459 | 1,051,070 | 272,389 |
| Education | 4,767,590 | 4,667,527 | 4,067,068 | 600,459 |
| Total human services | <u>5,801,542</u> | <u>5,990,986</u> | <u>5,118,138</u> | <u>872,848</u> |
| Culture/recreation | | | | |
| Parks & recreation | 18,348,487 | 15,715,073 | 14,771,036 | 944,037 |
| Total culture/recreation | <u>18,348,487</u> | <u>15,715,073</u> | <u>14,771,036</u> | <u>944,037</u> |
| Total expenditures | <u>167,988,096</u> | <u>151,029,999</u> | <u>146,580,638</u> | <u>4,449,361</u> |
| Excess (deficiency) of revenues over expenditures | <u>(16,754,593)</u> | <u>(1,430,477)</u> | <u>2,358,097</u> | <u>3,788,574</u> |
| Other financing sources (uses): | | | | |
| Transfers out | (578,097) | (600,288) | (453,178) | 147,110 |
| Total other financing sources (uses) | <u>(578,097)</u> | <u>(600,288)</u> | <u>(453,178)</u> | <u>147,110</u> |
| Net change in fund balances | (17,332,690) | (2,030,765) | 1,904,919 | 3,935,684 |
| Fund balances, beginning | 36,682,887 | 36,682,887 | 36,682,887 | - |
| Fund balances, ending | <u>\$19,350,197</u> | <u>\$34,652,122</u> | <u>\$38,587,806</u> | <u>\$3,935,684</u> |

City of Pembroke Pines, Florida

Notes to Budgetary Comparison Schedule

Fiscal Year Ended September 30, 2010

NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are legally adopted for all governmental funds other than the Capital Projects Fund, whose budget is adopted on a project length basis. All governmental fund budgets are maintained on the modified accrual basis of accounting, consistent with accounting principles generally accepted in the United States (GAAP), except for encumbrances, which are purchase orders and contracts issued for goods or services not received at year-end.

1. No later than sixty days prior to the close of the current fiscal year, the City Manager submits to the City Commission a budget estimate of the expenditures and revenues of all City departments and divisions for the fiscal year commencing the following October 1.
2. Two public hearings are conducted at the City's Commission Chambers, to inform the taxpayers and receive their comments. The commission-approved adopted budget is integrated into the accounting software effective October 1. It establishes the legal authority to incur expenditures up to the appropriated amount for each line item.
3. Section 30.30(F) of the Code of Ordinances requires a majority affirmative vote of the quorum to adopt the budget, which prior to October 1, is legally enacted through passage of an ordinance. Section 5.06 of the City Charter provides that no officer, department, or agency may legally expend or contract to expend amounts in excess of the amounts appropriated for any department, within an individual fund. Therefore, the legal level of control is at the department level.
4. The adopted budget may be amended as follows:
 - a. The City Manager and Finance Director approve line item adjustments within a department or a division.
 - b. The City Commission approves budget adjustments that transfer monies from fund to fund or interdepartmentally.
 - c. The City Commission may approve supplemental appropriations of revenues and expenditures. If this is done, adoption of an amended budget ordinance is required.
5. The final budget includes budget transfers, supplemental appropriations and reductions, which have the effect of modifying the original adopted budget. General Fund net downward adjustment amounted to \$16.9 million for the fiscal year ended September 30, 2010 reflecting mainly changes to the collective bargaining agreements (CBA) of the labor unions. The main components of the reduction are attributable to the following:
 - a. City contribution to the to the General Employees Pension Plan was reduced by \$7.1 million due mainly to the freezing of benefits for all current members of the bargaining unit as of July 1, 2010;
 - b. City contribution to the Police Officers and Fire Fighters Pension Plan was decreased \$6.8 million primarily as a result of the reduction of the COLA from 3.0% to 2.0% and a 0.5% reduction in the multiplier, both effective May 1, 2010;
 - c. The replacement of police patrol cars valued at \$1.0 million was postponed;
 - d. Salaries were reduced by \$1.0 million due to the elimination of 28 full-time and part-time vacant positions; and
 - e. The appropriation for contingencies was reduced by \$0.5 million.

City of Pembroke Pines, Florida

Notes to Budgetary Comparison Schedule

Fiscal Year Ended September 30, 2010

NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING (continued)

There was a \$1.6 million downward net revenue adjustment attributable mainly to interest on investment which was performing below expectation due to the weak economy. It is important to note that during the year Special Assessments of \$20.9 million were reclassified from the "Miscellaneous" to the "Permits, fees and licenses" revenue category.

NOTE 2. BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS

All General Fund budgetary expenditures were below appropriations for the fiscal year ended September 30, 2010.

Combining and Individual Fund Statements and Schedules



NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Road and Bridge Fund – To account for the receipt and disbursement of funds earmarked for construction and maintenance of roads, bridges, sidewalks, and streetlights.

Law Enforcement Grant Fund – To account for Federal funded programs:

- Victim's Advocate (Victims of Crime Act)
 - One (1) part time victim's advocate
- Homeland Security (Urban Area Security Initiative-UASI)
 - Equipment

ADA Paratransit Program Fund – To account for local funds received from Broward County for disability transportation. These funds are used for salaries, benefits, and operational expenses incurred to run this program.

Police Community Service Grant – To account for Federal funded program:

- Byrne Grant
 - Equipment

State Housing Initiative Program – To account for State funds received from the Florida Housing Finance Agency. These funds are used for the following:

- Minor home repairs/weatherization
- Homeowner counseling
- Foreclosure prevention
- Emergency repair program
- Administration
- Homebuyer assistance
- Public facilities

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds (continued)

Schools chartered by Broward County School Board – To account for funds received from the Broward County School Board for the operation of elementary, middle, and high schools owned and operated by the City. The schools have a fiscal year end of June 30th.

School chartered by Florida State University – To account for funds received from Florida State University for the operation of an elementary school owned and operated by the City. The school has a fiscal year end of June 30th.

Housing and Urban Development Grant – To account for Federal funds received from the U.S. Department of Housing and Urban Development (HUD):

- Community Development Block Grant (CDBG)
 - Home repairs/weatherization
 - Arch Barrier removal
 - Public facilities
 - Commercial revitalization
 - Administration
 - Acquisition-Rehabilitation or new construction
 - Senior Center transportation
- HOME Investment partnership Program (HOME)
 - Home repairs/weatherization.
- Neighborhood Stabilization Program (NSP)
 - Minor home repairs/weatherization
 - Homebuyer assistance
- Community Development Block Grant Recovery (CDBG-R)
 - Thermal storage system
- Disaster Recovery Initiative (DRI)
 - Disaster mitigation/recovery

Community Bus Program – To account for funds received from the Broward County Transit Grant to provided subsidized transportation to local residents.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds (continued)

Older Americans Act – To account for Federal funds received from the Division of Health and Human Services, State funds received from the Department of Elder Affairs, and Local funds received from Broward County that are passed-through to the Area-wide Agency on Aging. These funds are used to provide the following:

- Premises where meals to senior citizens are served by a private company under a state contract.
- Information, counseling and referrals.
- Weekend adult day care.
- Alzheimer's Day Care Program on Friday, Saturday, and Sunday.
- Health support services.
- Recreational activities/classes for senior citizens.
- Transportation to and from the Senior Center, doctor appointments and grocery shopping.
- Health education, blood pressure screening, fitness and nutrition consulting offered by a registered nurse.

Treasury Confiscated – To account for funds and property seized or confiscated by the City's Police Department in connection with Federal Treasury forfeiture cases.

Justice Confiscated – To account for funds and property seized or confiscated by the City's Police Department in connection with Federal Justice forfeiture cases.

\$2 Police Education – To account for funds and property seized or confiscated by the City's Police Department in connection with local forfeiture cases.

FDLE (Florida Department of Law Enforcement) Confiscated – To account for funds and property seized or confiscated by the City's Police Department in connection with State forfeiture cases.

NONMAJOR GOVERNMENTAL FUNDS

Permanent Fund

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the government or its citizenry.

Wetland Mitigation Trust Fund - To account for funds donated by developers, which are used to maintain and administer wetlands located in the City.

City of Pembroke Pines, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2010

| | Special Revenue Funds | | | | | | | | |
|--|--------------------------------|--------------------------------------|--|---|---|------------------------------------|-------------------|-------------------|--|
| | Road and Bridge | Law Enforcement Grant | ADA Paratransit Program | Police Community Service Grant | State Housing Initiative Program | Schools Chartered by * | | | Florida State University Elementary |
| | | | | | | Broward County School Board | | | |
| | | | | | | Elementary | Middle | High | |
| Assets | | | | | | | | | |
| Pooled cash and cash equivalents | \$ 828,375 | \$ - | \$ - | \$ 34,493 | \$ 1,616,044 | \$ 3,521,280 | \$ 225,311 | \$ 743,392 | \$ 498,906 |
| Investments: | | | | | | | | | |
| Marketable securities | 5,076,801 | - | - | - | - | - | - | - | - |
| Special Assessments: | | | | | | | | | |
| Franchise fees and taxes | 443,834 | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | 44,190 | 59,104 | 101,089 | 2,541 |
| Inventory | - | - | - | - | - | - | - | - | - |
| Due from other governments | - | 62,654 | - | 4,496 | - | 8,650 | 4,025 | 12,138 | 407,113 |
| Prepaid costs | - | - | - | - | - | - | - | - | - |
| Restricted pooled cash and equivalents | - | - | - | - | - | - | - | - | - |
| Total assets | \$ 6,349,010 | \$ 62,654 | \$ - | \$ 38,989 | \$ 1,616,044 | \$ 3,574,120 | \$ 288,440 | \$ 856,619 | \$ 908,560 |
| Liabilities and Fund Balances | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable | \$ 41,697 | \$ - | \$ - | \$ - | \$ - | \$ 12,005 | \$ 9,133 | \$ 16,120 | \$ 5,186 |
| Due to other funds | - | 62,654 | - | - | - | - | - | - | - |
| Deposits | - | - | - | - | - | 86,704 | 58,821 | 290,901 | 12,063 |
| Deferred revenue | - | - | - | 38,989 | 1,616,044 | 9,190 | 3,043 | 3,682 | 4,563 |
| Total liabilities | 41,697 | 62,654 | - | 38,989 | 1,616,044 | 107,899 | 70,997 | 310,703 | 21,812 |
| Fund balances: | | | | | | | | | |
| Reserved for: | | | | | | | | | |
| Wetland Mitigation Trust: | | | | | | | | | |
| Nonexpendable | - | - | - | - | - | - | - | - | - |
| Expendable | - | - | - | - | - | - | - | - | - |
| Prepaid costs | - | - | - | - | - | - | - | - | - |
| Encumbrances | - | - | - | - | - | - | - | - | - |
| Inventory | - | - | - | - | - | - | - | - | - |
| Unreserved: | | | | | | | | | |
| Designated for rent payments | - | - | - | - | - | 3,241,699 | 107,391 | 410,744 | 859,268 |
| Designated for capital replacements | - | - | - | - | - | 224,522 | 110,052 | 135,172 | 27,480 |
| Undesignated (deficit) | 6,307,313 | - | - | - | - | - | - | - | - |
| Total fund balances | 6,307,313 | - | - | - | - | 3,466,221 | 217,443 | 545,916 | 886,748 |
| Total liabilities and fund balances | \$ 6,349,010 | \$ 62,654 | \$ - | \$ 38,989 | \$ 1,616,044 | \$ 3,574,120 | \$ 288,440 | \$ 856,619 | \$ 908,560 |

* As of June 30, 2010

(continued)

City of Pembroke Pines, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2010
(continued)

| | <u>Special Revenue Funds</u> | | | | | | | <u>Permanent Fund</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|--|------------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|-------------------------|--------------------------------------|--|
| | <u>Housing and Urban Development Grant</u> | <u>Community Bus Program</u> | <u>Older Americans Act</u> | <u>Treasury Confiscated</u> | <u>Justice Confiscated</u> | <u>\$2 Police Education</u> | <u>FDLE Confiscated</u> | <u>Wetland Mitigation Trust Fund</u> | |
| Assets | | | | | | | | | |
| Pooled cash and cash equivalents | \$ - | \$ - | \$ 11,678 | \$ 293,173 | \$ 337,658 | \$ 233,050 | \$ 1,512,449 | \$ - | \$ 9,855,809 |
| Investments: | | | | | | | | | |
| Marketable securities | - | - | - | - | - | - | - | - | 5,076,801 |
| Special Assessments: | | | | | | | | | |
| Franchise fees and taxes | - | - | - | - | - | - | - | - | 443,834 |
| Other | - | - | - | - | - | - | - | - | 206,924 |
| Inventory | - | - | 23,223 | - | - | - | - | - | 23,223 |
| Due from other governments | 891,742 | - | - | - | - | - | - | - | 1,390,818 |
| Prepaid costs | 53,275 | - | - | - | - | - | - | - | 53,275 |
| Restricted pooled cash and equivalents | - | - | - | - | - | - | - | 582,509 | 582,509 |
| Total assets | \$ 945,017 | \$ - | \$ 34,901 | \$ 293,173 | \$ 337,658 | \$ 233,050 | \$ 1,512,449 | \$ 582,509 | \$ 17,633,193 |
| Liabilities and Fund Balances | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 5,778 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 89,919 |
| Due to other funds | 945,017 | - | - | - | - | - | - | - | 1,007,671 |
| Deposits | - | - | - | - | - | - | 27,234 | - | 475,723 |
| Deferred revenue | - | - | 5,900 | - | - | - | - | - | 1,681,411 |
| Total liabilities | 945,017 | - | 11,678 | - | - | - | 27,234 | - | 3,254,724 |
| Fund balances: | | | | | | | | | |
| Reserved for: | | | | | | | | | |
| Wetland Mitigation Trust: | | | | | | | | | |
| Nonexpendable | - | - | - | - | - | - | - | 446,115 | 446,115 |
| Expendable | - | - | - | - | - | - | - | 136,394 | 136,394 |
| Prepaid costs | 53,275 | - | - | - | - | - | - | - | 53,275 |
| Encumbrances | 52,354 | - | - | - | - | - | - | - | 52,354 |
| Inventory | - | - | 23,223 | - | - | - | - | - | 23,223 |
| Unreserved: | | | | | | | | | |
| Designated for rent payments | - | - | - | - | - | - | - | - | 4,619,102 |
| Designated for capital replacements | - | - | - | - | - | - | - | - | 497,226 |
| Undesignated (deficit) | (105,629) | - | - | 293,173 | 337,658 | 233,050 | 1,485,215 | - | 8,550,780 |
| Total fund balances | - | - | 23,223 | 293,173 | 337,658 | 233,050 | 1,485,215 | 582,509 | 14,378,469 |
| Total liabilities and fund balances | \$ 945,017 | \$ - | \$ 34,901 | \$ 293,173 | \$ 337,658 | \$ 233,050 | \$ 1,512,449 | \$ 582,509 | \$ 17,633,193 |

* As of June 30, 2010

City of Pembroke Pines, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Fiscal Year Ended September 30, 2010

| | Special Revenue Funds | | | | | | | | |
|--|-----------------------|-----------------------------|-------------------------------|---|---|-----------------------------|-------------------|-------------------|-----------------------------|
| | Road and Bridge | Law Enforcement Grant | ADA Paratransit Program | Police Community Service Grant | State Housing Initiative Program | Schools Chartered by * | | | |
| | | | | | | Broward County School Board | | | Florida State University |
| | | | | | | Elementary | Middle | High | |
| Revenues: | | | | | | | | | |
| Taxes | \$ 2,633,187 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special assessments | - | - | - | - | - | - | - | - | - |
| Intergovernmental | 1,568,223 | 77,881 | 496,022 | 103,712 | 1,333,359 | 13,830,952 | 8,195,350 | 12,232,644 | 5,783,234 |
| Charges for services | 174,676 | - | - | - | - | 762,034 | 167,545 | 78,188 | 403,106 |
| Fines and forfeitures | - | - | - | - | - | - | - | - | - |
| Investment income | 136,536 | - | - | 701 | - | 48,857 | 10,593 | 20,318 | 4,685 |
| Contributions | - | - | - | - | - | 124,740 | 86,050 | 115,232 | 94,743 |
| Rental revenue | - | - | - | - | - | 108,369 | 145,833 | 1,385,613 | 47,687 |
| Other | 94,792 | - | - | - | - | 390,982 | 353,973 | 507,498 | 122,898 |
| Total revenues | <u>4,607,414</u> | <u>77,881</u> | <u>496,022</u> | <u>104,413</u> | <u>1,333,359</u> | <u>15,265,934</u> | <u>8,959,344</u> | <u>14,339,493</u> | <u>6,456,353</u> |
| Expenditures: | | | | | | | | | |
| General government | - | - | - | - | - | - | - | - | - |
| Public safety | - | 77,881 | - | 104,413 | - | - | - | - | - |
| Transportation | 5,303,715 | - | 511,207 | - | - | - | - | - | - |
| Economic environment | - | - | - | - | 1,333,359 | - | - | - | - |
| Human services | - | - | - | - | - | 15,140,449 | 9,951,803 | 14,152,865 | 6,094,673 |
| Total expenditures | <u>5,303,715</u> | <u>77,881</u> | <u>511,207</u> | <u>104,413</u> | <u>1,333,359</u> | <u>15,140,449</u> | <u>9,951,803</u> | <u>14,152,865</u> | <u>6,094,673</u> |
| Excess (deficiency) of revenues over expenditures | <u>(696,301)</u> | <u>-</u> | <u>(15,185)</u> | <u>-</u> | <u>-</u> | <u>125,485</u> | <u>(992,459)</u> | <u>186,628</u> | <u>361,680</u> |
| Other financing sources (uses): | | | | | | | | | |
| Transfers in | - | - | - | - | - | - | 348,054 | - | - |
| Transfers out | (186,923) | - | (269,053) | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>(186,923)</u> | <u>-</u> | <u>(269,053)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>348,054</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (883,224) | - | (284,238) | - | - | 125,485 | (644,405) | 186,628 | 361,680 |
| Fund balances, beginning | 7,190,537 | - | 284,238 | - | - | 3,340,736 | 861,848 | 359,288 | 525,068 |
| Fund balances, ending | <u>\$ 6,307,313</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,466,221</u> | <u>\$ 217,443</u> | <u>\$ 545,916</u> | <u>\$ 886,748</u> |

* As of June 30, 2010

(continued)

City of Pembroke Pines, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Fiscal Year Ended September 30, 2010
(continued)

| | Special Revenue Funds | | | | | | | Permanent Fund | Total Nonmajor Governmental Funds |
|---|--|------------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|-------------------------|--------------------------------------|--|
| | Housing and Urban Development Grant | Community Bus Program | Older Americans Act | Treasury Confiscated | Justice Confiscated | \$2 Police Education | FDLE Confiscated | Wetland Mitigation Trust Fund | |
| Revenues: | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,633,187 |
| Special assessments | - | - | - | - | - | - | - | - | - |
| Intergovernmental | 3,766,450 | 261,794 | 796,438 | - | - | - | - | - | 48,446,059 |
| Charges for services | - | - | - | - | - | - | - | - | 1,585,549 |
| Fines and forfeitures | - | - | - | 35,838 | 87,634 | 62,461 | 73,983 | - | 259,916 |
| Investment income | - | - | - | 7,505 | 7,890 | 2,911 | 21,289 | 1,681 | 262,966 |
| Contributions | - | - | 35,516 | - | - | - | - | - | 456,281 |
| Rental revenue | - | - | - | - | - | - | - | - | 1,687,502 |
| Other | - | - | - | - | - | - | - | - | 1,470,143 |
| Total revenues | <u>3,766,450</u> | <u>261,794</u> | <u>831,954</u> | <u>43,343</u> | <u>95,524</u> | <u>65,372</u> | <u>95,272</u> | <u>1,681</u> | <u>56,801,603</u> |
| Expenditures: | | | | | | | | | |
| General government | - | - | - | - | - | - | - | 9,820 | 9,820 |
| Public safety | - | - | - | - | - | 23,847 | 217,911 | - | 424,052 |
| Transportation | 132,675 | 717,770 | - | - | - | - | - | - | 6,665,367 |
| Economic environment | 3,633,775 | - | - | - | - | - | - | - | 4,967,134 |
| Human services | - | - | 940,518 | - | - | - | - | - | 46,280,308 |
| Total expenditures | <u>3,766,450</u> | <u>717,770</u> | <u>940,518</u> | <u>-</u> | <u>-</u> | <u>23,847</u> | <u>217,911</u> | <u>9,820</u> | <u>58,346,681</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>(455,976)</u> | <u>(108,564)</u> | <u>43,343</u> | <u>95,524</u> | <u>41,525</u> | <u>(122,639)</u> | <u>(8,139)</u> | <u>(1,545,078)</u> |
| Other financing sources (uses): | | | | | | | | | |
| Transfers in | - | 455,976 | 105,124 | - | - | - | - | - | 909,154 |
| Transfers out | - | - | - | - | - | - | - | - | (455,976) |
| Total other financing sources (uses) | <u>-</u> | <u>455,976</u> | <u>105,124</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>453,178</u> |
| Net change in fund balances | - | - | (3,440) | 43,343 | 95,524 | 41,525 | (122,639) | (8,139) | (1,091,900) |
| Fund balances, beginning | - | - | 26,663 | 249,830 | 242,134 | 191,525 | 1,607,854 | 590,648 | 15,470,369 |
| Fund balances, ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 23,223</u> | <u>\$ 293,173</u> | <u>\$ 337,658</u> | <u>\$ 233,050</u> | <u>\$ 1,485,215</u> | <u>\$ 582,509</u> | <u>\$ 14,378,469</u> |

* As of June 30, 2010

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

- **Debt Service Fund**

- **Nonmajor Governmental Funds:**
 - Road and Bridge Fund
 - Law Enforcement Grant
 - ADA Paratransit Program
 - Police Community Service Grant
 - State Housing Initiative Program
 - Elementary Schools chartered by Broward County School Board
 - Middle Schools chartered by Broward County School Board
 - High School chartered by Broward County School Board
 - Elementary School chartered by Florida State University
 - Housing and Urban Development Grant
 - Community Bus Program
 - Older Americans Act
 - Treasury Confiscated
 - Justice Confiscated
 - \$2 Police Education
 - FDLE Confiscated
 - Wetland Mitigation Trust Fund

City of Pembroke Pines, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual
Debt Service Fund
Fiscal Year Ended September 30, 2010

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|----------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Taxes: | | | | |
| Property taxes | \$ 5,433,762 | \$ 5,433,762 | \$ 5,482,360 | \$ 48,598 |
| Utility taxes | 1,784,186 | 1,784,186 | 1,790,358 | 6,172 |
| Communication services tax | 6,444,780 | 6,444,780 | 6,463,395 | 18,615 |
| Investment income | 129,653 | 129,653 | 147,066 | 17,413 |
| Rental revenue | 12,369,540 | 12,369,540 | 12,014,252 | (355,288) |
| Total revenues | <u>26,980,882</u> | <u>26,980,882</u> | <u>26,718,083</u> | <u>(262,799)</u> |
| Expenditures | | | | |
| Debt service: | | | | |
| Principal | 7,950,000 | 7,950,000 | 7,950,000 | - |
| Interest | 17,487,374 | 17,487,374 | 17,408,607 | 78,767 |
| Bond issuance cost | - | 50,290 | 45,349 | 4,941 |
| Other debt service costs | 339,878 | 518,617 | 518,434 | 183 |
| Total expenditures | <u>25,777,252</u> | <u>26,006,281</u> | <u>25,922,390</u> | <u>83,891</u> |
| Excess (deficiency) of revenues over expenditures | <u>1,203,630</u> | <u>974,601</u> | <u>795,693</u> | <u>(178,908)</u> |
| Other financing sources (uses): | | | | |
| Bonds issued | - | 8,545,700 | 8,545,700 | - |
| Payment to refunded bond escrow agent | - | (8,752,651) | (8,752,651) | - |
| Total other financing sources (uses) | <u>-</u> | <u>(206,951)</u> | <u>(206,951)</u> | <u>-</u> |
| Net change in fund balances | 1,203,630 | 767,650 | 588,742 | (178,908) |
| Fund balances, beginning | <u>13,529,020</u> | <u>13,529,020</u> | <u>13,529,020</u> | <u>-</u> |
| Fund balances, ending | <u>\$ 14,732,650</u> | <u>\$ 14,296,670</u> | <u>\$ 14,117,762</u> | <u>\$ (178,908)</u> |

City of Pembroke Pines, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Governmental Funds
Fiscal Year Ended September 30, 2009

| | Special Revenue Funds | | | | | | | |
|--|-----------------------|---------------------|---------------------|---|-----------------------|----------------|-------------------|---|
| | Road and Bridge Fund | | | | Law Enforcement Grant | | | |
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
| | Original | Final | | | Original | Final | | |
| Revenues: | | | | | | | | |
| Taxes | \$ - | \$ - | \$ 2,633,187 | \$ 2,633,187 | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 1,027,800 | 1,554,715 | 1,568,223 | 13,508 | 20,152 | 107,375 | 77,881 | (29,494) |
| Charges for services | 174,676 | 174,676 | 174,676 | - | - | - | - | - |
| Fines and forfeitures | - | - | - | - | - | - | - | - |
| Investment income | 103,000 | 103,000 | 136,536 | 33,536 | - | - | - | - |
| Contributions | - | - | - | - | - | - | - | - |
| Rental revenue | - | - | - | - | - | - | - | - |
| Other | 50,500 | 50,500 | 94,792 | 44,292 | - | - | - | - |
| Total revenues | <u>1,355,976</u> | <u>1,882,891</u> | <u>4,607,414</u> | <u>2,724,523</u> | <u>20,152</u> | <u>107,375</u> | <u>77,881</u> | <u>(29,494)</u> |
| Expenditures: | | | | | | | | |
| General government | - | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | 20,152 | 107,375 | 77,881 | 29,494 |
| Transportation | 5,136,159 | 5,654,477 | 5,303,715 | 350,762 | - | - | - | - |
| Economic environment | - | - | - | - | - | - | - | - |
| Human services | - | - | - | - | - | - | - | - |
| Total expenditures | <u>5,136,159</u> | <u>5,654,477</u> | <u>5,303,715</u> | <u>350,762</u> | <u>20,152</u> | <u>107,375</u> | <u>77,881</u> | <u>29,494</u> |
| Excess (deficiency) of revenues over expenditures | <u>(3,780,183)</u> | <u>(3,771,586)</u> | <u>(696,301)</u> | <u>3,075,285</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | (186,923) | (186,923) | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(186,923)</u> | <u>(186,923)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (3,780,183) | (3,771,586) | (883,224) | 2,888,362 | - | - | - | - |
| Fund balances, beginning | 7,190,537 | 7,190,537 | 7,190,537 | - | - | - | - | - |
| Fund balances, ending | <u>\$ 3,410,354</u> | <u>\$ 3,418,951</u> | <u>\$ 6,307,313</u> | <u>\$ 2,888,362</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

(continued)

City of Pembroke Pines, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Governmental Funds
Fiscal Year Ended September 30, 2010
(continued)

| | Special Revenue Funds | | | | | | | |
|---|--------------------------------|-------------------|-----------------------|---|---------------------------------------|----------------|-----------------------|---|
| | ADA Paratransit Program | | | | Police Community Service Grant | | | |
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
| Original | Final | Original | | | Final | | | |
| Revenues: | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 797,731 | 784,506 | 496,022 | (288,484) | - | 203,623 | 103,712 | (99,911) |
| Charges for services | - | - | - | - | - | - | - | - |
| Fines and forfeitures | - | - | - | - | - | - | - | - |
| Investment income | - | - | - | - | - | 702 | 701 | (1) |
| Contributions | - | - | - | - | - | - | - | - |
| Rental revenue | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total revenues | <u>797,731</u> | <u>784,506</u> | <u>496,022</u> | <u>(288,484)</u> | <u>-</u> | <u>204,325</u> | <u>104,413</u> | <u>(99,912)</u> |
| Expenditures: | | | | | | | | |
| General government | - | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | 204,325 | 104,413 | 99,912 |
| Transportation | 430,414 | 518,499 | 511,207 | 7,292 | - | - | - | - |
| Economic environment | - | - | - | - | - | - | - | - |
| Human services | - | - | - | - | - | - | - | - |
| Total expenditures | <u>430,414</u> | <u>518,499</u> | <u>511,207</u> | <u>7,292</u> | <u>-</u> | <u>204,325</u> | <u>104,413</u> | <u>99,912</u> |
| Excess (deficiency) of revenues over expenditures | <u>367,317</u> | <u>266,007</u> | <u>(15,185)</u> | <u>(281,192)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | (367,317) | (367,317) | (269,053) | 98,264 | - | - | - | - |
| Total other financing sources (uses) | <u>(367,317)</u> | <u>(367,317)</u> | <u>(269,053)</u> | <u>98,264</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | - | (101,310) | (284,238) | (182,928) | - | - | - | - |
| Fund balances, beginning | 284,238 | 284,238 | 284,238 | - | - | - | - | - |
| Fund balances, ending | <u>\$ 284,238</u> | <u>\$ 182,928</u> | <u>\$ -</u> | <u>\$ (182,928)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

(continued)

City of Pembroke Pines, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Governmental Funds
Fiscal Year Ended September 30, 2010
(continued)

| | State Housing Initiative Program | | | | Elementary Schools Chartered by Broward County * | | | |
|---|---|------------------|-----------------------|---|---|---------------------|-----------------------|---|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
| | Original | Final | | | Original | Final | | |
| Revenues: | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 117,862 | 2,914,361 | 1,333,359 | (1,581,002) | - | 13,860,840 | 13,830,952 | (29,888) |
| Charges for services | - | - | - | - | - | 892,286 | 762,034 | (130,252) |
| Fines and forfeitures | - | - | - | - | - | - | - | - |
| Investment income | 27,000 | 27,000 | - | (27,000) | - | 105,000 | 48,857 | (56,143) |
| Contributions | - | - | - | - | - | 268,623 | 124,740 | (143,883) |
| Rental revenue | - | - | - | - | - | 117,398 | 108,369 | (9,029) |
| Other | - | - | - | - | - | 390,084 | 390,982 | 898 |
| Total revenues | <u>144,862</u> | <u>2,941,361</u> | <u>1,333,359</u> | <u>(1,608,002)</u> | <u>-</u> | <u>15,634,231</u> | <u>15,265,934</u> | <u>(368,297)</u> |
| Expenditures: | | | | | | | | |
| General government | - | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - | - |
| Transportation | - | - | - | - | - | - | - | - |
| Economic environment | 117,862 | 2,914,361 | 1,333,359 | 1,581,002 | - | - | - | - |
| Human services | - | - | - | - | <u>16,285,079</u> | <u>16,458,216</u> | <u>15,140,449</u> | <u>1,317,767</u> |
| Total expenditures | <u>117,862</u> | <u>2,914,361</u> | <u>1,333,359</u> | <u>1,581,002</u> | <u>16,285,079</u> | <u>16,458,216</u> | <u>15,140,449</u> | <u>1,317,767</u> |
| Excess (deficiency) of revenues over expenditures | <u>27,000</u> | <u>27,000</u> | <u>-</u> | <u>(27,000)</u> | <u>(16,285,079)</u> | <u>(823,985)</u> | <u>125,485</u> | <u>949,470</u> |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 27,000 | 27,000 | - | (27,000) | (16,285,079) | (823,985) | 125,485 | 949,470 |
| Fund balances, beginning | - | - | - | - | <u>3,340,736</u> | <u>3,340,736</u> | <u>3,340,736</u> | <u>-</u> |
| Fund balances, ending | <u>\$ 27,000</u> | <u>\$ 27,000</u> | <u>\$ -</u> | <u>\$ (27,000)</u> | <u>\$ (12,944,343)</u> | <u>\$ 2,516,751</u> | <u>\$ 3,466,221</u> | <u>\$ 949,470</u> |

* As of June 30, 2010

(continued)

City of Pembroke Pines, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Governmental Funds
Fiscal Year Ended September 30, 2010
(continued)

| | Special Revenue Funds | | | | | | | |
|--|---|--------------|---------------------------|---|--|--------------|---------------------------|---|
| | Middle Schools Chartered by Broward County * | | | | High School Chartered by Broward County * | | | |
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
| | Original | Final | | | Original | Final | | |
| Revenues: | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | 8,269,367 | 8,195,350 | (74,017) | - | 12,231,588 | 12,232,644 | 1,056 |
| Charges for services | - | 238,776 | 167,545 | (71,231) | - | 111,429 | 78,188 | (33,241) |
| Fines and forfeitures | - | - | - | - | - | - | - | - |
| Investment income | - | 33,500 | 10,593 | (22,907) | - | 35,000 | 20,318 | (14,682) |
| Contributions | - | 170,516 | 86,050 | (84,466) | - | 262,502 | 115,232 | (147,270) |
| Rental revenue | - | 147,934 | 145,833 | (2,101) | - | 1,401,142 | 1,385,613 | (15,529) |
| Other | - | 363,645 | 353,973 | (9,672) | - | 568,985 | 507,498 | (61,487) |
| Total revenues | - | 9,223,738 | 8,959,344 | (264,394) | - | 14,610,646 | 14,339,493 | (271,153) |
| Expenditures: | | | | | | | | |
| General government | - | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - | - |
| Transportation | - | - | - | - | - | - | - | - |
| Economic environment | - | - | - | - | - | - | - | - |
| Human services | 10,503,555 | 10,605,952 | 9,951,803 | 654,149 | 14,890,230 | 15,099,459 | 14,152,865 | 946,594 |
| Total expenditures | 10,503,555 | 10,605,952 | 9,951,803 | 654,149 | 14,890,230 | 15,099,459 | 14,152,865 | 946,594 |
| Excess (deficiency) of revenues over expenditures | (10,503,555) | (1,382,214) | (992,459) | 389,755 | (14,890,230) | (488,813) | 186,628 | 675,441 |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | - | 578,097 | 348,054 | (230,043) | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | 578,097 | 348,054 | (230,043) | - | - | - | - |
| Net change in fund balances | (10,503,555) | (804,117) | (644,405) | 159,712 | (14,890,230) | (488,813) | 186,628 | 675,441 |
| Fund balances, beginning | 861,848 | 861,848 | 861,848 | - | 359,288 | 359,288 | 359,288 | - |
| Fund balances, ending | \$ (9,641,707) | \$ 57,731 | \$ 217,443 | \$ 159,712 | \$ (14,530,942) | \$ (129,525) | \$ 545,916 | \$ 675,441 |

* As of June 30, 2010

(continued)

City of Pembroke Pines, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Governmental Funds
Fiscal Year Ended September 30, 2010
(continued)

| | Special Revenue Funds | | | | | | | |
|---|---|-------------------|-----------------------|---|--|------------------|-----------------------|---|
| | Elementary School Chartered by Florida State University* | | | | Housing and Urban Development Grant | | | |
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
| Original | Final | Original | | | Final | | | |
| Revenues: | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | 5,768,424 | 5,783,234 | 14,810 | 1,102,973 | 7,647,753 | 3,766,450 | (3,881,303) |
| Charges for services | - | 460,469 | 403,106 | (57,363) | - | - | - | - |
| Fines and forfeitures | - | - | - | - | - | - | - | - |
| Investment income | - | 6,200 | 4,685 | (1,515) | - | - | - | - |
| Contributions | - | 132,907 | 94,743 | (38,164) | - | - | - | - |
| Rental revenue | - | 48,386 | 47,687 | (699) | - | - | - | - |
| Other | - | 131,699 | 122,898 | (8,801) | - | - | - | - |
| Total revenues | <u>-</u> | <u>6,548,085</u> | <u>6,456,353</u> | <u>(91,732)</u> | <u>1,102,973</u> | <u>7,647,753</u> | <u>3,766,450</u> | <u>(3,881,303)</u> |
| Expenditures: | | | | | | | | |
| General government | - | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - | - |
| Transportation | - | - | - | - | 132,682 | 176,283 | 132,675 | 43,608 |
| Economic environment | - | - | - | - | 970,291 | 7,471,470 | 3,633,775 | 3,837,695 |
| Human services | 6,509,500 | 6,572,060 | 6,094,673 | 477,387 | - | - | - | - |
| Total expenditures | <u>6,509,500</u> | <u>6,572,060</u> | <u>6,094,673</u> | <u>477,387</u> | <u>1,102,973</u> | <u>7,647,753</u> | <u>3,766,450</u> | <u>3,881,303</u> |
| Excess (deficiency) of revenues over expenditures | <u>(6,509,500)</u> | <u>(23,975)</u> | <u>361,680</u> | <u>385,655</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (6,509,500) | (23,975) | 361,680 | 385,655 | - | - | - | - |
| Fund balances, beginning | 525,068 | 525,068 | 525,068 | - | - | - | - | - |
| Fund balances, ending | <u>\$ (5,984,432)</u> | <u>\$ 501,093</u> | <u>\$ 886,748</u> | <u>\$ 385,655</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

* As of June 30, 2010

(continued)

City of Pembroke Pines, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Governmental Funds
Fiscal Year Ended September 30, 2010
(continued)

| | Special Revenue Funds | | | | | | | |
|--|------------------------------|------------------|---------------------------|---|----------------------------|------------------|---------------------------|---|
| | Community Bus Program | | | | Older Americans Act | | | |
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
| Original | Final | Original | | | Final | | | |
| Revenues: | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 259,236 | 272,461 | 261,794 | (10,667) | 827,005 | 851,339 | 796,438 | (54,901) |
| Charges for services | - | - | - | - | - | - | - | - |
| Fines and forfeitures | - | - | - | - | - | - | - | - |
| Investment income | - | - | - | - | - | - | - | - |
| Contributions | - | - | - | - | 73,878 | 89,013 | 35,516 | (53,497) |
| Rental revenue | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total revenues | <u>259,236</u> | <u>272,461</u> | <u>261,794</u> | <u>(10,667)</u> | <u>900,883</u> | <u>940,352</u> | <u>831,954</u> | <u>(108,398)</u> |
| Expenditures: | | | | | | | | |
| General government | - | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - | - |
| Transportation | 736,080 | 749,305 | 717,770 | 31,535 | - | - | - | - |
| Economic environment | - | - | - | - | - | - | - | - |
| Human services | - | - | - | - | 900,883 | 940,518 | 940,518 | - |
| Total expenditures | <u>736,080</u> | <u>749,305</u> | <u>717,770</u> | <u>31,535</u> | <u>900,883</u> | <u>940,518</u> | <u>940,518</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>(476,844)</u> | <u>(476,844)</u> | <u>(455,976)</u> | <u>20,868</u> | <u>-</u> | <u>(166)</u> | <u>(108,564)</u> | <u>(108,398)</u> |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | 476,844 | 476,844 | 455,976 | (20,868) | - | 166 | 105,124 | 104,958 |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>476,844</u> | <u>476,844</u> | <u>455,976</u> | <u>(20,868)</u> | <u>-</u> | <u>166</u> | <u>105,124</u> | <u>104,958</u> |
| Net change in fund balances | - | - | - | - | - | - | (3,440) | (3,440) |
| Fund balances, beginning | - | - | - | - | 26,663 | 26,663 | 26,663 | - |
| Fund balances, ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 26,663</u> | <u>\$ 26,663</u> | <u>\$ 23,223</u> | <u>\$ (3,440)</u> |

(continued)

City of Pembroke Pines, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Governmental Funds
Fiscal Year Ended September 30, 2010
(continued)

| | Special Revenue Funds | | | | | | | |
|---|------------------------------|------------------|-----------------------|---|----------------------------|------------------|-----------------------|---|
| | Treasury Confiscated | | | | Justice Confiscated | | | |
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
| Original | Final | Original | | | Final | | | |
| Revenues: | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - | - |
| Fines and forfeitures | - | 35,838 | 35,838 | - | - | 33,414 | 87,634 | 54,220 |
| Investment income | 2,300 | 2,300 | 7,505 | 5,205 | 2,500 | 2,500 | 7,890 | 5,390 |
| Contributions | - | - | - | - | - | - | - | - |
| Rental revenue | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total revenues | 2,300 | 38,138 | 43,343 | 5,205 | 2,500 | 35,914 | 95,524 | 59,610 |
| Expenditures: | | | | | | | | |
| General government | - | - | - | - | - | - | - | - |
| Public safety | 133,376 | 263,329 | - | 263,329 | 10,165 | 235,036 | - | 235,036 |
| Transportation | - | - | - | - | - | - | - | - |
| Economic environment | - | - | - | - | - | - | - | - |
| Human services | - | - | - | - | - | - | - | - |
| Total expenditures | 133,376 | 263,329 | - | 263,329 | 10,165 | 235,036 | - | 235,036 |
| Excess (deficiency) of revenues over expenditures | (131,076) | (225,191) | 43,343 | 268,534 | (7,665) | (199,122) | 95,524 | 294,646 |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - |
| Net change in fund balances | (131,076) | (225,191) | 43,343 | 268,534 | (7,665) | (199,122) | 95,524 | 294,646 |
| Fund balances, beginning | 249,830 | 249,830 | 249,830 | - | 242,134 | 242,134 | 242,134 | - |
| Fund balances, ending | \$ 118,754 | \$ 24,639 | \$ 293,173 | \$ 268,534 | \$ 234,469 | \$ 43,012 | \$ 337,658 | \$ 294,646 |

(continued)

City of Pembroke Pines, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Governmental Funds
Fiscal Year Ended September 30, 2010
(continued)

| | Special Revenue Funds | | | | | | | |
|--|------------------------------|------------------|---------------------------|---|-------------------------|--------------------|---------------------------|---|
| | \$2 Police Education | | | | FDLE Confiscated | | | |
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
| | Original | Final | | | Original | Final | | |
| Revenues: | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - | - |
| Fines and forfeitures | 55,281 | 55,281 | 62,461 | 7,180 | - | 67,596 | 73,983 | 6,387 |
| Investment income | 1,900 | 1,900 | 2,911 | 1,011 | 15,000 | 15,000 | 21,289 | 6,289 |
| Contributions | - | - | - | - | - | - | - | - |
| Rental revenue | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total revenues | <u>57,181</u> | <u>57,181</u> | <u>65,372</u> | <u>8,191</u> | <u>15,000</u> | <u>82,596</u> | <u>95,272</u> | <u>12,676</u> |
| Expenditures: | | | | | | | | |
| General government | - | - | - | - | - | - | - | - |
| Public safety | 57,181 | 154,620 | 23,847 | 130,773 | 330,660 | 1,445,931 | 217,911 | 1,228,020 |
| Transportation | - | - | - | - | - | - | - | - |
| Economic environment | - | - | - | - | - | - | - | - |
| Human services | - | - | - | - | - | - | - | - |
| Total expenditures | <u>57,181</u> | <u>154,620</u> | <u>23,847</u> | <u>130,773</u> | <u>330,660</u> | <u>1,445,931</u> | <u>217,911</u> | <u>1,228,020</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>(97,439)</u> | <u>41,525</u> | <u>138,964</u> | <u>(315,660)</u> | <u>(1,363,335)</u> | <u>(122,639)</u> | <u>1,240,696</u> |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | - | (97,439) | 41,525 | 138,964 | (315,660) | (1,363,335) | (122,639) | 1,240,696 |
| Fund balances, beginning | 191,525 | 191,525 | 191,525 | - | 1,607,854 | 1,607,854 | 1,607,854 | - |
| Fund balances, ending | <u>\$ 191,525</u> | <u>\$ 94,086</u> | <u>\$ 233,050</u> | <u>\$ 138,964</u> | <u>\$ 1,292,194</u> | <u>\$ 244,519</u> | <u>\$ 1,485,215</u> | <u>\$ 1,240,696</u> |

(continued)

City of Pembroke Pines, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Governmental Funds
Fiscal Year Ended September 30, 2010
(continued)

| | Permanent Fund | | | |
|--|--------------------------------------|-------------------|-------------------|----------------------|
| | Wetland Mitigation Trust Fund | | | |
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Investment income | 6,000 | 6,000 | 1,681 | (4,319) |
| Contributions | - | - | - | - |
| Rental revenue | - | - | - | - |
| Other | - | - | - | - |
| Total revenues | <u>6,000</u> | <u>6,000</u> | <u>1,681</u> | <u>(4,319)</u> |
| Expenditures: | | | | |
| General government | 16,500 | 16,500 | 9,820 | 6,680 |
| Public safety | - | - | - | - |
| Transportation | - | - | - | - |
| Economic environment | - | - | - | - |
| Human services | - | - | - | - |
| Total expenditures | <u>16,500</u> | <u>16,500</u> | <u>9,820</u> | <u>6,680</u> |
| Excess (deficiency) of revenues over expenditures | <u>(10,500)</u> | <u>(10,500)</u> | <u>(8,139)</u> | <u>2,361</u> |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (10,500) | (10,500) | (8,139) | 2,361 |
| Fund balances, beginning | <u>590,648</u> | <u>590,648</u> | <u>590,648</u> | <u>-</u> |
| Fund balances, ending | <u>\$ 580,148</u> | <u>\$ 580,148</u> | <u>\$ 582,509</u> | <u>\$ 2,361</u> |

FIDUCIARY FUND TYPES

- PENSION and OTHER POST-EMPLOYMENT BENEFITS (OPEB)
TRUST FUNDS
- AGENCY FUNDS

PENSION and OTHER POST-EMPLOYMENT BENEFITS (OPEB) TRUST FUNDS

Employees Retirement Funds - To account for the accumulation of resources to be used for retirement benefits to City's General Employees and Firefighters and Police Officers. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by annual actuarial valuations.

Other Post-Employment Benefits (OPEB) Fund - To account for the accumulation of resources to be used for retiree health and life insurance benefits. Resources are contributed by retirees based on hire date, retirement date, and employee group and by the City at amounts determined by annual actuarial valuations.

City of Pembroke Pines, Florida
Combining Statement of Fiduciary Net Assets
Pension and Other Post-Employment Benefits (OPEB) Trust Funds
September 30, 2010

| | General Employees <u>Pension</u> | Firefighters and Police Officers <u>Pension</u> | Other Post- Employment <u>Benefits</u> | <u>Totals</u> |
|---------------------------------------|---|--|---|------------------------|
| Assets | | | | |
| Cash and short-term investments | \$ - | \$ 10,075,554 | \$ 227,042 | \$ 10,302,596 |
| Receivables | | | | |
| Accrued interest and dividends | - | 947,054 | - | 947,054 |
| Other | 9,310 | 683,547 | 5,000,000 | 5,692,857 |
| Total receivables | <u>9,310</u> | <u>1,630,601</u> | <u>5,000,000</u> | <u>6,639,911</u> |
| Investments, at fair value | | | | |
| U.S. Government securities | - | 20,199,325 | - | 20,199,325 |
| Corporate bonds | - | 56,324,912 | - | 56,324,912 |
| Common stocks | - | 132,868,952 | - | 132,868,952 |
| Foreign bonds | - | 2,460,944 | - | 2,460,944 |
| Domestic equity fund | - | 38,034,809 | - | 38,034,809 |
| International equity fund | - | 22,402,372 | - | 22,402,372 |
| Real estate fund | - | 15,433,828 | - | 15,433,828 |
| Mutual funds | 115,229,691 | - | 15,555,056 | 130,784,747 |
| Total investments | <u>115,229,691</u> | <u>287,725,142</u> | <u>15,555,056</u> | <u>418,509,889</u> |
| Capital Assets: | | | | |
| Property and equipment, net | - | 440,612 | - | 440,612 |
| Total capital assets | <u>-</u> | <u>440,612</u> | <u>-</u> | <u>440,612</u> |
| Total assets | <u>115,239,001</u> | <u>299,871,909</u> | <u>20,782,098</u> | <u>435,893,008</u> |
| Liabilities | | | | |
| DROP participants payable | - | 62,773,918 | - | 62,773,918 |
| Reserve for health insurance claims | - | - | 739,911 | 739,911 |
| Accounts payable | - | 1,523,933 | 100,031 | 1,623,964 |
| Total liabilities | <u>-</u> | <u>64,297,851</u> | <u>839,942</u> | <u>65,137,793</u> |
| Net Assets | | | | |
| Net assets held in trust for benefits | <u>\$ 115,239,001</u> | <u>\$ 235,574,058</u> | <u>\$ 19,942,156</u> | <u>\$ 370,755,215</u> |

City of Pembroke Pines, Florida
Combining Statement of Changes in Fiduciary Net Assets
Pension and Other Post-Employment Benefits (OPEB) Trust Funds
Fiscal Year Ended September 30, 2010

| | <u>General Employees Pension</u> | <u>Firefighters and Police Officers Pension</u> | <u>Other Post- Employment Benefits</u> | <u>Totals</u> |
|--|--|---|--|-----------------------|
| Additions | | | | |
| Contributions: | | | | |
| Plan members | \$ 1,157,825 | \$ 3,024,526 | \$ 455,394 | \$ 4,637,745 |
| Employee buybacks | - | 7,926 | - | 7,926 |
| Employer | 3,502,940 | 22,200,904 | 13,834,000 | 39,537,844 |
| State | - | <u>2,337,509</u> | - | <u>2,337,509</u> |
| Total contributions | <u>4,660,765</u> | <u>27,570,865</u> | <u>14,289,394</u> | <u>46,521,024</u> |
| Investment income: | | | | |
| Investment earnings and appreciation | 11,434,873 | 18,737,041 | 923,921 | 31,095,835 |
| Less investment expenses | <u>28,724</u> | <u>1,436,778</u> | - | <u>1,465,502</u> |
| Net investment income | <u>11,406,149</u> | <u>17,300,263</u> | <u>923,921</u> | <u>29,630,333</u> |
| Other additions: | | | | |
| Specific stop loss and medical claims recovery | - | - | 153,194 | 153,194 |
| Other income | - | <u>46,815</u> | - | <u>46,815</u> |
| Total other additions | - | <u>46,815</u> | <u>153,194</u> | <u>200,009</u> |
| Total additions | <u>16,066,914</u> | <u>44,917,943</u> | <u>15,366,509</u> | <u>76,351,366</u> |
| Deductions | | | | |
| Benefit payments and insurance premiums | 8,766,235 | 18,265,108 | 28,240 | 27,059,583 |
| Refunds of contributions | (20,517) | 3,397 | - | (17,120) |
| Administrative expenses | <u>93,726</u> | <u>636,466</u> | <u>3,942,349</u> | <u>4,672,541</u> |
| Total deductions | <u>8,839,444</u> | <u>18,904,971</u> | <u>3,970,589</u> | <u>31,715,004</u> |
| Change in net assets | 7,227,470 | 26,012,972 | 11,395,920 | 44,636,362 |
| Net assets, beginning | <u>108,011,531</u> | <u>209,561,086</u> | <u>8,546,236</u> | <u>326,118,853</u> |
| Net assets, ending | <u>\$ 115,239,001</u> | <u>\$ 235,574,058</u> | <u>\$ 19,942,156</u> | <u>\$ 370,755,215</u> |

AGENCY FUNDS

The **General Trust Fund** is used to account for fiduciary resources held by the City for individuals, private organizations, or other governments.

The **Sanitation Fund** is used to account for assets held by the City as an agent for private organizations.

City of Pembroke Pines, Florida
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Fiscal Year Ended September 30, 2010

| | <u>Balance</u> <u>September 30,</u> <u>2009</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>September 30,</u> <u>2010</u> |
|-----------------------------------|---|-----------------------|-----------------------|---|
| General Trust Fund | | | | |
| Assets: | | | | |
| Pooled cash and cash equivalents | \$ - | \$ 98,276,685 | \$ 95,742,282 | \$ 2,534,403 |
| Investments: | | | | |
| Marketable securities | <u>2,660,465</u> | <u>-</u> | <u>2,660,465</u> | <u>-</u> |
| Total assets | <u>\$ 2,660,465</u> | <u>\$ 98,276,685</u> | <u>\$ 98,402,747</u> | <u>\$ 2,534,403</u> |
| Liabilities: | | | | |
| Accrued liabilities | \$ 2,660,465 | \$ 91,458,872 | \$ 91,584,934 | \$ 2,534,403 |
| Due to other funds | <u>-</u> | <u>4,159,937</u> | <u>4,159,937</u> | <u>-</u> |
| Total liabilities | <u>\$ 2,660,465</u> | <u>\$ 95,618,809</u> | <u>\$ 95,744,871</u> | <u>\$ 2,534,403</u> |
| Sanitation Fund | | | | |
| Assets: | | | | |
| Pooled cash and cash equivalents | \$ - | \$ 27,083,977 | \$ 27,083,977 | \$ - |
| Customer accounts receivable | <u>1,532,637</u> | <u>18,830,065</u> | <u>18,498,320</u> | <u>1,864,382</u> |
| Total assets | <u>\$ 1,532,637</u> | <u>\$ 45,914,042</u> | <u>\$ 45,582,297</u> | <u>\$ 1,864,382</u> |
| Liabilities: | | | | |
| Accounts payable | <u>1,532,637</u> | <u>19,234,694</u> | <u>18,902,949</u> | <u>1,864,382</u> |
| Total liabilities | <u>\$ 1,532,637</u> | <u>\$ 19,234,694</u> | <u>\$ 18,902,949</u> | <u>\$ 1,864,382</u> |
| Total - All Agency Funds | | | | |
| Assets: | | | | |
| Pooled cash and cash equivalents | \$ - | \$ 125,360,662 | \$ 122,826,259 | \$ 2,534,403 |
| Customer accounts receivable | 1,532,637 | 18,830,065 | 18,498,320 | 1,864,382 |
| Miscellaneous accounts receivable | <u>2,660,465</u> | <u>-</u> | <u>2,660,465</u> | <u>-</u> |
| Total assets | <u>\$ 4,193,102</u> | <u>\$ 144,190,727</u> | <u>\$ 143,985,044</u> | <u>\$ 4,398,785</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 1,532,637 | \$ 19,234,694 | \$ 18,902,949 | \$ 1,864,382 |
| Accrued liabilities | 2,660,465 | 91,458,872 | 91,584,934 | 2,534,403 |
| Due to other funds | <u>-</u> | <u>4,159,937</u> | <u>4,159,937</u> | <u>-</u> |
| Total liabilities | <u>\$ 4,193,102</u> | <u>\$ 114,853,503</u> | <u>\$ 114,647,820</u> | <u>\$ 4,398,785</u> |

III. STATISTICAL SECTION

- Financial Trends**
- Revenue Capacity**
- Debt Capacity**
- Demographic and Economic Information**
- Operating Information**
- Other Information**



STATISTICAL SECTION

This part of the City of Pembroke Pines, Florida's comprehensive annual financial report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Page

Financial Trends: *These schedules contain trend information to help the readers understand how the City's financial performance and well-being have changed over time.*

| | |
|--|-----|
| Net Assets by Component..... | 147 |
| Changes in Net Assets | 148 |
| Governmental Activities Tax Revenues by Source | 150 |
| Fund Balances of Governmental Funds | 151 |
| Changes in Fund Balances of Governmental Funds | 152 |
| General Governmental Tax Revenue by Source..... | 153 |

Revenue Capacity: *These schedules contain information to help the readers assess the City's most significant local revenue source, the property tax.*

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|--|-----|
| Assessed Value and Estimated Actual Value of Taxable Property..... | 154 |
| Property Tax Rates..... | 155 |
| Principal Property Taxpayers..... | 156 |
| Property Tax Levies and Collections | 157 |

Debt Capacity: *These schedules present information to help the readers assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.*

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|--|-----|
| Ratios of Outstanding Debt by Type | 158 |
| Ratios of General Bonded Debt Outstanding..... | 159 |
| Direct and Overlapping Government Activities Debt..... | 160 |
| Pledged-Revenue Coverage | 161 |

STATISTICAL SECTION

Page

Demographic and Economic Information: *These schedules offer demographic and economic indicators to help the readers understand the environment within which the City’s financial activities take place.*

| | |
|---|-----|
| Demographic and Economic Statistics | 163 |
| Principal Employers..... | 164 |

Operating Information: *These schedules contain service and infrastructure data to help the readers understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.*

| | |
|---|-----|
| Full-time Equivalent City Government Employees by Function..... | 165 |
| Operating Indicators by Function | 166 |
| Capital Asset Statistics by Function | 167 |

Other Information: *These schedules are supplementary schedules including additional continuing disclosure schedules, Schedule of Debt Service on Outstanding Bonds, Schedule of Insurance in Force, and School Enrollment.*

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|---|-----|
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| Schedule of Insurance in Force..... | 178 |
| School Enrollment | 179 |
| Property Value and Construction..... | 180 |
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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

City of Pembroke Pines, Florida
Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

| <u>Fiscal Year</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 116,772,277 | \$ 112,598,736 | \$ 114,619,737 | \$ 108,374,146 | \$ 95,504,416 | \$ 100,395,349 | \$ 103,142,455 | \$ 102,055,175 | \$ 98,775,229 |
| Restricted | 18,913,070 | 18,890,606 | 25,397,569 | 18,819,948 | 17,008,357 | 25,789,838 | 28,030,233 | 28,634,625 | 27,778,800 |
| Unrestricted | 7,431,859 | 14,649,585 | 2,836,562 | 1,504,644 | 3,898,185 | (11,556,042) | (15,795,579) | (16,635,595) | (5,662,804) |
| Total governmental activities net assets | <u>\$ 143,117,206</u> | <u>\$ 146,138,927</u> | <u>\$ 142,853,868</u> | <u>\$ 128,698,738</u> | <u>\$ 116,410,958</u> | <u>\$ 114,629,145</u> | <u>\$ 115,377,109</u> | <u>\$ 114,054,205</u> | <u>\$ 120,891,225</u> |
| Business-type activities | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 153,811,331 | \$ 154,941,053 | \$ 152,461,927 | \$ 148,774,481 | \$ 143,262,982 | \$ 143,935,636 | \$ 153,389,446 | \$ 152,797,781 | \$ 149,327,456 |
| Restricted | - | - | - | - | - | - | - | - | - |
| Unrestricted | 79,795,388 | 82,017,074 | 31,828,371 | 83,683,180 | 83,495,955 | 76,910,616 | 65,919,119 | 63,917,539 | 65,709,435 |
| Total business-type activities net assets | <u>\$ 233,606,719</u> | <u>\$ 236,958,127</u> | <u>\$ 184,290,298</u> | <u>\$ 232,457,661</u> | <u>\$ 226,758,937</u> | <u>\$ 220,846,252</u> | <u>\$ 219,308,565</u> | <u>\$ 216,715,320</u> | <u>\$ 215,036,891</u> |
| Primary government | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 270,583,608 | \$ 267,539,789 | \$ 267,081,664 | \$ 257,148,627 | \$ 238,767,398 | \$ 244,330,985 | \$ 256,531,901 | \$ 254,852,956 | \$ 248,102,685 |
| Restricted | 18,913,070 | 18,890,606 | 25,397,569 | 18,819,948 | 17,008,357 | 25,789,838 | 28,030,233 | 28,634,625 | 27,778,800 |
| Unrestricted | 87,227,247 | 96,666,659 | 34,664,933 | 85,187,824 | 87,394,140 | 65,354,574 | 50,123,540 | 47,281,944 | 60,046,631 |
| Total primary government net assets | <u>\$ 376,723,925</u> | <u>\$ 383,097,054</u> | <u>\$ 327,144,166</u> | <u>\$ 361,156,399</u> | <u>\$ 343,169,895</u> | <u>\$ 335,475,397</u> | <u>\$ 334,685,674</u> | <u>\$ 330,769,525</u> | <u>\$ 335,928,116</u> |

City of Pembroke Pines, Florida

**Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)**

| Expenses | Fiscal Year | | | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Governmental activities: | | | | | | | | | |
| General government (7) | \$ 20,085,237 | \$ 19,804,913 | \$ 21,245,245 | \$ 21,438,009 | \$ 23,008,076 | \$ 23,303,062 | \$ 23,235,940 | \$ 20,915,269 | \$ 19,647,193 |
| Public safety (1) (7) | 54,363,115 | 59,919,473 | 64,769,067 | 75,037,886 | 115,482,598 | 88,982,854 | 102,967,033 | 102,368,029 | 93,568,314 |
| Physical environment | 3,184,132 | 3,740,853 | 3,788,410 | 3,612,466 | 3,997,835 | 4,123,318 | 3,654,027 | 3,108,385 | 2,684,192 |
| Transportation (2) | 5,785,707 | 5,486,631 | 5,725,790 | 12,013,824 | 8,243,716 | 12,845,956 | 11,950,528 | 16,653,981 | 9,989,922 |
| Economic environment | 2,154,679 | 2,754,664 | 2,774,502 | 3,064,478 | 4,715,450 | 7,559,297 | 10,717,579 | 10,984,230 | 13,329,473 |
| Human services (3) | 24,138,249 | 36,142,870 | 43,531,313 | 49,160,396 | 50,152,084 | 54,110,736 | 53,871,577 | 56,340,121 | 54,656,396 |
| Culture/Recreation | 14,640,884 | 15,269,764 | 16,875,139 | 18,447,037 | 19,673,548 | 20,948,154 | 21,576,740 | 20,744,104 | 18,316,771 |
| Interest on long-term debt | 6,722,426 | 7,694,630 | 11,349,415 | 13,765,458 | 15,728,258 | 16,823,152 | 17,996,176 | 18,753,360 | 19,166,448 |
| Total governmental activities expenses | 131,074,429 | 150,813,798 | 170,058,881 | 196,539,554 | 241,001,565 | 228,696,529 | 245,969,600 | 249,867,479 | 231,358,709 |
| Business-type activities: | | | | | | | | | |
| Public safety | - | - | 19,241 | 48,130 | 273,616 | 4,100 | - | - | - |
| Water utility services | 3,843,161 | 3,917,274 | 4,050,643 | 4,421,132 | 5,088,235 | 5,318,837 | 5,318,791 | 4,933,388 | 4,318,216 |
| Sewer/wastewater services | 8,590,253 | 8,974,311 | 8,873,928 | 9,600,254 | 9,970,132 | 12,271,389 | 13,080,744 | 10,742,197 | 10,946,520 |
| Water-sewer combined services | 17,112,758 | 19,865,795 | 22,821,895 | 22,917,382 | 25,887,741 | 26,104,176 | 24,812,790 | 25,614,616 | 24,764,738 |
| Total business-type activities expenses | 29,546,172 | 32,757,380 | 35,765,707 | 36,986,898 | 41,219,724 | 43,698,502 | 43,212,325 | 41,290,201 | 40,029,474 |
| Total primary government expenses | \$ 160,620,601 | \$ 183,571,178 | \$ 205,824,588 | \$ 233,526,452 | \$ 282,221,289 | \$ 272,395,031 | \$ 289,181,925 | \$ 291,157,680 | \$ 271,388,183 |
| | | | | | | | | | |
| Program Revenues | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| Charges for services: | | | | | | | | | |
| General government | \$ 14,881,020 | \$ 14,889,651 | \$ 15,307,054 | \$ 16,210,579 | \$ 15,318,437 | \$ 15,166,539 | \$ 14,295,201 | \$ 16,026,118 | \$ 16,049,045 |
| Public safety | 17,614,392 | 15,535,883 | 14,630,803 | 16,612,089 | 19,436,165 | 19,897,138 | 28,386,165 | 28,257,835 | 28,399,794 |
| Physical environment | 1,625 | 2,413 | 2,593 | 560 | 120 | 600 | 1,075 | - | 158 |
| Transportation | 3,075,107 | 1,223,166 | 1,220,800 | 235,650 | 285,684 | 315,033 | 355,227 | 358,348 | 174,676 |
| Economic environment | 1,288,795 | 1,321,006 | 1,328,939 | 1,996,031 | 4,316,254 | 4,642,437 | 4,974,853 | 6,211,809 | 6,782,391 |
| Human services (3) | 18,950,247 | 28,432,894 | 36,713,012 | 38,929,127 | 40,293,116 | 47,785,824 | 51,655,776 | 49,472,143 | 49,638,630 |
| Culture/Recreation | 3,799,282 | 4,030,889 | 3,854,108 | 4,112,009 | 3,962,945 | 3,702,140 | 4,759,467 | 4,797,806 | 4,129,033 |
| Interest on long-term debt | 3,456,284 | 6,081,203 | 8,328,253 | 8,217,168 | 8,996,692 | 10,070,967 | 9,602,414 | 10,906,060 | 12,014,252 |
| Operating grants and contributions (4) | 3,630,457 | 3,222,313 | 4,866,288 | 6,803,875 | 34,437,431 | 7,557,767 | 10,489,392 | 14,653,685 | 9,984,812 |
| Capital grants and contributions | 4,120,865 | 2,978,244 | 512,573 | 1,109,677 | 304,636 | 6,671,291 | 11,914,221 | 5,483,163 | 2,294,865 |
| Total governmental activities program revenues | 70,818,074 | 77,717,662 | 86,764,423 | 94,226,765 | 127,351,480 | 115,809,736 | 136,433,791 | 136,166,967 | 129,467,656 |
| Business-type activities: | | | | | | | | | |
| Charges for services: | | | | | | | | | |
| Water utility services | 11,286,813 | 13,010,984 | 14,033,949 | 14,188,320 | 14,775,105 | 15,372,828 | 16,310,543 | 18,042,310 | 18,015,418 |
| Sewer/wastewater services (5) | 11,514,216 | 13,423,668 | 18,145,972 | 14,633,008 | 15,277,785 | 15,338,034 | 15,422,017 | 19,150,659 | 18,689,072 |
| Water-sewer combined services | 186,556 | 150,584 | 185,963 | 141,794 | 147,947 | 346,881 | 136,225 | 109,946 | 98,253 |
| Operating grants and contributions | - | 114,859 | 19,241 | 42,113 | 151,310 | 10,066 | - | - | 192,400 |
| Capital grants and contributions (6) | 11,743,301 | 7,877,097 | 3,176,882 | 712,820 | 1,577,331 | 2,471,676 | 7,307,004 | 717,144 | 680,553 |
| Total business-type activities program revenues | 34,730,886 | 34,577,192 | 35,562,007 | 29,718,055 | 31,929,478 | 33,539,485 | 39,175,789 | 38,020,059 | 37,675,696 |
| Total primary government program revenues | \$ 105,548,960 | \$ 112,294,854 | \$ 122,326,430 | \$ 123,944,820 | \$ 159,280,958 | \$ 149,349,221 | \$ 175,609,580 | \$ 174,187,026 | \$ 167,143,352 |

- (1) The increase in FY 06 was due to expenses related to Hurricane Wilma.
- (2) The FY 05 increase from the prior period was caused by expenditures for major roadwork improvements.
- (3) The increase in FY 02 - FY 05 was caused by the opening of additional Charter Schools.
- (4) The FY 06 increase from the prior period was due to Federal and State revenues from FEMA for Hurricane Wilma.
- (5) The FY 05 decrease from the prior period was a result of a one-time settlement recorded in the prior period.
- (6) Represents capital contributions from developers that were shown in charges for services in prior years. FY 02-05 restated for comparative purposes.
- (7) FY 2008 includes a \$3.8 million reclass of OPEB expense from General government to Public safety.

City of Pembroke Pines, Florida

**Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)
(continued)**

| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>Fiscal Year 2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|---|------------------------|------------------------|------------------------|-------------------------|-----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Net (expense)/revenue: | | | | | | | | | |
| Governmental activities | \$ (60,256,355) | \$ (73,096,136) | \$ (83,294,458) | \$ (102,312,789) | \$ (113,650,085) | \$ (112,886,793) | \$ (109,535,809) | \$ (113,700,512) | \$ (101,891,053) |
| Business-type activities | 5,184,714 | 1,819,812 | (203,700) | (7,268,843) | (9,290,246) | (10,159,017) | (4,036,536) | (3,270,142) | (2,353,778) |
| Total primary government net expense | <u>\$ (55,071,641)</u> | <u>\$ (71,276,324)</u> | <u>\$ (83,498,158)</u> | <u>\$ (109,581,632)</u> | <u>\$ (122,940,331)</u> | <u>\$ (123,045,810)</u> | <u>\$ (113,572,345)</u> | <u>\$ (116,970,654)</u> | <u>\$ (104,244,831)</u> |
| General Revenues and Other Changes in Net Assets | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| Taxes: | | | | | | | | | |
| Property taxes, levied for debt service | \$ - | \$ - | \$ - | \$ - | \$ 2,825,984 | \$ 2,665,536 | \$ 5,264,984 | \$ 5,520,777 | \$ 5,482,360 |
| Property taxes, levied for general purposes | 25,230,301 | 28,460,430 | 32,372,655 | 35,586,353 | 39,709,378 | 47,104,494 | 47,077,737 | 46,044,021 | 47,224,460 |
| Utility taxes | 8,530,503 | 9,044,100 | 9,116,958 | 9,461,819 | 9,673,442 | 9,722,816 | 9,939,667 | 10,012,094 | 10,710,284 |
| Communication service tax | 7,094,762 | 7,574,837 | 6,497,257 | 6,729,782 | 7,062,674 | 7,060,041 | 7,359,061 | 8,524,622 | 7,748,084 |
| Insurance premium taxes (7) | 1,233,840 | 1,426,440 | 1,730,676 | 1,861,332 | 2,028,350 | 2,442,108 | 2,581,143 | 2,429,576 | 2,337,509 |
| Local option gas taxes (7) | 2,598,699 | 2,709,524 | 2,784,224 | 2,858,951 | 2,835,233 | 2,739,055 | 2,785,670 | 2,696,917 | 2,633,187 |
| Local business tax (8) | 2,466,261 | 2,549,602 | 2,643,082 | 2,583,227 | 2,792,926 | 3,075,143 | 3,316,948 | 3,307,733 | 3,191,395 |
| Franchise fees | 8,272,014 | 10,681,172 | 11,437,462 | 12,946,625 | 14,712,631 | 15,105,140 | 15,294,804 | 16,378,799 | 14,712,823 |
| Intergovernmental revenue - unrestricted | 10,560,558 | 11,347,886 | 11,795,659 | 13,439,226 | 14,081,754 | 13,503,386 | 12,563,396 | 11,229,891 | 11,171,464 |
| Miscellaneous revenues | 61,950 | 400,358 | 211,184 | 282,531 | 341,544 | 766,762 | 595,174 | 1,320,308 | 218,254 |
| Investment earnings not restricted | 2,516,513 | 1,856,974 | 1,070,666 | 2,407,813 | 5,298,389 | 6,910,527 | 3,505,189 | 4,912,870 | 3,298,253 |
| Gain on sale of capital assets | - | 66,534 | 122,097 | - | - | 9,972 | - | - | - |
| Total governmental activities | <u>68,565,401</u> | <u>76,117,857</u> | <u>79,781,920</u> | <u>88,157,659</u> | <u>101,362,305</u> | <u>111,104,980</u> | <u>110,283,773</u> | <u>112,377,608</u> | <u>108,728,073</u> |
| Business-type activities: | | | | | | | | | |
| Investment earnings not restricted | 4,029,199 | 1,526,367 | 1,113,253 | 1,856,224 | 3,482,457 | 4,222,049 | 2,488,373 | 665,173 | 665,360 |
| Miscellaneous revenues | - | 6 | - | 142 | 99,618 | 23,947 | 10,476 | 11,723 | 9,989 |
| Gain on sale of capital assets | 510 | 5,223 | 2,000 | 469 | 9,447 | 336 | - | - | - |
| Total business-type activities | <u>4,029,709</u> | <u>1,531,596</u> | <u>1,115,253</u> | <u>1,856,835</u> | <u>3,591,522</u> | <u>4,246,332</u> | <u>2,498,849</u> | <u>676,896</u> | <u>675,349</u> |
| Total primary government | <u>\$ 72,595,110</u> | <u>\$ 77,649,453</u> | <u>\$ 80,897,173</u> | <u>\$ 90,014,494</u> | <u>\$ 104,953,827</u> | <u>\$ 115,351,312</u> | <u>\$ 112,782,622</u> | <u>\$ 113,054,504</u> | <u>\$ 109,403,422</u> |
| Change in Net Assets | | | | | | | | | |
| Governmental activities | \$ 8,309,046 | \$ 3,021,721 | \$ (3,512,538) | \$ (14,155,130) | \$ (12,287,780) | \$ (1,781,813) | \$ 747,964 | \$ (1,322,904) | \$ 6,837,020 |
| Business-type activities | 9,214,423 | 3,351,408 | 911,553 | (5,412,008) | (5,698,724) | (5,912,685) | (1,537,687) | (2,593,246) | (1,678,429) |
| Total primary government | <u>\$ 17,523,469</u> | <u>\$ 6,373,129</u> | <u>\$ (2,600,985)</u> | <u>\$ (19,567,138)</u> | <u>\$ (17,986,504)</u> | <u>\$ (7,694,498)</u> | <u>\$ (789,723)</u> | <u>\$ (3,916,150)</u> | <u>\$ 5,158,591</u> |

(7) Insurance premium taxes and local option gas taxes were shown in one line item labeled "Other taxes" in prior years.

(8) Occupational licenses reclassified from General government Program revenues to Local business tax in FY 02-06 for purposes of comparability.

City of Pembroke Pines, Florida
Governmental Activities Tax Revenues By Source
Last Nine Fiscal Years
(accrual basis of accounting)

| Fiscal Year | Property Taxes levied for: | | | Utility Taxes | Communications Services Tax | Insurance Premium Taxes (1) | Local Option Gas Taxes (1) | Local Business Tax (3) | Total |
|--------------------|-----------------------------------|-------------------------|-------------|----------------------|------------------------------------|------------------------------------|-----------------------------------|-------------------------------|--------------|
| | Debt Service | General Purposes | | | | | | | |
| 2002 | \$ - | \$25,230,301 | \$8,530,503 | \$7,094,762 | \$1,233,840 | \$2,598,699 | \$2,466,261 | \$47,154,366 | |
| 2003 | - | 28,460,430 | 9,044,100 | 7,574,837 | 1,426,440 | 2,709,524 | 2,549,602 | 51,764,933 | |
| 2004 | - | 32,372,655 | 9,116,958 | 6,497,257 | 1,730,676 | 2,784,224 | 2,643,082 | 55,144,852 | |
| 2005 | - | 35,586,353 | 9,461,819 | 6,729,782 | 1,861,332 | 2,858,951 | 2,583,227 | 59,081,464 | |
| 2006 | 2,825,984 (2) | 39,709,378 | 9,673,442 | 7,062,674 | 2,028,350 | 2,835,233 | 2,792,926 | 66,927,987 | |
| 2007 | 2,665,536 | 47,104,494 | 9,722,816 | 7,060,041 | 2,442,108 | 2,739,055 | 3,075,143 | 74,809,193 | |
| 2008 | 5,264,984 | 47,077,737 | 9,939,667 | 7,359,061 | 2,581,143 | 2,785,670 | 3,316,948 | 78,325,210 | |
| 2009 | 5,520,777 | 46,044,021 | 10,012,094 | 8,524,622 | 2,429,576 | 2,696,917 | 3,307,733 | 78,535,740 | |
| 2010 | 5,482,360 | 47,224,460 | 10,710,284 | 7,748,084 | 2,337,509 | 2,633,187 | 3,191,395 | 79,327,279 | |

(1) Insurance premium taxes and local option gas taxes were shown in one line item labeled "Other taxes" in prior years FY02-FY05.

(2) First year of taxes, based on the voter approved General Obligation Bonds, Series 2005 issued on September 30, 2005.

(3) Prior to FY 2007 Local business tax was reported as Licenses & Fees. Prior years have been restated.

City of Pembroke Pines, Florida
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | <u>2001</u> (1) | <u>2002</u> | <u>2003</u> (2) | <u>2004</u> (3) | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General fund | | | | | | | | | | |
| Reserved | \$ 1,135,784 | \$ 1,703,458 | \$ 962,277 | \$ 2,887,984 | \$ 1,075,843 | \$ 1,531,181 | \$ 785,690 | \$ 506,530 | \$ 415,040 | \$ 307,099 |
| Unreserved | 9,177,918 | 15,205,451 | 26,288,290 | 25,674,246 | 31,442,994 | 30,822,051 | 32,953,040 | 33,450,893 | 36,267,847 | 38,280,707 |
| Total general fund | <u>\$ 10,313,702</u> | <u>\$ 16,908,909</u> | <u>\$ 27,250,567</u> | <u>\$ 28,562,230</u> | <u>\$ 32,518,837</u> | <u>\$ 32,353,232</u> | <u>\$ 33,738,730</u> | <u>\$ 33,957,423</u> | <u>\$ 36,682,887</u> | <u>\$ 38,587,806</u> |
| | | | | | | | | | | |
| All other governmental funds | | | | | | | | | | |
| Reserved | \$ 22,267,164 | \$ 17,549,497 | \$ 12,975,753 | \$ 42,851,529 | \$ 61,155,573 | \$ 51,769,615 | \$ 85,839,141 | \$ 59,659,519 | \$ 51,563,685 | \$ 49,697,388 |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 5,153,381 | 8,905,554 | 10,267,333 | 9,071,583 | 9,214,679 | 8,994,528 | 9,883,192 | 14,615,622 | 14,525,682 | 13,667,108 |
| Capital projects fund | (23,981,935) | (6,192,792) | (15,144,540) | (19,443,097) | (15,397,753) | (21,100,410) | (21,993,648) | (14,178,201) | (11,872,035) | (7,766,078) |
| Total all other governmental funds | <u>\$ 3,438,610</u> | <u>\$ 20,262,259</u> | <u>\$ 8,098,546</u> | <u>\$ 32,480,015</u> | <u>\$ 54,972,499</u> | <u>\$ 39,663,733</u> | <u>\$ 73,728,685</u> | <u>\$ 60,096,940</u> | <u>\$ 54,217,332</u> | <u>\$ 55,598,418</u> |

- (1) Includes a cumulative effect of a change in accounting principle of \$1,451,938 - \$1,080,831 to the General Fund and \$371,107 to a Special Revenue Fund.
- (2) Includes a prior period adjustment of \$7,336,397 - \$7,220,258 to the General Fund and \$116,139 to a Special Revenue Fund.
- (3) Includes a prior period adjustment of \$226,095 to a Special Revenue Fund.

City of Pembroke Pines, Florida
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|---|-----------------------|----------------------|-----------------------|----------------------|----------------------|------------------------|----------------------|------------------------|-----------------------|---------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 38,763,751 | \$ 47,154,365 | \$ 51,764,934 | \$ 55,144,852 | \$ 59,081,464 | \$ 66,927,985 | \$ 74,809,193 | \$ 78,325,210 | \$ 78,535,740 | \$ 79,327,279 |
| Special assessments | 8,953,985 | 8,465,016 | 8,099,749 | 7,998,798 | 8,194,372 | 8,299,540 | 8,468,562 | 17,602,253 | 19,734,363 | 21,015,296 |
| Permits, fees and licenses | 16,100,999 | 14,947,419 | 15,011,340 | 14,719,053 | 17,592,755 | 21,021,458 | 22,185,099 | 20,801,798 | 18,508,763 | 15,009,358 |
| Intergovernmental | 27,232,171 | 32,960,088 | 40,117,149 | 46,663,998 | 50,899,822 | 81,112,119 | 59,130,835 | 64,894,563 | 65,065,938 | 61,513,829 |
| Charges for services | 17,993,638 | 20,485,835 | 22,584,114 | 23,259,471 | 24,989,138 | 24,836,751 | 26,284,799 | 27,467,164 | 29,477,979 | 29,126,538 |
| Fines and forfeitures | 1,618,439 | 1,280,456 | 1,248,016 | 882,780 | 958,626 | 1,364,608 | 1,426,849 | 1,475,291 | 1,594,585 | 1,879,569 |
| Investment income | 3,197,232 | 2,207,098 | 1,719,456 | 1,018,094 | 2,223,782 | 4,764,002 | 6,840,257 | 3,015,860 | 4,035,447 | 2,780,298 |
| Contributions | - | 1,186,811 | 241,082 | 236,906 | 1,773,367 | 487,008 | 6,696,257 | 11,366,688 | 5,660,901 | 986,077 |
| Rental revenue | - | 7,589,890 | 10,736,905 | 14,183,345 | 15,345,787 | 18,498,842 | 19,888,637 | 19,799,580 | 23,125,797 | 24,895,496 |
| Other | 7,404,364 | 195,282 | 1,556,028 | 1,473,464 | 1,338,585 | 1,426,743 | 1,734,635 | 1,920,227 | 2,360,034 | 1,675,016 |
| Total revenues | <u>121,264,579</u> | <u>136,472,260</u> | <u>153,078,773</u> | <u>165,580,761</u> | <u>182,397,698</u> | <u>228,739,056</u> | <u>227,465,123</u> | <u>246,668,634</u> | <u>248,099,547</u> | <u>238,208,756</u> |
| Expenditures | | | | | | | | | | |
| General government | 15,397,402 | 18,590,168 | 19,455,762 | 25,858,854 | 26,862,617 | 23,624,343 | 22,515,991 | 21,511,476 | 19,597,106 | 20,337,005 |
| Public safety | 54,980,563 | 57,402,925 | 59,672,849 | 133,594,581 | 69,464,940 | 110,276,174 | 86,971,602 | 94,765,020 | 98,221,869 | 97,825,714 |
| Physical environment | 2,870,259 | 3,185,017 | 3,918,738 | 4,373,793 | 3,531,434 | 3,917,975 | 4,025,954 | 3,584,401 | 2,955,500 | 2,731,465 |
| Transportation | 5,618,774 | 4,105,968 | 3,736,102 | 4,608,285 | 10,365,168 | 8,689,081 | 26,343,989 | 29,135,640 | 15,465,192 | 7,524,769 |
| Economic environment | 2,520,043 | 2,304,252 | 2,740,721 | 20,264,192 | 18,235,896 | 6,406,373 | 26,728,564 | 10,869,712 | 9,027,377 | 12,107,775 |
| Human services | 24,395,141 | 51,041,052 | 45,622,226 | 42,221,480 | 45,094,806 | 46,032,389 | 50,611,995 | 60,872,921 | 55,052,389 | 51,917,155 |
| Culture and recreation | 17,394,292 | 16,674,222 | 15,826,371 | 19,228,390 | 18,611,509 | 18,454,015 | 39,322,524 | 24,075,681 | 25,565,490 | 16,349,527 |
| Debt service: | | | | | | | | | | |
| Principal | 11,814,485 | 4,325,353 | 3,958,424 | 3,971,425 | 3,855,000 | 5,035,000 | 5,255,000 | 5,830,000 | 7,140,000 | 7,950,000 |
| Interest | 5,871,174 | 5,360,537 | 7,066,243 | 8,012,377 | 13,581,146 | 15,770,383 | 16,021,994 | 18,754,792 | 17,812,377 | 17,408,607 |
| Other debt service costs | - | 1,477,904 | 239,789 | 2,716,813 | 897,238 | 22,694 | 2,422,368 | 1,853,595 | 416,391 | 563,783 |
| Total expenditures | <u>140,862,133</u> | <u>164,467,398</u> | <u>162,237,225</u> | <u>264,850,190</u> | <u>210,499,754</u> | <u>238,228,427</u> | <u>280,219,981</u> | <u>271,253,238</u> | <u>251,253,691</u> | <u>234,715,800</u> |
| Excess (deficiency) of revenues over expenditures | (19,597,554) | (27,995,138) | (9,158,452) | (99,269,429) | (28,102,056) | (9,489,371) | (52,754,858) | (24,584,604) | (3,154,144) | 3,492,956 |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers in | 3,389,592 | 1,576,893 | 542,117 | 4,469,516 | 1,536,782 | 1,413,924 | 1,695,484 | 3,148,839 | 2,153,600 | 909,154 |
| Transfers out | (3,363,347) | (1,576,893) | (542,117) | (4,469,516) | (1,536,782) | (1,413,924) | (1,695,484) | (3,148,839) | (2,153,600) | (909,154) |
| Bonds issued | 10,000,000 | 71,570,000 | - | 124,736,467 | 54,910,000 | - | 144,574,999 | 72,135,000 | - | 8,545,700 |
| Premium (discount) on bonds | - | (363,592) | - | - | (358,853) | - | 3,067,996 | - | - | - |
| Current bond refunding | - | - | - | - | - | - | - | (7,910,000) | - | - |
| Payment to refunded bond escrow agent | - | (19,792,421) | - | - | - | (5,985,000) | (59,437,687) | (53,053,448) | - | (8,752,651) |
| Proceeds for sale of land | - | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>10,026,245</u> | <u>51,413,987</u> | <u>-</u> | <u>124,736,467</u> | <u>54,551,147</u> | <u>(5,985,000)</u> | <u>88,205,308</u> | <u>11,171,552</u> | <u>-</u> | <u>(206,951)</u> |
| Net change in fund balances | <u>\$ (9,571,309)</u> | <u>\$ 23,418,849</u> | <u>\$ (9,158,452)</u> | <u>\$ 25,467,038</u> | <u>\$ 26,449,091</u> | <u>\$ (15,474,371)</u> | <u>\$ 35,450,450</u> | <u>\$ (13,413,052)</u> | <u>\$ (3,154,144)</u> | <u>\$ 3,286,005</u> |
| Debt service as a percentage of noncapital expenditures | 15.1% | 9.0% | 7.8% | 6.1% | 10.1% | 9.3% | 11.0% | 11.5% | 10.8% | 11.3% |

City of Pembroke Pines, Florida
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

| Fiscal Year | Property Taxes | Utility Taxes | Communications Services Tax (1) | Insurance Premium Taxes | Local Option Gas Taxes | Local Business Tax (2) | Total |
|--------------------|-----------------------|----------------------|--|--------------------------------|-------------------------------|-------------------------------|---------------|
| 2001 | \$ 20,319,515 | \$ 12,549,292 | \$ - | \$ 1,013,126 | \$ 2,418,596 | \$ 2,463,222 | \$ 38,763,751 |
| 2002 | 25,230,301 | 8,530,503 | 7,094,762 | 1,233,840 | 2,598,699 | 2,466,261 | 47,154,366 |
| 2003 | 28,460,430 | 9,044,100 | 7,574,837 | 1,426,440 | 2,709,524 | 2,549,602 | 51,764,933 |
| 2004 | 32,372,655 | 9,116,958 | 6,497,257 | 1,730,676 | 2,784,224 | 2,643,082 | 55,144,852 |
| 2005 | 35,586,353 | 9,461,819 | 6,729,782 | 1,861,332 | 2,858,951 | 2,583,227 | 59,081,464 |
| 2006 | 42,535,362 | 9,673,442 | 7,062,674 | 2,028,350 | 2,835,233 | 2,792,926 | 66,927,987 |
| 2007 | 49,770,030 | 9,722,816 | 7,060,041 | 2,442,108 | 2,739,055 | 3,075,143 | 74,809,193 |
| 2008 | 52,342,721 | 9,939,667 | 7,359,061 | 2,581,143 | 2,785,670 | 3,316,948 | 78,325,210 |
| 2009 | 51,564,798 | 10,012,094 | 8,524,622 | 2,429,576 | 2,696,917 | 3,307,733 | 78,535,740 |
| 2010 | 52,706,820 | 10,710,284 | 7,748,084 | 2,337,509 | 2,633,187 | 3,191,395 | 79,327,279 |

(1) The Communications Services Tax replaced the Utility Services Tax on telecommunications services and the franchise fees on cable and telecommunication service providers.

(2) Prior to FY 2007 Local business tax was reported as Licenses & Fees. Prior years have been restated.

City of Pembroke Pines, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

| Fiscal Year Ended September 30 | Assessment Value | | Less: | | | | Total Taxable Assessed Value | Total Direct Tax Rate (5) | Estimated Actual Taxable Value | Assessed Value(6) as a Percentage of Actual Value |
|---|--------------------------|------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---|--|---|--|
| | Real Property | Personal Property | Tax-Exempt Properties(1) | Personal Exemptions(2) | Capped Differential(3) | V.A.B. Adjustments (4) | | | | |
| 2001 | \$ 6,541,449,910 | \$ 313,997,576 | \$ 308,744,700 | \$ 1,013,417,350 | \$ 99,567,590 | \$ 31,420,987 | \$ 5,402,296,859 | 3.9034 | \$ 6,855,447,486 | 100.00% |
| 2002 | 7,259,698,260 | 319,983,517 | 353,757,395 | 1,046,873,320 | 228,088,840 | 66,883,039 | 5,884,079,183 | 4.4597 | 7,579,681,777 | 100.00% |
| 2003 | 8,353,286,540 | 325,524,641 | 385,820,960 | 1,093,126,650 | 660,162,890 | 99,433,357 | 6,440,267,324 | 4.5990 | 8,678,811,181 | 100.00% |
| 2004 | 9,893,613,820 | 326,666,763 | 467,318,917 | 1,137,266,930 | 1,273,239,600 | 91,310,573 | 7,251,144,563 | 4.5990 | 10,220,280,583 | 100.00% |
| 2005 | 11,264,982,620 | 341,697,566 | 556,966,799 | 1,152,257,400 | 1,831,872,990 | 53,852,583 | 8,011,730,414 | 4.5990 | 11,606,680,186 | 100.00% |
| 2006 | 13,270,318,770 | 335,740,322 | 632,642,006 | 1,170,867,380 | 2,773,394,220 | 52,508,365 | 8,976,647,121 | 4.9265 | 13,606,059,092 | 100.00% |
| 2007 | 16,778,736,280 | 366,721,537 | 781,881,297 | 1,170,127,780 | 4,554,450,930 | 46,195,039 | 10,592,802,771 | 4.8596 | 17,145,457,817 | 100.00% |
| 2008 | 18,897,931,150 | 354,767,117 | 1,088,601,100 | 1,251,591,080 | 5,197,289,590 | (41,518,535) | 11,756,735,032 | 4.6397 | 19,252,698,267 | 100.00% |
| 2009 | 17,477,224,530 | 371,437,004 | 1,185,181,305 | 2,211,645,023 | 3,664,549,250 | 51,004,352 | 10,736,281,604 | 4.9630 | 17,848,661,534 | 100.00% |
| 2010 | 14,350,984,240 | 376,229,179 | 1,301,379,660 | 2,165,825,895 | 1,665,617,130 | 41,890,096 | 9,552,500,638 | 5.7200 | 14,727,213,419 | 100.00% |

Source: Forms DR-403 & DR-420, Broward County Property Appraiser (BCPA).

Note: Property in Broward County is reassessed annually. The County assesses property at just value (market value) for all types of real and personal property. Therefore, just value is equivalent to estimated actual taxable value. Tax rates are per \$1,000 of assessed value.

- (1) Just value of agricultural land classified net of use value, governmental and institutional (charitable, religious, scientific, and educational).
- (2) Widows/widowers, disability/blind, \$25,000 homestead, additional \$25,000 homestead, additional \$25,000 homestead age 65 and older, homestead assessment reduction for parents or grandparents and disabled veterans' homestead discount.
- (3) Per Florida Statute 193.155, the reassessed value of homestead property shall not exceed the lower of a) 3% of the assessed value of the property for the prior year; or b) the percentage change in the Consumer Price Index. Per Florida Statutes 193.1554 & 193.1555, the reassessed value may not exceed 10% of the assessed value of the property for the prior year.
- (4) Final adjustments to assessed value made by the Value Adjustment Board (VAB) of Broward County per Florida Statute 194.011 & BCPA.
- (5) Total direct tax rate includes debt service millage as follows: 0.3275-FY2006, 0.2606-FY2007, 0.4672-FY2008, 0.5318-FY2009 and 0.5951-FY2010.
- (6) Includes tax-exempt property.

City of Pembroke Pines, Florida
Property Tax Rates
Direct and Overlapping (1) Governments
Last Ten Fiscal Years

| Fiscal Year | City of Pembroke Pines | | | Broward County | | | | School Board | | | | Special Districts | Total Direct & Overlapping Rates |
|--------------------|-------------------------------|-----------------------------|---------------------------|--------------------------|---------------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------------|-----------------------------|-----------------------------|--------------------------|---|
| | Operating Millage | Debt Service Millage | Total City Millage | Operating Millage | Capital Projects Millage | Debt Service Millage | Total County Millage | General Fund Millage | Capital Outlay Millage | Debt Service Millage | Total School Millage | | |
| 2001 | 3.9034 | - | 3.9034 | 6.6449 | 0.2454 | 0.6347 | 7.5250 | 6.5410 | 2.0000 | 0.4143 | 8.9553 | 2.7319 | 23.1156 |
| 2002 | 4.4597 | - | 4.4597 | 6.4443 | 0.2234 | 0.7328 | 7.4005 | 6.3590 | 2.0000 | 0.3951 | 8.7541 | 2.9104 | 23.5247 |
| 2003 | 4.5990 | - | 4.5990 | 6.2752 | 0.3933 | 0.6965 | 7.3650 | 6.5410 | 2.0000 | 0.3415 | 8.8825 | 2.8007 | 23.6472 |
| 2004 | 4.5990 | - | 4.5990 | 6.3146 | 0.2919 | 0.5815 | 7.1880 | 6.1240 | 2.0000 | 0.2936 | 8.4176 | 2.8611 | 23.0657 |
| 2005 | 4.5990 | - | 4.5990 | 6.1905 | 0.2926 | 0.5399 | 7.0230 | 6.0140 | 2.0000 | 0.2555 | 8.2695 | 2.7347 | 22.6262 |
| 2006 | 4.5990 | 0.3275 | 4.9265 | 5.9838 | 0.3104 | 0.4888 | 6.7830 | 5.8410 | 2.0000 | 0.2213 | 8.0623 | 2.6086 | 22.3804 |
| 2007 | 4.5990 | 0.2606 | 4.8596 | 5.4054 | 0.2379 | 0.4228 | 6.0661 | 5.6790 | 2.0000 | 0.1897 | 7.8687 | 2.4728 | 21.2672 |
| 2008 | 4.1725 | 0.4672 | 4.6397 | 4.7471 | 0.1418 | 0.3979 | 5.2868 | 5.4770 | 2.0000 | 0.1714 | 7.6484 | 2.1800 | 19.7549 |
| 2009 | 4.4312 | 0.5318 | 4.9630 | 4.7471 | 0.1418 | 0.4256 | 5.3145 | 5.6670 | 1.7500 | - | 7.4170 | 2.2252 | 19.9197 |
| 2010 | 5.1249 | 0.5951 | 5.7200 | 4.7612 | 0.1277 | 0.5000 | 5.3889 | 5.9310 | 1.5000 | - | 7.4310 | 2.3560 | 20.8959 |

Source: Broward County Property Appraiser.

- (1) Overlapping rates are those of local and county governments that apply to property owners within the City of Pembroke Pines. Not all overlapping rates apply to all City of Pembroke Pines property owners (e.g. the rates for special districts only apply to the proportion of Pembroke Pines' property owners whose property is located within the geographic boundaries of the special district).
- (2) Broward County Capital Projects Millage for the Fiscal Years 1997 and 1998 is included in Operating Millage.

City of Pembroke Pines, Florida
Principal Property Taxpayers
Current Year and Nine Years Ago

| <u>Taxpayer</u> | <u>2010 Collection Year</u> | | | <u>2001 Collection Year</u> | | |
|-------------------------------------|-----------------------------|-------------|----------------------|-----------------------------|-------------|----------------------|
| | <u>Taxable</u> | <u>Rank</u> | <u>Percentage of</u> | <u>Taxable</u> | <u>Rank</u> | <u>Percentage of</u> |
| | <u>Assessed</u> | | <u>Total Taxable</u> | <u>Assessed</u> | | <u>Total Taxable</u> |
| | <u>Value</u> | | <u>Value</u> | <u>Value</u> | | <u>Value</u> |
| Pembroke Lakes Mall LTD | \$ 119,978,980 | 1 | 1.47% | \$ 88,862,470 | 1 | 1.64% |
| SPUSV5 Pembroke Pines LLC | 88,178,720 | 2 | 1.08% | - | - | - |
| AD Pembroke Land Company LLC | 68,776,510 | 3 | 0.84% | - | - | - |
| Prudential Insurance Co. of America | 48,340,990 | 4 | 0.59% | 39,558,620 | 3 | 0.73% |
| Westfork Tower LLC | 48,023,580 | 5 | 0.59% | 28,156,380 | 8 | 0.52% |
| EQR-SWN Line Financing Limited | 45,413,860 | 6 | 0.56% | - | - | - |
| WRI JT Pembroke Commons LP | 42,323,080 | 7 | 0.52% | - | - | - |
| Taplin Falls Ltd. | 39,779,200 | 8 | 0.49% | 30,681,740 | 5 | 0.57% |
| CP Pembroke Pines LLC | 38,870,160 | 9 | 0.48% | - | - | - |
| MIG/Pines Development LTD | 29,974,620 | 10 | 0.37% | - | - | - |
| WRI/Pembroke LTD | - | - | - | 27,580,800 | 9 | 0.51% |
| WRI Flamingo Pines LLC | - | - | - | - | - | - |
| Pembroke Cove LLC | - | - | - | 24,652,800 | 10 | 0.46% |
| Pasadena Place Associates | - | - | - | 65,224,200 | 2 | 1.21% |
| Marquesa Apartment Corporation | - | - | - | 34,339,180 | 4 | 0.64% |
| KLS Flamingo Land Trust | - | - | - | 30,000,530 | 6 | 0.56% |
| Merry Land Investment Co., Inc. | - | - | - | 28,352,640 | 7 | 0.52% |
| Totals | <u>\$ 569,659,700</u> | | <u>6.99%</u> | <u>\$ 397,409,360</u> | | <u>7.36%</u> |

Source: Broward County Property Appraiser's Tax Roll.

City of Pembroke Pines, Florida

**Property Tax Levies and Collections (1)
Last Seven Fiscal Years (2)**

| Fiscal Year Ended September 30 | Total Tax Levy for Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---|---|---|---------------------------|--|----------------------------------|---------------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2004 | \$ 33,348,014 | \$32,255,971 | 96.7% | \$67,245 | \$32,323,216 | 96.9% |
| 2005 | 36,845,948 | 35,493,585 | 96.3% | 24,471 | 35,518,056 | 96.4% |
| 2006 | 41,283,600 | 39,684,572 | 96.1% | 80,222 | 39,764,794 | 96.3% |
| 2007 | 48,716,300 | 46,954,319 | 96.4% | 71,994 | 47,026,313 | 96.5% |
| 2008 | 49,054,977 | 47,021,192 | 95.9% | 172,463 | 47,193,655 | 96.2% |
| 2009 | 47,574,611 | 45,833,741 | 96.3% | 72,009 | 45,905,750 | 96.5% |
| 2010 | 48,955,611 | 47,093,237 | 96.2% | - | 47,093,237 | 96.2% |

Source: Broward County Property Appraiser

- (1) For operating purposes only - excludes taxes levied for voted debt service.
- (2) Prior to FY 2004, information detailing the levy year of delinquent payments received is not available from the Broward County Property Appraiser.

City of Pembroke Pines, Florida
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (2) (3)

| <u>Fiscal Year</u> | <u>Governmental Activities</u> | | | | <u>Total Primary Government</u> | <u>Percentage of Personal Income (1)</u> | <u>Per Capita (1)</u> |
|--------------------|---------------------------------|----------------------|---------------------------------|-------------------------------------|---------------------------------|--|-----------------------|
| | <u>General Obligation Bonds</u> | <u>Revenue Bonds</u> | <u>Special Assessment Bonds</u> | <u>Certificates of Indebtedness</u> | | | |
| 2001 | \$ - | \$ 81,780,000 | \$ - | \$ 19,016,628 | \$ 100,796,628 | 2.26% | \$ 712 |
| 2002 | - | 148,722,040 | - | - | 148,722,040 | 3.19% | 1,027 |
| 2003 | - | 145,197,940 | - | - | 145,197,940 | 3.00% | 979 |
| 2004 | - | 266,387,937 | - | - | 266,387,937 | 5.12% | 1,771 |
| 2005 | 46,641,200 | 270,527,999 | - | - | 317,169,199 | 7.45% | 2,100 |
| 2006 | 45,625,776 | 260,693,946 | - | - | 306,319,722 | 7.11% | 2,018 |
| 2007 | 87,417,966 | 300,894,270 | - | - | 388,312,236 | 9.41% | 2,540 |
| 2008 | 85,968,632 | 306,910,737 | - | - | 392,879,369 | 10.06% | 2,613 |
| 2009 | 84,278,691 | 301,719,994 | - | - | 385,998,685 | * | 2,553 |
| 2010 | 82,528,051 | 296,203,708 | - | - | 378,731,759 | * | 2,515 |

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

(1) See Schedule of Demographic and Economic Statistics on page 163 for personal income and population data.

(2) For this period, there was no business-type activities debt outstanding.

(3) Debt from FY 2002 onward is net of premiums, discounts, and deferred gains and losses on refundings.

The City started using GASBS 34 reporting model in FY 2002.

* Information not available.

City of Pembroke Pines, Florida
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>General Obligation Bonds</u> | <u>Amounts Available in Debt Service Fund for Payment of</u> | | | <u>Total</u> | <u>Percentage of Estimated Actual Taxable Value(1) of Property</u> | <u>Per Capita(2)</u> |
|--------------------|---------------------------------|--|-----------------|------------|--------------|--|----------------------|
| | | <u>Principal</u> | <u>Interest</u> | | | | |
| 2001 | \$ - | \$ - | \$ - | \$ - | -% | \$ - | |
| 2002 | - | - | - | - | -% | - | |
| 2003 | - | - | - | - | -% | - | |
| 2004 | - | - | - | - | -% | - | |
| 2005 | 46,641,200 | - | - | 46,641,200 | 0.40% | 309 | |
| 2006 | 45,625,776 | - | 112,347 | 45,625,776 | 0.34% | 301 | |
| 2007 | 87,417,966 | - | 68,568 | 87,417,966 | 0.51% | 572 | |
| 2008 | 85,968,632 | - | 569 | 85,968,632 | 0.45% | 572 | |
| 2009 | 84,278,691 | - | 12,171 | 84,278,691 | 0.47% | 557 | |
| 2010 | 82,528,051 | - | 50,204 | 82,528,051 | 0.56% | 548 | |

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

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page **154** for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page **163**.

City of Pembroke Pines, Florida

Direct and Overlapping Governmental Activities Debt As of September 30, 2010

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable (1)</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|-----------------------------|--|--|
| Debt repaid with property taxes | | | |
| Broward County | \$ 393,665,000 | 6.49% | \$ 25,548,859 |
| School Board of Broward County | - | 6.49% | - |
| South Florida Water Management District | 524,178,196 | 6.49% | 34,019,165 |
| South Broward Hospital District | - | 6.49% | - |
| Other debt | | | |
| Broward County | 419,505,000 | 6.49% | 27,225,875 |
| School Board of Broward County | 2,021,590,000 | 6.49% | 131,201,191 |
| South Florida Water Management District | 36,160,000 | 6.49% | 2,346,784 |
| South Broward Hospital District | 559,552,890 | 6.49% | <u>36,314,983</u> |
| Subtotal, overlapping debt | | | 256,656,857 |
| City of Pembroke Pines, direct debt | | | 378,731,759 |
| Total direct and overlapping debt (2) | | | <u><u>\$ 635,388,616</u></u> |

Source: Assessed value data used to estimate applicable percentages provided by the Broward County Property Appraiser. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Pembroke Pines. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of Broward County's taxable assessed value that is within the City of Pembroke Pines' boundaries and dividing it by Broward County's total taxable assessed value.

(2) Includes all governmental activities debt.

City of Pembroke Pines, Florida
Pledged-Revenue Coverage
Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Net Available Revenues (1)</u> | <u>Debt Service</u> | | <u>Coverage</u> |
|---|-----------------------------------|---------------------|-----------------|-----------------|
| | | <u>Principal</u> | <u>Interest</u> | |
| Revenue Bonds Secured by Electric Franchise Fees (2) | | | | |
| 2001 | \$ 6,127,824 | \$ 1,170,000 | \$ 2,580,588 | 1.63 |
| 2002 | 5,902,581 | 1,085,000 | 2,531,539 | 1.63 |
| 2003 | 6,509,589 | 1,135,000 | 2,480,394 | 1.80 |
| 2004 | 7,001,743 | 1,185,000 | 2,431,283 | 1.94 |
| 2005 | 7,448,243 | 1,235,000 | 2,497,603 | 2.00 |
| 2006 | 8,958,121 | 1,280,000 | 2,428,471 | 2.42 |
| 2007 | 9,184,098 | 1,125,000 | 2,969,187 | 2.24 |
| 2008 | 9,176,429 | 1,635,000 | 4,014,338 | 1.62 |
| 2009 | 9,208,118 | 1,695,000 | 3,768,469 | 1.69 |
| 2010 | 8,401,468 | 2,295,000 | 3,588,054 | 1.43 |
| Revenue Bonds Secured by Electric Public Service Tax (3) | | | | |
| 2001 | \$ 6,871,802 | \$ 2,715,000 | \$ 1,453,659 | 1.65 |
| 2002 | 7,334,212 | 2,840,000 | 1,745,793 | 1.60 |
| 2003 | 7,647,870 | 2,365,000 | 2,096,800 | 1.71 |
| 2004 | 7,612,895 | 1,425,000 | 2,011,198 | 2.22 |
| 2005 | 7,931,137 | 1,475,000 | 3,336,527 | 1.65 |
| 2006 | 8,084,904 | 1,530,000 | 3,586,996 | 1.58 |
| 2007 | 8,093,581 | 1,590,000 | 3,236,221 | 1.68 |
| 2008 | 8,220,016 | 1,665,000 | 3,337,808 | 1.64 |
| 2009 | 8,124,202 | 1,730,000 | 3,269,248 | 1.63 |
| 2010 | 8,840,661 | 1,805,000 | 3,197,138 | 1.77 |
| Revenue Bonds Secured by Charter School total revenues and Early Development Center lease payments (4) | | | | |
| 2001 | \$ - | \$ - | \$ - | - |
| 2002 | 17,321,219 | - | - | - |
| 2003 | 27,573,569 | - | 2,488,935 | 11.08 |
| 2004 | 34,035,981 | 175,000 | 2,486,421 | 12.79 |
| 2005 | 36,922,829 | 1,115,000 | 2,467,971 | 10.31 |
| 2006 | 38,008,056 | 1,145,000 | 2,433,869 | 10.62 |
| 2007 | 43,925,966 | 1,190,000 | 2,394,806 | 12.25 |
| 2008 | 48,332,426 | 1,225,000 | 2,781,566 | 12.06 |
| 2009 | 46,318,931 | - | 2,641,369 | 17.54 |
| 2010 | 45,749,766 | 300,000 | 2,708,780 | 15.21 |

City of Pembroke Pines, Florida
Pledged-Revenue Coverage
Last Ten Fiscal Years
(continued)

| <u>Fiscal Year</u> | <u>Net Available Revenues (1)</u> | <u>Debt Service</u> | | <u>Coverage</u> |
|--|-----------------------------------|---------------------|-----------------|-----------------|
| | | <u>Principal</u> | <u>Interest</u> | |
| Revenue Bonds Secured by Communications Services Tax and Water Public Service Tax (5) | | | | |
| 2001 | \$ - | \$ - | \$ - | - |
| 2002 | - | - | - | - |
| 2003 | - | - | - | - |
| 2004 | 7,787,772 | - | 1,086,099 | 7.17 |
| 2005 | 8,040,474 | - | 4,832,776 | 1.66 |
| 2006 | 8,431,668 | - | 4,832,776 | 1.74 |
| 2007 | 8,469,829 | 405,000 | 4,828,220 | 1.62 |
| 2008 | 8,854,262 | 1,045,000 | 4,799,152 | 1.52 |
| 2009 | 10,200,595 | 1,690,000 | 4,738,133 | 1.59 |
| 2010 | 9,388,292 | 1,765,000 | 4,662,033 | 1.46 |

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

- (1) **Net available revenues** are equal to gross revenues as specific operating expenses are not applicable.
- (2) **Electric Franchise Fees** are fees collected from granting an electric franchise to Florida Power and Light Company, which consists of the non-exclusive privilege of constructing, maintaining and operating in streets, rights of way and other public places in the City, electric light and power facilities.
- (3) **Electric Public Service Taxes** are taxes levied within the corporate limits of the City on the purchase of electricity service.
- (4) **Charter School total revenues and Early Development Center lease payments** are total revenues and other financing sources (transfers in) from all Charter Schools combined plus revenues equal to the Early Development Center lease payments relating to these bonds.
- (5) **Communications Services Taxes** are taxes levied pursuant to Chapter 202, Florida Statutes, except the receipts of taxes levied pursuant to Section 202.12, Florida Statutes. **Water Public Service Taxes** are taxes levied within the corporate limits of the City on the purchase of water service.

City of Pembroke Pines, Florida
Demographic and Economic Statistics
Last Ten Fiscal Years

| Fiscal Year | Population(1) | Personal Income (in thousands) | Per Capita Personal Income(2) | Median Age(3) | Percent with a bachelor's degree or higher(3) | School Enrollment(4) | Unemployment Rate(5) |
|--------------------|----------------------|---------------------------------------|--------------------------------------|----------------------|--|-----------------------------|-----------------------------|
| 2001 | 141,659 | 4,463,958 | 31,512 | 39.4 | 28.8% | 25,084 | 2.8% |
| 2002 | 144,792 | 4,666,936 | 32,232 | 35.8 | 29.8% | 24,523 | 4.3% |
| 2003 | 148,280 | 4,841,342 | 32,650 | 38.1 | 32.2% | 23,212 | 4.1% |
| 2004 | 150,435 | 5,199,034 | 34,560 | 37.8 | 32.2% | 24,280 | 3.5% |
| 2005 | 151,045 | 4,259,016 | 28,197 | 37.8 | 32.3% | 24,759 | 3.3% |
| 2006 | 151,786 | 4,307,231 | 28,377 | 37.5 | 30.4% | 23,487 | 2.9% |
| 2007 | 152,888 | 4,125,224 | 26,982 | 39.3 | 29.8% | 23,239 | 3.0% |
| 2008 | 150,380 | 3,904,466 | 25,964 | 40.8 | 28.9% | 24,907 | 5.2% |
| 2009 | 151,193 | * | * | 39.4 | 31.2% | 25,678 | 7.4% |
| 2010 | 150,587 | * | * | * | * | 25,826 | 9.5% |

Data sources:

- (1) Years 2001 - 2006 are estimates from the University of Florida's Statistical Abstract. Years 2007 & 2008 are estimates from the City's Planning Department. 2009 & 2010 are estimates from the University of Florida.
- (2) Represents income per capita for Broward County as provided by the U.S. Department of Commerce, Bureau of Economic Analysis.
- (3) US Census Bureau, American Community Survey Profile - Pembroke Pines.
- (4) Grades 1 -12, are from Broward County School Board Twentieth Day Report. Department of Education.
- (5) Florida Department of Labor, Bureau of Labor Market Information. The unemployment rates for FY 2001-2010 represent the average for 12 months ending September 30th.
- * Information not available.

City of Pembroke Pines, Florida
Principal Employers
Current Year and Nine Years Ago

| <u>Employer</u> | <u>2010</u> | | | <u>2001</u> | | |
|--------------------------|--------------------------------|-------------|--|--------------------------------|-------------|--|
| | <u>(1)</u> <u>Employees</u> | <u>Rank</u> | <u>Percentage</u> <u>of Total City</u> <u>Employment (2)</u> | <u>(1)</u> <u>Employees</u> | <u>Rank</u> | <u>Percentage</u> <u>of Total City</u> <u>Employment (2)</u> |
| Memorial Health Systems | 3,406 | 1 | 4.48% | 935 | | 1.37% |
| City of Pembroke Pines | 1,452 | 2 | 1.91% | 1,509 | | 2.21% |
| Wal Mart, Pembroke Pines | 600 | 3 | 0.79% | N/A | | - |
| Publix | 460 | 4 | 0.60% | N/A | | - |
| Target | 264 | 5 | 0.35% | N/A | | - |
| Claire's Corporation | 212 | 7 | 0.28% | N/A | | - |
| Cintas Corporation | 198 | 6 | 0.26% | N/A | | - |
| World Ford | 189 | 8 | 0.25% | N/A | | - |
| Winn Dixie | 168 | 9 | 0.22% | N/A | | - |
| Macy's | 153 | 10 | 0.20% | N/A | | - |

(1) Source - City of Pembroke Pines Economic Development Division & Corporate Human Resources Departments.
Includes full-time and part-time employees.

(2) Source - American Community Survey, Data Profile, percent in labor force (population 16 years and over).

N/A - information not available

City of Pembroke Pines, Florida
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

| | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Function | | | | | | | | | | |
| General government services | 139.00 | 145.50 | 143.50 | 141.50 | 141.50 | 141.00 | 140.00 | 114.50 | 98.00 | 80.00 |
| Public safety: | | | | | | | | | | |
| Police | | | | | | | | | | |
| Sworn | 213.00 | 216.00 | 233.00 | 230.00 | 236.00 | 242.00 | 250.00 | 247.00 | 241.00 | 231.00 |
| Non-sworn and grant positions | 67.50 | 77.00 | 83.00 | 93.00 | 93.00 | 91.00 | 84.50 | 77.00 | 65.50 | 63.50 |
| Fire and rescue | 247.00 | 249.00 | 250.00 | 250.00 | 250.00 | 259.00 | 259.00 | 266.50 | 270.50 | 266.50 |
| Building | 84.00 | 80.00 | 80.00 | 68.50 | 65.50 | 59.50 | 57.50 | 52.50 | 11.50 | * |
| Code enforcement | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 11.00 | 11.00 | 11.00 | 11.00 |
| Physical environment | 34.00 | 30.00 | 29.00 | 28.50 | 28.00 | 27.00 | 27.00 | 13.00 | 12.00 | 8.50 |
| Transportation | 16.50 | 31.00 | 30.00 | 32.00 | 32.50 | 32.11 | 31.30 | 26.90 | 8.00 | 6.00 |
| Economic environment | 2.00 | 2.00 | 2.00 | 2.00 | 4.00 | 2.00 | 4.00 | 4.00 | 3.50 | 2.50 |
| Human services: | | | | | | | | | | |
| Early development centers | 105.50 | 128.00 | 121.00 | 123.00 | 117.50 | 117.50 | 118.50 | 115.50 | 110.50 | 116.00 |
| Community services | 27.50 | 27.25 | 29.75 | 30.75 | 30.75 | 29.25 | 31.25 | 26.75 | 4.50 | 2.50 |
| SW multipurpose center | - | 23.75 | 23.75 | 22.75 | 21.75 | 22.64 | 23.45 | 26.35 | * | * |
| Charter schools | 200.50 | 240.50 | 262.24 | 449.00 | 446.99 | 461.50 | 473.00 | 477.00 | 499.00 | 489.50 |
| Culture and recreation | 224.50 | 236.50 | 235.50 | 229.50 | 231.50 | 236.50 | 239.50 | 195.00 | 164.50 | 135.00 |
| Water-sewer combined service | 135.50 | 136.00 | 124.00 | 124.50 | 125.00 | 125.00 | 125.00 | 85.50 | 65.00 | 40.00 |
| Total | <u>1,508.50</u> | <u>1,634.50</u> | <u>1,658.74</u> | <u>1,837.00</u> | <u>1,835.99</u> | <u>1,858.00</u> | <u>1,875.00</u> | <u>1,738.50</u> | <u>1,564.50</u> | <u>1,452.00</u> |

* The City utilized contracted employees.

Source: City of Pembroke Pines, Florida Annual Budget.

City of Pembroke Pines, Florida
Operating Indicators by Function
Last Ten Fiscal Years

| <u>Function</u> | <u>Fiscal Year</u> | | | | | | | | | |
|---|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| Public safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Number of calls answered | 102,592 | 103,242 | 97,297 | 106,772 | 78,376 | 97,790 | 100,480 | 100,040 | 119,574 | 96,831 |
| Felony arrests | n/a | 2,875 | 4,171 | 2,064 | 1,564 | 1,068 | n/a | 1,295 | 1,354 | 1,164 |
| Traffic accidents | n/a | 4,222 | 4,803 | 4,980 | 5,192 | 5,125 | 5,152 | 5,058 | 5,038 | 5,002 |
| Traffic/parking/red light citations | 31,275 | 31,269 | 26,692 | 28,346 | 38,268 | 42,575 | 46,797 | 51,847 | 55,896 | 45,883 |
| False alarm citations | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 262 |
| Fire/ambulance rescue | | | | | | | | | | |
| Number of EMS calls answered | 15,796 | 15,896 | 17,159 | 17,528 | 18,204 | 18,638 | 18,726 | 18,146 | 18,448 | 18,193 |
| Number of fire calls answered | 307 | 314 | 288 | 318 | 288 | 274 | 224 | 230 | 201 | 205 |
| Building permits issued | 10,368 | 10,140 | 9,171 | 9,457 | 10,991 | 16,996 | 10,837 | 7,110 | 4,835 | 5,267 |
| Physical environment | | | | | | | | | | |
| Maintained rights of ways (miles) | 478 | 510 | 520 | 550 | 575 | 575 | 576 | 466 | 466 | 466 |
| Landscaping and irrigation (miles) | 104 | 112 | 120 | 140 | 155 | 165 | 165 | 148 | 153 | 160 |
| Transportation | | | | | | | | | | |
| Traffic guardrails installed (linear feet) | n/a | 4,000 | 200 | 200 | - | 500 | - | - | - | - |
| Sidewalks replaced (linear feet) | n/a | 14,440 | 4,000 | 4,500 | 2,000 | 11,700 | 2,200 | 17,758 | 10,501 | 15,962 |
| Curbing installed (linear feet) | n/a | 5,000 | 5,000 | 1,000 | 500 | 600 | 143 | - | 1,000 | - |
| Number of trips - Community Bus program | n/a | 26,945 | 41,299 | 131,205 | 182,518 | 195,610 | 201,292 | 197,223 | 180,000 | 205,947 |
| Human services | | | | | | | | | | |
| Charter schools | | | | | | | | | | |
| Average student class size | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 23 |
| Number of students enrolled | 2,804 | 4,189 | 4,600 | 5,172 | 5,194 | 5,289 | 5,295 | 5,426 | 5,499 | 5,537 |
| Culture/recreation | | | | | | | | | | |
| Number of sports leagues | 36 | 38 | 43 | 49 | 42 | 51 | 55 | 39 | 41 | 41 |
| Number of tennis memberships | 330 | 213 | 215 | 217 | 233 | 217 | 137 | 169 | 174 | 174 |
| Water-sewer combined service | | | | | | | | | | |
| Number of water accounts | 41,832 | 43,977 | 44,785 | 44,036 | 44,161 | 44,644 | 44,997 | 45,586 | 42,819 | 42,526 |
| Sewer mains rehabilitated (linear feet) | n/a | 12,000 | 27,300 | 11,500 | 9,802 | 2,200 | 12,000 | 4,600 | 5,000 | 5,000 |
| Average daily consumption (millions of gallons) | 11.79 | 11.92 | 12.93 | 13.02 | 12.39 | 12.54 | 12.61 | 11.66 | 11.5 | 12.5 |

Source: Various City Departments
n/a - Information is not available for earlier years.

City of Pembroke Pines, Florida
Capital Asset Statistics by Function
Last Ten Fiscal Years

| <u>Function</u> | <u>Fiscal Year</u> | | | | | | | | | |
|---|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| Public safety | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Stations | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Patrol units | 225 | 365 | 365 | 365 | 365 | 365 | 365 | 365 | 310 | 308 |
| Fire/ambulance rescue: | | | | | | | | | | |
| Stations | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Fire trucks / engines | 10 | 10 | 13 | 13 | 13 | 13 | 13 | 9 | 9 | 9 |
| Fire ladders | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Fire rescue ambulances | 9 | 9 | 11 | 11 | 11 | 11 | 11 | 12 | 12 | 12 |
| Physical environment | | | | | | | | | | |
| Water: | | | | | | | | | | |
| Water mains (miles) | 452 | 478 | 478 | 489 | 489 | 489 | 489 | 489 | 489 | 489 |
| Fire hydrants | 3,649 | 3,952 | 3,952 | 4,121 | 4,121 | 4,121 | 4,121 | 4,121 | 4,121 | 4,121 |
| Maximum daily permit capacity (millions of gallons) | 16.2 | 16.2 | 16.2 | 16.2 | 16.2 | 16.2 | 16.2 | 16.2 | 16.2 | 16.2 |
| Maximum daily plant capacity (millions of gallons) | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 |
| Sewer: | | | | | | | | | | |
| Sanitary sewers (miles) | 382 | 392 | 397 | 397 | 399 | 400 | 402 | 402 | 402 | 403 |
| Storm sewers (miles) | 212 | 215 | 215 | 226 | 226 | 226 | 226 | 226 | 226 | 226 |
| Maximum daily treatment capacity (millions of gallons) | 7.7 | 7.7 | 7.7 | 7.7 | 9.5 | 9.5 | 9.5 | 9.5 | 9.5 | 9.5 |
| Transportation | | | | | | | | | | |
| Maintained roads (miles) | 390 | 444 | 450 | 460 | 462 | 460 | 460 | 460 | 460 | 465 |
| Economic environment | | | | | | | | | | |
| Senior housing units | 190 | 190 | 190 | 190 | 584 | 584 | 584 | 804 | 804 | 804 |
| Transitional living units | - | - | - | - | - | - | 24 | 19 | 21 | 21 |
| Human services | | | | | | | | | | |
| City operated charter schools | | | | | | | | | | |
| Elementary School | 1 | 1 | 1 | 2 | 5 | 4 | 4 | 4 | 4 | 4 |
| Middle School | 1 | 1 | 1 | 2 | 3 | 2 | 2 | 2 | 2 | 2 |
| High School | 1 | 1 | 1 | 1 | 2 | 1 | 1 | 1 | 1 | 1 |
| Culture/recreation | | | | | | | | | | |
| Parks acreage | 294 | 294 | 294 | 302 | 302 | 302 | 357 | 361 | 418 | 421 |
| Parks | 26 | 26 | 26 | 29 | 29 | 29 | 29 | 30 | 30 | 31 |
| Swimming pools | 6 | 7 | 7 | 8 | 8 | 8 | 8 | 7 | 7 | 6 |
| Tennis courts | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Recreation centers | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 4 |
| Football/Soccer fields | 15 | 13 | 13 | 13 | 13 | 15 | 15 | 19 | 19 | 19 |
| Basketball courts | 21 | 17 | 17 | 17 | 17 | 21 | 21 | 22 | 22 | 22 |
| Playgrounds | 21 | 20 | 20 | 20 | 20 | 21 | 19 | 20 | 20 | 20 |

Source: Various City Departments

City of Pembroke Pines, Florida

Property Assessed Value, Outstanding Debt, Legal Debt Limit, Debt Management Policies & Covenants

September 30, 2010

Property Assessed Value:

| | |
|--|-------------------------|
| Estimated Actual Taxable Value | \$14,727,213,419 |
| Less: Tax Exempt Properties | (1,301,379,660) |
| Personal Exemptions | (2,165,825,895) |
| Capped Differential ⁽¹⁾ | (1,665,617,130) |
| Value Adjustment Board & Broward County Property Appraiser Adjustments | (41,890,096) |
| Total Taxable Assessed Value | \$ 9,552,500,638 |

Outstanding Debt:

| | |
|---|-----------------------|
| City's direct unlimited tax general obligation debt limitation (1.5% of the City's taxable assessed valuation) | \$ 143,287,510 |
|---|-----------------------|

Revenue Bonds:

| | |
|--|--------------------|
| Public Improvement Revenue Bonds, Series 2001 | 3,550,000 |
| Taxable Communications Services Tax Revenue Bonds, Series 2003A | 37,935,000 |
| Taxable Communications Services Tax Revenue Bonds, Series 2004 | 47,005,000 |
| Public Improvement Revenue Bonds, Series 2004A | 20,140,000 |
| Public Improvement Revenue Bonds, Series 2004B | 15,975,000 |
| Public Improvement Revenue Refunding Bonds, Series 2006 | 28,685,000 |
| Capital Improvement Revenue Refunding Bonds, Series 2006 | 42,640,000 |
| Capital Improvement Revenue Bonds, Series 2007 | 26,290,000 |
| Charter School Revenue Bonds, Series 2008 | 63,495,000 |
| Variable Rate Capital Improvement Revenue Refunding Bonds, Series 2008 | 8,040,000 |
| Capital Improvement Revenue Refunding Bonds, Series 2010 | 8,545,700 |
| Total outstanding revenue bonds | 302,300,700 |

General Obligation Bonds:

| | |
|---------------------------------------|------------|
| General Obligation Bonds, Series 2005 | 42,160,000 |
| General Obligation Bonds, Series 2007 | 40,900,000 |

| | |
|--|-------------------|
| Total General Obligation Bonds subject to debt limitation | 83,060,000 |
|--|-------------------|

| | |
|-----------------------------------|-----------------------|
| Total outstanding debt | 385,360,700 |
| Less: Reserve for debt service | (8,701,088) |
| Net total outstanding debt | \$ 376,659,612 |

| | |
|--------------------------|----------------------|
| Legal debt margin | \$ 60,227,510 |
|--------------------------|----------------------|

(1) Per Florida Statute 193.155, the reassessed value shall not exceed the lower of a) 3% of the assessed value of the property for the prior year; or b) the percentage change in the CPI.

Per Florida Statutes 193.1554 & 193.1555, the reassessed value may not exceed 10% of the assessed value of the property for the prior year.

City of Pembroke Pines, Florida

Property Assessed Value, Outstanding Debt, Legal Debt Limit, Debt Management Policies & Covenants

September 30, 2010
(continued)

Legal Debt Limit:

There are no direct limitations imposed by the Florida Constitution or the Florida Statutes on the amount of debt that the City can issue.

Debt Management Policies:

On November 1, 2006, the City of Pembroke Pines adopted Ordinances No. 1560 and No. 1561, creating a "Debt Management Policy" and a "Derivative Debt Management Policy" respectively for the City, and amending Chapter 33 of the Code of Ordinances of the City by specifically creating Section 33.65, entitled "Debt Management Policy" and Section 33.66, entitled "Derivative Debt Management Policy," respectively.

The **Debt Management Policy** provides structure and regulation to the City's debt process, and the following limitations on the City's indebtedness:

- A. Target Limitations on Unlimited Tax General Obligation Indebtedness. The City shall, as a matter of policy, conduct its finances so that the amount of direct unlimited tax general obligation ("UTGO") debt outstanding at any time that is subject to approval by the voters (excluding long-term, non-self-supporting leases) does not exceed 1.5% of the City's total taxable assessed valuation.
- B. Target Limitations on Non-Self-Supporting Limited Tax General Obligation Indebtedness and Lease-Purchase Obligations. The City shall, as a matter of policy, conduct its finances so that the amount of direct, non-self-supporting, limited tax general obligation ("LTGO") debt and lease-purchase obligations outstanding at any time that are not subject to approval by the voters does not exceed 1.5% of the City's total taxable assessed valuation. Furthermore, the City shall strive to limit the annual debt service requirements on these obligations to an amount that is not greater than 10% of annual General Fund and Debt Service Fund revenues.

These limitations apply to debt obligations issued with a specific LTGO pledge, and obligations that are in effect secured by a LTGO pledge and are not self-supporting.

- C. Target Limitations on Lease-Purchase Financing of Equipment and Furnishings. The City may enter into short-term lease-purchase obligations to finance the acquisition of capital equipment and furnishings with estimated useful lives of less than ten years. Outstanding lease-purchase obligations issued to finance capital equipment and furnishings shall not exceed 0.25% of the City's total taxable assessed valuation. Repayment of these lease-purchase obligations shall occur over a period not to exceed the useful life of the underlying asset or in any case no longer than ten years from the dated date of such obligations. The Finance Department shall be responsible for developing procedures for use by City Departments interested in participating in lease-purchase programs, and for setting repayment terms and amortization schedules, in consultation with participating departments.

City of Pembroke Pines, Florida

Property Assessed Value, Outstanding Debt, Legal Debt Limit, Debt Management Policies & Covenants

September 30, 2010
(continued)

D. Limitations on General Fund Loan Guarantees and Credit Support. As part of the City's financing activities, General Fund resources may be used to provide credit support or loan guarantees for public or private developments that meet high priority City needs. Before such General Fund commitments are made, specific policy goals and objectives that determine the nature and type of projects qualifying for such support, and specific limitations to be placed on the maximum amount of General Fund resources pledged to such projects, shall be developed. The City Manager and the Finance Director shall be responsible for coordinating the development of such policies and goals, which shall not take effect until approved by the City Commission. General Fund loan guarantees shall be subject to the overall debt limitations set forth in B, above.

Recognizing the limited capacity of the City's General Fund to support both ongoing operating programs and secure long-term debt obligations, use of the General Fund to secure such obligations must first be approved by the Finance Director and the City Manager. Key factors that will be considered in determining whether or not the General Fund should be used to secure a particular debt obligation will include one or more of the following:

1. Demonstration of underlying self-support, thus limiting potential General Fund financial exposure.
2. Use of General Fund support as a transition to a fully stand alone credit structure, whereby interim use of General Fund credit support reduces borrowing costs and provides a credit history.
3. General Fund support is determined by the City Commission to be in the City's overall best interest.
4. General Fund support is justified to achieve a specific public benefit for the residents of the City as recommended by the City Manager and approved by the City Commission.

E. Target Limitations on the Issuance of Revenue-Secured Debt Obligations. The City shall seek to finance the capital needs of its revenue producing enterprise activities through the issuance of revenue-secured debt obligations. Prior to issuing revenue-secured debt obligations, City Departments, in consultation with the Finance Director, will develop financial plans and projections showing the feasibility of the planned financing, required rates and charges needed to support the planned financing, and the impact of the planned financing on ratepayers, property owners, City Departments, and other affected parties. The amount of revenue-secured debt obligations issued will be limited by the feasibility of the overall financing plan as determined by the Finance Director in consultation with the Financial Advisor.

Revenue-secured debt obligations must first be reviewed and approved by the Finance Director before being issued.

City of Pembroke Pines, Florida

Property Assessed Value, Outstanding Debt, Legal Debt Limit, Debt Management Policies & Covenants

September 30, 2010

(continued)

The **Derivative Debt Management Policy** establishes guidelines for the use and management of all interest rate exchange agreements incurred in connection with the incurrence of debt obligations.

Covenants:

The City is also governed by the covenants of individual revenue bonds if the City plans to issue additional parity bonds. The covenants are as follows:

Public Improvement Revenue Bonds, Series 2001

Additional parity bonds payable from the pledged revenues may be issued for the acquisition or construction of capital improvements in the City, or for refunding of bonds, and only if the pledged revenues for the most recent full fiscal year equal at least 125% of the maximum bond debt service requirement on all existing and proposed parity bonds.

Taxable Communications Services Tax Revenue Bonds, Series 2003A, and Taxable Communications Services Tax Revenue Bonds, Series 2004

Additional parity bonds payable from the pledged revenues may be issued only if the pledged Revenues for the most recent full fiscal year equal at least 120% of the maximum bond debt service requirement on all existing and proposed parity bonds.

Public Improvement Revenue Bonds, Series 2004A, and Public Improvement Revenue Bonds, Series 2004B

Additional parity bonds payable from the pledged revenues may be issued for acquisition or construction of capital improvements in the City, or for refunding of bonds, and only if the pledged revenues for the most recent full fiscal year equal at least 125% of the maximum bond debt service requirement on all existing and proposed parity bonds.

Public Improvement Revenue Refunding Bonds, Series 2006

Additional parity bonds payable from the pledged revenues may be issued for acquisition or construction of capital improvements in the City, or for refunding of bonds, and only if the pledged revenues for the most recent full fiscal year equal at least 125% of the maximum bond debt service requirement on all existing and proposed parity bonds.

City of Pembroke Pines, Florida

Property Assessed Value, Outstanding Debt, Legal Debt Limit, Debt Management Policies & Covenants

September 30, 2010

(continued)

Capital Improvement Revenue Refunding Bonds, Series 2006

Additional parity franchise revenue bonds payable from the pledged revenues may be issued only if the pledged revenues for such preceding fiscal year equal at least 125% of the maximum bond debt service requirement on all existing and proposed parity franchise revenue bonds.

Capital Improvement Revenue Bonds (Phase II of Forman Senior Housing Project), Series 2007

Additional parity franchise revenue bonds payable from the pledged revenues may be issued only if the pledged revenues for such preceding fiscal year equal at least 125% of the maximum bond debt service requirement on all existing and proposed parity franchise revenue bonds.

Charter School Revenue Bonds, Series 2008

Additional Parity Bonds payable on a parity with the 2008 Bonds may be issued for acquisition or construction of additional educational facilities and related facilities for Charter Schools or Charter Lab School or for refunding of Bonds, and only if the pledged revenues for the most recent full fiscal year equal at least 120% of the maximum bond debt service requirement on all existing and proposed parity bonds.

Variable Rate Capital Improvement Revenue Refunding Bonds, Series 2008

Additional parity franchise revenue bonds payable from the pledged revenue may be issued only if the pledged revenues for the most recent full fiscal year equal at least 125% of the maximum bond debt service requirement on all existing and proposed parity franchise revenue bonds

Capital Improvement Revenue Refunding Bonds, Series 2010

Additional bonds and additional parity franchise revenue bonds payable from the pledged revenues may be issued only for acquisitions or construction of additions, extensions or improvements to the Project, or for refunding of bonds, and only if the pledged revenues for the preceding fiscal year equal at least 125% of the maximum bond debt service requirement on all existing and proposed parity bonds.

City of Pembroke Pines, Florida

Debt Service Coverage - Electric Public Service Tax

Public Improvement Revenue Bonds, Series 1993; Public Improvement Revenue Bonds, Series 1998;
Public Improvement Revenue Bonds, Series 2001; Public Improvement Revenue Bonds, Series 2004A;
Public Improvement Revenue Bonds, Series 2004B; and Public Improvement Revenue Refunding Bonds, Series 2006

| Debt Service Requirements (1) | | | | | | | | | | |
|-------------------------------|---------------------|--------|---|---|---|---|---|---|--------------|----------|
| Fiscal Year | Pledged Revenues | % | 1993 | 1998 | 2001 | 2004A | 2004B | 2006 | Total | Coverage |
| | | | Public Improvement Revenue Bonds | Public Improvement Revenue Bonds | Public Improvement Revenue Bonds | Public Improvement Revenue Bonds | Public Improvement Revenue Bonds | Public Improvement Revenue Bonds | | |
| | (2) | Change | (3) | (4) | (5) | (5) | (5) | (5) (6) | | |
| 2001 | \$ 6,871,802 | 2.5% | \$ 3,034,484 | \$ 1,134,175 | \$ - | \$ - | \$ - | \$ - | \$ 4,168,659 | 1.65 |
| 2002 | 7,334,212 | 6.7% | 3,027,475 | 1,134,175 | 424,143 | - | - | - | 4,585,793 | 1.60 |
| 2003 | 7,647,870 | 4.3% | 2,424,125 | 1,134,175 | 903,500 | - | - | - | 4,461,800 | 1.71 |
| 2004 | 7,612,895 | -0.5% | - | 1,889,160 | 1,547,038 | - | - | - | 3,436,198 | 2.22 |
| 2005 | 7,931,137 | 4.2% | - | 1,893,045 | 1,538,850 | 838,565 | 541,067 | - | 4,811,527 | 1.65 |
| 2006 | 8,084,904 | 1.9% | - | 1,890,245 | 1,539,963 | 928,873 | 757,915 | - | 5,116,996 | 1.58 |
| 2007 | 8,093,581 | 0.1% | - | 1,428,608 | 1,254,775 | 928,873 | 757,915 | 456,050 | 4,826,221 | 1.68 |
| 2008 | 8,220,016 | 1.6% | - | 959,545 | 973,625 | 928,873 | 757,915 | 1,382,850 | 5,002,808 | 1.64 |
| 2009 | 8,124,202 | -1.2% | - | 960,210 | 970,000 | 928,873 | 757,915 | 1,382,250 | 4,999,248 | 1.63 |
| 2010 | 8,840,661 | 8.8% | - | - | 963,500 | 928,873 | 757,915 | 2,351,850 | 5,002,138 | 1.77 |

Coverage of Estimated Combined Maximum Annual Debt Service:

| | |
|---|--------------|
| Electric Public Service Tax - Most Recent Fiscal Year | \$ 8,840,661 |
| Combined Maximum Annual Debt Service (7) | 5,825,024 |
| Coverage | 1.52 |

- (1) Exclude paying agent fees.
- (2) Pledged revenues consist of the Electric Public Service Tax on an even parity for all issues.
- (3) The 1993 payments represent the Public Improvement Revenue Bonds, Series 1986 which were defeased by the 1993 Bonds.
- (4) Paid off on October 1, 2002 with available funds.
- (5) No statistics are available prior to the year of bond issuance.
- (6) This bond issue advance refunded a portion of the Public Improvement Revenue Bonds, Series 1998 and 2001.
- (7) The greatest amount of aggregate Bond Service Requirements for the then current or any future Fiscal Year.

City of Pembroke Pines, Florida

Debt Service Coverage - Electric Franchise Fees

Public Improvement Refunding Revenue Bonds, Series 1992; Capital Improvement Revenue Bonds, Series 1993;
 Capital Improvement Revenue Bonds, Series 1999;
 Variable Rate Capital Improvement Revenue Bonds, Series 2005 (Susan B. Anthony Center);
 Capital Improvement Revenue Refunding Bonds, Series 2006;
 Capital Improvement Revenue Bonds (Phase II of Forman Senior Housing Project), Series 2007; and
 Variable Rate Capital Improvement Revenue Refunding Bonds (Susan B. Anthony Center), Series 2008
 Capital Improvement Revenue Refunding Bonds, Series 2010;

| Debt Service Requirements (1) | | | | | | | | | | | | |
|-------------------------------|-------------------------|----------|--|--|--|--|--|---|---|--|--------------|----------|
| Fiscal Year | Pledged Revenues (2) | % Change | 1992 Public Improvement Refunding Revenue Bonds (3) | 1993 Capital Improvement Revenue Bonds | 1999 Capital Improvement Revenue Bonds | 2005 Variable Rate Capital Imp. Revenue Bonds (4) (5) | 2006 Capital Improvement Revenue Refunding Bonds (4) (6) | 2007 Capital Improvement Revenue Bonds (4) | 2008 Variable Rate Capital Imp. Revenue Refunding Bonds (4) | 2010 Capital Improvement Revenue Refunding Bonds (4) (8) | Total | Coverage |
| 2001 | \$ 6,127,824 | 25.5% | \$ 507,245 | \$ 522,850 | \$ 2,720,493 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,750,588 | 1.63 |
| 2002 | 5,902,581 | -3.7% | 506,673 | 520,943 | 2,588,923 | - | - | - | - | - | 3,616,539 | 1.63 |
| 2003 | 6,509,589 | 10.3% | 504,210 | 523,457 | 2,587,727 | - | - | - | - | - | 3,615,394 | 1.80 |
| 2004 | 7,001,743 | 7.6% | - | 520,357 | 3,095,926 | - | - | - | - | - | 3,616,283 | 1.94 |
| 2005 | 7,448,243 | 6.4% | - | 521,683 | 3,098,253 | 112,667 | - | - | - | - | 3,732,603 | 2.00 |
| 2006 | 8,958,121 | 20.3% | - | 363,585 | 3,093,400 | 251,486 | - | - | - | - | 3,708,471 | 2.42 |
| 2007 | 9,184,098 | 2.5% | - | - | 2,394,515 | 287,439 | 984,856 | 427,377 | - | - | 4,094,187 | 2.24 |
| 2008 | 9,176,429 | -0.1% | - | - | 1,692,750 | 303,076 | 2,425,412 | 1,211,462 | 16,638 | - | 5,649,338 | 1.62 |
| 2009 | 9,208,118 | 0.3% | - | - | 1,694,340 | - | 2,416,613 | 1,211,463 | 141,053 | - | 5,463,469 | 1.69 |
| 2010 | 8,401,468 | -8.8% | - | - | 752,820 | - | 3,372,712 | 1,716,163 | 41,359 | - | 5,883,054 | 1.43 |

Coverage of Estimated Combined Maximum Annual Debt Service

| | |
|---|--------------|
| Electric Franchise Fees - Most Recent Fiscal Year | \$ 8,401,468 |
| Combined Maximum Annual Debt Service (7) | 6,112,721 |
| Coverage | 1.37 |

(1) Exclude paying agent fees and variable rate bond fees.

(2) Pledged revenues consist of the Electric Franchise Fees on an even parity for all issues.

(3) Paid off on December 1, 2002 with available funds.

(4) No statistics are available prior to the year of bond issuance.

(5) Refunded by the Variable Rate Capital Improvement Revenue Refunding Bonds, Series 2008.

(6) A portion of this bond issue advance refunded a portion of the Capital Improvement Revenue Bonds, Series 1999.

(7) The greatest amount of aggregate Bond Service Requirements for the then current or any future Fiscal Year.

The 2008 Variable Rate Capital Improvement Revenue Refunding Bonds' maximum annual debt service is based on the Weekly Rate in effect at the financial statement date (September 30, 2010) per GASB Statement No. 38, paragraph 10, which was 0.62%.

The average Weekly Rate for FY 2009 was 1.50% and for FY 2010 was 0.47%.

(8) Refunded the outstanding Capital Improvement Revenue Bonds, Series 1999.

City of Pembroke Pines, Florida

Debt Service Coverage - Charter School Revenues (1)

Charter School Revenue Bonds, Series 2001A;
Charter School Revenue Bonds, Series 2001B; and
Charter School Revenue Bonds, Series 2008

| Fiscal <u>Year</u> | Pledged <u>Revenues</u> (3) | % <u>Change</u> | Debt Service Requirements (2) | | | <u>Total</u> | <u>Coverage</u> |
|-----------------------|-----------------------------------|--------------------|--|--|---|--------------|-----------------|
| | | | 2001A Charter School <u>Revenue Bonds</u> (4) (5) | 2001B Charter School <u>Revenue Bonds</u> (4) (5) | 2008 Charter School <u>Revenue Bonds</u> (4) | | |
| 2002 | \$17,321,219 | N/A | \$ - | \$ - | \$ - | \$ - | N/A |
| 2003 | 27,573,569 | 59.2% | 1,730,664 | 758,271 | - | 2,488,935 | 11.08 |
| 2004 | 34,035,981 | 23.4% | 1,534,578 | 1,126,843 | - | 2,661,421 | 12.79 |
| 2005 | 36,922,829 | 8.5% | 2,126,479 | 1,456,492 | - | 3,582,971 | 10.31 |
| 2006 | 38,008,056 | 2.9% | 2,123,846 | 1,455,023 | - | 3,578,869 | 10.62 |
| 2007 | 43,925,966 | 15.6% | 2,123,519 | 1,461,287 | - | 3,584,806 | 12.25 |
| 2008 | 48,332,426 | 10.0% | 2,120,934 | 1,455,183 | 430,449 | 4,006,566 | 12.06 |
| 2009 | 46,318,931 | -4.2% | - | - | 2,641,369 | 2,641,369 | 17.54 |
| 2010 | 45,749,766 | -1.2% | - | - | 3,008,780 | 3,008,780 | 15.21 |

Coverage of Estimated Combined Maximum Annual Debt Service

| | |
|---|--------------|
| Total pledged revenues for the most recent fiscal year. | \$45,749,766 |
| Combined Maximum Annual Debt Service (6) | 5,756,295 |
| Coverage | 7.95 |

- (1) This schedule is based on the Charter Schools' fiscal year which is July 1 through June 30.
- (2) Excludes paying agent fees; includes variable rate bond fees and SWAP settlements.
- (3) Pledged revenues consist of total revenues and other financing sources (transfers in) from all Charter Schools combined plus revenues equal to the Early Development Center lease payments relating to these bonds.
- (4) No statistics are available prior to the year of bond issuance.
- (5) Refunded by the Charter School Revenue Bonds, Series 2008.
- (6) The greatest amount of aggregate Bond Service Requirements for the then current or any future Fiscal Year. The 2008 Charter School Revenue Bonds' maximum annual debt service is based on the Weekly Rate in effect at the financial statement date (September 30, 2010) per GASB Statement No. 38, paragraph 10, which was 0.27%.

City of Pembroke Pines, Florida

Debt Service Coverage - Communications Services Tax and Water Public Service Tax

Taxable Communications Services Tax Revenue Bonds, Series 2003A; and
Taxable Communications Services Tax Revenue Bonds, Series 2004

| Fiscal Year | Pledged Revenues | % | Debt Service Requirements (1) | | | |
|----------------|---------------------|--------|---|--|--------------|----------|
| | | | 2003A Taxable Communications Services Tax Revenue Bonds | 2004 Taxable Communications Services Tax Revenue Bonds | Total | Coverage |
| | (2) | Change | (3) | (3) | | |
| 2004 | \$7,787,772 | N/A | \$ 1,086,099 | \$ - | \$ 1,086,099 | 7.17 |
| 2005 | 8,040,474 | 3.2% | 2,384,120 | 2,448,656 | 4,832,776 | 1.66 |
| 2006 | 8,431,668 | 4.9% | 2,384,120 | 2,448,656 | 4,832,776 | 1.74 |
| 2007 | 8,469,829 | 0.5% | 2,384,120 | 2,849,100 | 5,233,220 | 1.62 |
| 2008 | 8,854,262 | 4.5% | 2,995,314 | 2,848,838 | 5,844,152 | 1.52 |
| 2009 | 10,200,595 | 15.2% | 2,991,658 | 3,436,475 | 6,428,133 | 1.59 |
| 2010 | 9,388,292 | -8.0% | 2,990,764 | 3,436,269 | 6,427,033 | 1.46 |

Coverage of Estimated Combined Maximum Annual Debt Service:

| | |
|--|--------------|
| Communications Services Tax and Water Public Service Tax - Most Recent Fiscal Year | \$ 9,388,292 |
| Combined Maximum Annual Debt Service (4) | 6,424,520 |
| Coverage | 1.46 |

- (1) Exclude paying agent fees.
- (2) Pledged revenues consist of Communications Services Tax and Water Public Service Tax on an even parity for both issues. Water Public Service Tax is subject to release when Communications Services Tax revenues have not been less than 1.30 times the Maximum Bond Service Requirement on all Bonds then Outstanding for the two Fiscal Years immediate preceding such release. As of 9/30/2010, Communications Services Tax revenues was 1.21 times the Maximum Bond Service Requirement on all Bonds then Outstanding, and did not exceed the 1.30 target for Fiscal Year 2010.
- (3) No statistics are available prior to the year of bond issuance.
- (4) The greatest amount of aggregate Bond Service Requirements for the then current or any future Fiscal Year.

City of Pembroke Pines, Florida
Schedule of Debt Service on Outstanding Bonds as of September 30, 2010

| Type of Bonds | Police Annex, Park & Other Improv | Firefighters Pension | Police Officers & Gen Employees Pension | Senior Housing Project Tower 1 | Senior Housing Project Tower 2 | Various Capital Projects & Refunding | Refunding | Various Capital Projects & Refunding | Senior Housing Project Tower 3 | Various Capital Projects | Refunding & New Charter School Projects | Refunding Susan B. Anthony Center 2005 Bonds | Refunding | |
|--------------------------------------|---|-------------------------------|---|--------------------------------------|--------------------------------------|--|-----------------------------|--|--------------------------------------|-----------------------------|---|---|------------------------------|-------------------------------------|
| | \$19,600,000 | \$39,935,000 | \$49,910,000 | \$20,140,000 | \$15,975,000 | \$47,000,000 | \$29,720,000 | \$45,050,000 | \$26,805,000 | \$43,000,000 | \$64,095,000 | \$8,040,000 | \$8,545,700 | |
| Revenue | Public Improv. | Taxable Comm. Services Tax | Taxable Comm. Services Tax | Public Improv. | Public Improv. | | Public Improv. Refunding | Capital Improv. Refunding | Capital Improv. | | * Charter School | * Variable Rate Cap Improv. Refunding | Capital Improv. Refunding | |
| General Obligation | | | | | | General Obligation | | | | General Obligation | | | | |
| Fiscal Y/E Sep 30 | Series 2001 | Series 2003A | Series 2004 | Series 2004A | Series 2004B | Series 2005 | Series 2006 | Series 2006 | Series 2007 | Series 2007 | Series 2008 | Series 2008 | Series 2010 | Total Debt Service/ Principal |
| 2011 | 965,800 | 2,992,332 | 3,432,188 | 1,396,747 | 1,116,527 | 2,797,053 | 2,345,950 | 3,372,713 | 1,715,163 | 2,680,837 | 471,301 | 50,667 | 434,932 | 23,772,210 |
| 2012 | 966,265 | 2,991,214 | 3,428,956 | 1,391,741 | 1,113,343 | 2,794,252 | 2,348,450 | 3,370,312 | 1,713,362 | 2,680,988 | 471,909 | 49,630 | 701,192 | 24,021,614 |
| 2013 | 964,425 | 2,987,409 | 3,426,181 | 1,390,110 | 1,114,136 | 2,794,438 | 2,349,150 | 3,365,513 | 1,715,663 | 2,681,787 | 269,298 | 49,654 | 705,714 | 23,813,478 |
| 2014 | 960,210 | 2,985,768 | 3,423,431 | 1,391,610 | 1,113,879 | 2,797,377 | 2,348,050 | 3,373,012 | 1,716,962 | 2,680,075 | 269,030 | 49,711 | 704,418 | 23,813,533 |
| 2015 | - | 2,985,994 | 3,426,731 | 1,391,397 | 1,112,423 | 2,797,828 | 3,294,550 | 3,370,675 | 1,717,263 | 2,678,075 | 268,761 | 198,855 | 702,021 | 23,944,573 |
| 2016 | - | 2,982,935 | 3,420,763 | 1,389,735 | 1,109,678 | 2,795,707 | 3,296,675 | 3,361,088 | 1,716,562 | 2,679,675 | 268,961 | 203,760 | 703,538 | 23,929,077 |
| 2017 | - | 2,981,445 | 3,420,331 | 1,391,835 | 1,110,760 | 2,798,583 | 3,293,050 | 3,369,962 | 1,714,013 | 2,678,425 | 268,693 | 216,804 | 703,784 | 23,947,685 |
| 2018 | - | 2,981,222 | 3,416,813 | 1,387,732 | 1,110,587 | 2,798,557 | 3,288,550 | 3,366,713 | 1,716,250 | 2,679,225 | 269,824 | 225,747 | 707,676 | 23,948,896 |
| 2019 | - | 2,977,119 | 3,415,088 | 1,386,942 | 1,109,059 | 2,796,158 | 3,282,925 | 3,371,350 | 1,712,319 | 2,683,112 | 267,683 | 234,577 | 705,234 | 23,941,566 |
| 2020 | - | 2,978,838 | 3,414,919 | 1,389,365 | 1,110,701 | 2,796,757 | 3,285,675 | 3,363,487 | 1,716,300 | 2,679,875 | 266,949 | 243,277 | 706,283 | 23,952,426 |
| 2021 | - | 2,976,078 | 3,412,881 | 1,384,763 | 1,105,656 | 2,795,158 | 3,276,550 | 3,372,113 | 1,714,900 | 2,683,250 | 267,612 | 247,056 | 706,141 | 23,942,158 |
| 2022 | - | 2,973,692 | 3,408,578 | 1,383,263 | 1,109,294 | 2,794,520 | 3,290,800 | 3,364,237 | 1,712,300 | 2,682,675 | 267,342 | 266,506 | 708,345 | 23,961,552 |
| 2023 | - | 2,971,381 | 3,404,791 | 1,384,831 | 1,106,253 | 2,794,495 | 3,284,400 | 3,363,763 | 1,713,400 | 2,684,625 | 1,401,579 | 279,222 | 708,938 | 25,097,678 |
| 2024 | - | 2,963,995 | 3,406,134 | 1,383,844 | 1,106,125 | 2,796,707 | - | 3,366,363 | 1,713,100 | 2,678,875 | 1,683,985 | 287,622 | 707,946 | 22,094,696 |
| 2025 | - | 2,966,088 | 3,397,481 | 1,380,725 | 1,104,125 | 2,795,945 | - | 3,250,153 | 1,716,300 | 2,680,650 | 1,568,589 | 301,007 | 827,893 | 21,988,956 |
| 2026 | - | 2,962,210 | 3,397,212 | 1,379,750 | 1,105,500 | 2,797,208 | - | 3,249,963 | 1,717,287 | 2,679,500 | 1,614,781 | 314,325 | 827,123 | 22,044,859 |
| 2027 | - | 2,957,212 | 3,389,875 | 1,380,625 | 1,105,125 | 2,795,282 | - | 3,245,028 | 1,716,038 | 2,680,425 | 3,140,584 | 322,571 | 829,084 | 23,561,849 |
| 2028 | - | 2,955,648 | 3,386,500 | 1,379,250 | 1,103,000 | 2,795,170 | - | 1,148,687 | 1,713,375 | 2,683,200 | 4,282,055 | 346,175 | - | 21,793,060 |
| 2029 | - | 2,952,069 | 3,386,563 | 1,375,625 | 1,099,125 | 2,796,745 | - | 1,142,569 | 1,713,750 | 2,683,400 | 4,441,780 | 363,506 | - | 21,955,132 |
| 2030 | - | 2,946,177 | 3,384,669 | 1,374,625 | 1,098,375 | 2,799,270 | - | 1,144,750 | 1,716,250 | 2,679,800 | 4,593,624 | 376,382 | - | 22,113,922 |
| 2031 | - | 2,942,524 | 3,380,556 | 1,376,000 | 1,100,500 | 2,797,520 | - | 1,140,125 | 1,715,750 | 2,682,400 | 4,741,535 | 399,076 | - | 22,275,986 |
| 2032 | - | 2,935,662 | 3,378,831 | 1,374,625 | 1,095,500 | 2,796,495 | - | 1,138,694 | 1,717,125 | 2,680,725 | 4,604,147 | 416,609 | - | 22,138,413 |
| 2033 | - | 2,934,994 | 3,374,100 | 1,370,500 | 1,098,250 | 2,795,825 | - | - | 1,715,250 | 2,679,775 | 4,762,161 | 434,477 | - | 21,165,332 |
| 2034 | - | 2,929,923 | 3,366,100 | 1,368,500 | 1,093,625 | 2,795,575 | - | - | 1,715,000 | 2,684,313 | 4,939,512 | 456,378 | - | 21,348,926 |
| 2035 | - | - | - | 1,368,375 | 1,091,625 | 2,795,375 | - | - | 1,716,125 | 2,683,863 | 5,141,605 | 478,515 | - | 15,275,483 |
| 2036 | - | - | - | - | - | - | - | - | 1,713,500 | 5,478,425 | 5,342,079 | 505,452 | - | 13,039,456 |
| 2037 | - | - | - | - | - | - | - | - | 1,716,875 | - | 5,547,874 | 532,228 | - | 7,796,977 |
| 2038 | - | - | - | - | - | - | - | - | - | - | 5,767,949 | 553,913 | - | 6,321,862 |
| 2039 | - | - | - | - | - | - | - | - | - | - | - | 580,296 | - | 580,296 |
| Total debt service | \$ 3,856,700 | \$ 71,211,929 | \$ 81,699,672 | \$ 34,572,515 | \$ 27,643,171 | \$ 69,908,000 | \$ 38,984,775 | \$ 62,611,270 | \$ 46,310,182 | \$ 72,507,975 | \$ 67,201,202 | \$ 8,983,998 | \$ 12,090,262 | \$ 597,581,651 |
| Principal outstanding FY 2010 | \$ 3,550,000 | \$ 37,935,000 | \$ 47,005,000 | \$ 20,140,000 | \$ 15,975,000 | \$ 42,160,000 | \$ 28,685,000 | \$ 42,640,000 | \$ 26,290,000 | \$ 40,900,000 | \$ 63,495,000 | \$ 8,040,000 | \$ 8,545,700 | \$ 385,360,700 |

* Annual debt service for the variable rate bonds is based on the rate in effect at the financial statement date (September 30, 2010) per GASB Statement No. 38, paragraph 10, which is 0.27% for the Charter School Revenue Bonds, Series 2008, and 0.62% for the Variable Rate Capital Improvement Revenue Refunding Bonds, Series 2008 (see Note 9).

City of Pembroke Pines, Florida

SCHEDULE OF INSURANCE IN FORCE - FISCAL YEAR ENDED SEPTEMBER 30, 2010

| <u>Current Provider</u> | <u>Policy Number</u> | <u>Effective Dates</u> | <u>Description of Coverages or Services</u> | <u>Limits</u> | <u>Annual Premiums/Fees</u> |
|---------------------------------------|---------------------------------|------------------------|---|---|-----------------------------|
| Hartford Life and Accident Ins. Co. | 21ETB-012917 | 10/01/09-09/30/10 | Police & Firefighters Accidental Death & Dismemberment 3-year Policy | \$59,694 in the line of duty or fresh pursuit; \$179,083 unlawful and intentional death | \$13,497 |
| Travelers Property Casualty Ins. Co. | 6054C509TIL09 | 10/01/09-09/30/10 | Equipment Breakdown-Boiler & Mach. | \$50,000,000 limit; \$1,000 deductible | 15,297 |
| Travelers Property Casualty Ins. Co. | 6054C510TIL09 | 10/01/09-09/30/10 | Equipment Breakdown-covers only the W.C. Young Human Resource Center | \$50,000,000 limit; \$1,000 deductible | 1,340 |
| Illinois Union Insurance | PEPG19851126 | 10/01/09-09/30/10 | Comprehensive General Liability - 3rd Party Liab.;Auto Liab.;Work.Comp.; Empl. Benefits Liab.-Claims Made; Crime - Money & Securities, Deposits Forgery and Employee Dishonesty | Limit \$850,000 per occurrence/Combined Single Limit Excess \$150,000 SIR per occurrence. Work.Comp.& Employer Liab. \$150,000 Excess \$350,000 SIR per occurrence; Police & Fire \$250,000 Excess \$350,000 per occur; \$1,850,000 annual aggregate excess the SIR | 414,100 |
| Florida Division of Workers' Comp. | - | 10/01/09-9/30/10 | Workers' Compensation | State Self-Insurer Annual Assessment | 89,339 |
| Florida Municipal Insurance Trust | FMIT # 0470 | 10/01/09-9/30/10 | Buildings and Personal Property | \$25,000 deduct. \$259.5MM bldg; \$17.7MM pers. Stoploss \$1,031,991on property & \$75,000 autos. Total loss limitation of \$100MM on real property | 1,513,163 |
| Florida Municipal Insurance Trust | FMIT # 0470 | prior years | Buildings and Personal Property | Returned premiums from audits on prior years. | (453,512) |
| Gallagher Bassett Services, Inc. | 1000900117 | 10/01/09-9/30/10 | Service & Consulting Fees and Costs | Prior years actual claims filed over deposit est.- \$9,228; Annual Contract Service Fees-\$162,819 | 172,047 |
| New York Marine & Gen. Ins. Co. | MW100078 | 10/01/09-9/30/10 | Excess Workers' Compensation and Employers Liability Indemnity | \$1,000,000 each accident;\$1,000,000 employee liab.& \$500K-\$600K retention each occurrence; \$1,000,000 annual maximum limit of indemnity. | 248,081 |
| Travelers Casualty & Surety Company | 104317755 | 10/01/09-9/30/10 | Public Employees Dishonesty, including Faithful Performance | \$2,400,000 Limit per Loss, Excess \$100,000 Ded., \$75,000 Excess, \$25,000 Self Insured Retention | 5,622 |
| Travelers Casualty & Surety Company | 104038463 | 03/01/10-03/1/11 | Crime policy for Charles F.Dodge,LLC | \$50K ea.City Mgr.& Asst.City Mgr;\$5K ea.ded. | 831 |
| The Hartford Insurance Co. of the SE | 21BSBF8821 | 12/10/09-12/09/10 | Public Officials Surety Bond | \$100,000 Limit - Covers Finance Director | 404 |
| American Bankers Insurance Co. | MAY10FLOOD8OR | 5/16/10-5/16/11 | Flood - Various City locations | Limits/premiums vary for each location Deductibles on each-\$500 bldg. & \$500 contents | 24,316 |
| National Fire & Marine Insurance Co. | 72LPS009760 | 10/01/09-9/30/10 | Liability - Six Special Use Facilities | \$1MM/occurrence;\$2MM/aggregate-\$1,000 ded. | 8,724 |
| United Medical Resources (UMR) | Group No. 100001 | 10/1/09-9/30/10 | Administrative fees / stop loss broker | - | 734,000 |
| United Medical Resources (UMR) | Group No. 100001 | 10/1/09-9/30/10 | EPO/ PPO - Reinsurance carrier is Combined Insurance Co. of America | Individual max. \$250,000; Max. City exposure for annual loss per employee is \$12,036 | 302,590 |
| Sun Life Assurance Co. of Canada | 7649 | 10/01/09-9/30/10 | Employees life insurance and AD&D | 1 x base annual salary-maximum \$100,000 | 254,000 |
| Commerce and Industry Insurance Co. | FPL808464409 | 11/26/09-11/25/10 | 40 Fuel Storage Tanks- 3rd-Party Liab. | \$2MM each / \$2MM aggregate; \$25,000 ded. | 21,262 |
| Mt. Hawley Insurance Company | MGL0171972 | 6/25/10-6/24/11 | General Liability-Walter C. Young Resource Center and the Southwest Regional Library at Academic Village | \$2,000,000 General Aggregate; \$1,000,000 each occurrence; \$1,000 deductible each claim (*net of \$4,984 paid by County & School Board) | 8,963 |
| National Union Fire Ins.of Pittsburgh | AIS0007000 | 9/2/09-9/1/10 | Youth Soccer Accidental Death & Dism | \$500,000 Medical Maximum; \$10,000 death/dism. | 5,137 |
| Lloyd's of London | JO97346 | 10/01/09-09/30/10 | Terrorism - Property | \$5,000,000 Limit / Excess / ded . \$100,000 | 16,741 |
| Lloyd's of London | JO97347 | 10/01/09-09/30/10 | Terrorism - General Liability | \$5MM / \$10MM Limit / Excess / ded. \$25,000 | 9,175 |
| Florida Dept. of Children & Families | Agreement with State of Florida | 10/01/09-09/30/10 | Fire Insurance and Fire Safety Inspection Fees - Forman Health Park | Buildings' actual cash value as determined by Florida -replacement cost less depreciation | 31,037 |
| Special Purpose Policies & Services | Various | Various | Cobra adm.fees; Professional Liability; Hazardous Cleanup; Other Post-Employment Benefits Actuary Services | Premiums: Cobra Fees - \$221; Dive Team Instructor - \$588; Hazardous Cleanup - \$1,965; OPEB Actuary Services-\$15,300;Refunds-\$(2,523) | 15,551 |
| Westchester Fire Insurance Co. | DONG23642360002 | 04/01/09-03/31/10 | Employee Theft | Limit \$75,000 Ded. \$25,000 | 1,917 |

City of Pembroke Pines, Florida
School Enrollment

| | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| College/University: (1) | | | | | | | | | | |
| Broward College | | | | | | | | | | |
| Pines Center -Academic Village | 801 | 1,188 | 1,288 | 1,350 | 1,701 | 2,610 | 2,591 | 1,451 | 2,369 | 2,028 |
| South Campus | 7,806 | 8,290 | 8,913 | 8,854 | 9,068 | 9,938 | 9,489 | 12,259 | 14,267 | 13,895 |
| Florida International University - Pines Center | - | - | - | - | - | - | - | - | 1,827 | 1,602 |
| Total College/University Enrollment | <u>8,607</u> | <u>9,478</u> | <u>10,201</u> | <u>10,204</u> | <u>10,769</u> | <u>12,548</u> | <u>12,080</u> | <u>13,710</u> | <u>18,463</u> | <u>17,525</u> |
| High Schools: (2) | | | | | | | | | | |
| Pembroke Pines Charter High School | 1,032 | 1,214 | 1,608 | 1,578 | 1,591 | 1,691 | 1,703 | 1,716 | 1,695 | 1,721 |
| Flanagan | 5,480 | 5,401 | 3,701 | 3,267 | 3,146 | 3,063 | 3,172 | 3,100 | 3,212 | 3,241 |
| Somerset Academy Charter High School | - | - | - | 305 | 477 | 542 | 593 | 552 | 602 | 708 |
| West Broward High School | - | - | - | - | - | - | - | 1,926 | 2,561 | 2,695 |
| Total High School Enrollment | <u>6,512</u> | <u>6,615</u> | <u>5,309</u> | <u>5,150</u> | <u>5,214</u> | <u>5,296</u> | <u>5,468</u> | <u>7,294</u> | <u>8,070</u> | <u>8,365</u> |
| Middle Schools: (2) | | | | | | | | | | |
| Pines Middle School | 1,837 | 1,423 | 1,452 | 1,487 | 1,463 | 1,343 | 1,461 | 1,542 | 1,655 | 1,754 |
| Silver Trail Middle | 2,354 | 2,329 | 2,423 | 1,555 | 1,695 | 1,785 | 1,745 | 1,756 | 1,695 | 1,666 |
| Walter C. Young | 2,072 | 1,487 | 1,841 | 1,885 | 1,899 | 1,874 | 1,945 | 1,853 | 1,707 | 1,488 |
| Somerset Academy Charter Middle School | - | - | - | 620 | 661 | 654 | 604 | 608 | 693 | 798 |
| Pembroke Pines Charter Middle School (West/Central) | 672 | 1,189 | 1,192 | 1,099 | 1,204 | 1,198 | 1,199 | 1,203 | 1,218 | 1,239 |
| Total Middle School Enrollment | <u>6,935</u> | <u>6,428</u> | <u>6,908</u> | <u>6,646</u> | <u>6,922</u> | <u>6,854</u> | <u>6,954</u> | <u>6,962</u> | <u>6,968</u> | <u>6,945</u> |
| Elementary Schools: (2) | | | | | | | | | | |
| Pembroke Pines | 873 | 844 | 850 | 816 | 803 | 664 | 690 | 653 | 617 | 613 |
| Pembroke Lakes | 896 | 858 | 841 | 861 | 854 | 772 | 730 | 720 | 737 | 690 |
| Pines Lakes | 1,111 | 965 | 1,020 | 1,058 | 965 | 837 | 853 | 823 | 820 | 795 |
| Pasadena Lakes | 948 | 914 | 881 | 843 | 837 | 818 | 725 | 722 | 725 | 763 |
| Palm Cove | 1,223 | 1,087 | 1,124 | 1,136 | 1,154 | 1,031 | 961 | 908 | 926 | 926 |
| Chapel Trail | 1,436 | 1,410 | 1,309 | 1,270 | 1,231 | 1,153 | 1,043 | 1,026 | 948 | 927 |
| Silver Palms | 1,506 | 1,434 | 1,169 | 1,081 | 1,067 | 1,014 | 912 | 915 | 874 | 816 |
| Panther Run | 1,432 | 986 | 952 | 982 | 940 | 791 | 780 | 726 | 724 | 686 |
| Lakeside | 1,112 | 1,196 | 1,049 | 1,057 | 1,024 | 958 | 885 | 875 | 858 | 858 |
| Somerset Academy Charter Elementary | - | - | - | 875 | 932 | 899 | 825 | 801 | 831 | 861 |
| Pembroke Pines Charter Elem (East/West/Central) | 1,100 | 1,786 | 1,800 | 1,895 | 1,799 | 1,800 | 1,793 | 1,872 | 1,930 | 1,926 |
| Pembroke Pines/FSU Charter Elementary | - | - | - | 610 | 615 | 610 | 620 | 610 | 650 | 655 |
| Dolphin Bay Elementary (3) | - | - | - | - | 402 | - | - | - | - | - |
| Total Elementary School Enrollment | <u>11,637</u> | <u>11,480</u> | <u>10,995</u> | <u>12,484</u> | <u>12,623</u> | <u>11,347</u> | <u>10,817</u> | <u>10,651</u> | <u>10,640</u> | <u>10,516</u> |

Source: (1) Broward College - Registrar's Office and FIU Dean of Partnership Center.

(2) Broward County School Board, Twentieth Day Enrollment Report

(3) For one year Dolphin Bay Elementary School was temporarily located in the City, it has subsequently moved to the City of Miramar

City of Pembroke Pines, Florida

Property Value and Construction (1)

Last Ten Fiscal Years

| <u>Year</u> | <u>Total Permits Issued</u> | <u>Miscellaneous</u> | | <u>Residential</u> | | <u>Commercial</u> | | <u>Total Value of Construction</u> | <u>Gross Assessed Value (3)</u> |
|-------------|-----------------------------|---------------------------|------------------|------------------------|------------------|------------------------|------------------|------------------------------------|---------------------------------|
| | | <u>Permits Issued (2)</u> | <u>Valuation</u> | <u>Number of Units</u> | <u>Valuation</u> | <u>Number of Units</u> | <u>Valuation</u> | | |
| 2001 | 10,368 | 8,899 | \$ 65,639,331 | 1,446 | \$ 186,519,453 | 23 | \$ 12,987,592 | \$ 265,146,376 | \$ 6,855,447,486 |
| 2002 | 10,140 | 9,117 | 45,421,312 | 1,005 | 152,912,991 | 18 | 9,069,036 | 207,403,339 | 7,579,681,777 |
| 2003 | 9,170 | 8,792 | 54,660,725 | 361 | 40,571,126 | 17 | 14,659,667 | 109,891,518 | 8,678,811,181 |
| 2004 | 9,457 | 8,939 | 52,063,598 | 505 | 26,524,490 | 13 | 5,664,939 | 84,253,027 | 10,220,280,583 |
| 2005 | 10,991 | 10,761 | 73,078,888 | 214 | 17,326,438 | 16 | 26,553,469 | 116,958,795 | 11,606,680,186 |
| 2006 | 16,996 | 16,853 | 151,071,862 | 132 | 12,850,765 | 11 | 19,898,203 | 183,820,830 | 13,606,059,092 |
| 2007 | 10,837 | 10,267 | 161,924,777 | 554 | 50,298,274 | 16 | 25,169,009 | 237,392,060 | 17,145,457,817 |
| 2008 | 7,411 | 7,365 | 95,057,849 | 27 | 1,939,720 | 19 | 42,172,649 | 139,170,218 | 19,252,698,267 |
| 2009 | 6,318 | 6,289 | 62,524,850 | 24 | 2,106,616 | 5 | 4,331,001 | 68,962,467 | 17,848,661,534 |
| 2010 | 5,274 | 5,205 | 64,069,445 | 66 | 6,585,866 | 3 | 2,409,185 | 73,064,496 | 14,727,213,419 |

(1) Source: City of Pembroke Pines Building Department.

(2) Miscellaneous permits include remodeling, partitioning, and interior completions.

(3) Assessed value certified by Broward County Property Appraiser at 100% of estimated market value ("just value") as required by State Statute.

City of Pembroke Pines, Florida

General Information

Introduction

The City of Pembroke Pines is a multi-cultural, ethnically diverse and integrated city, located in the Miami-Fort Lauderdale-Pompano Beach, FL Metropolitan Statistical Area, which is the 7th largest in the country with an estimated population of 5.4 million. The population of Pembroke Pines is currently estimated at 150,587 which is the second largest city in Broward County and the eleventh largest city in Florida. During the year, the City has a mean average annual temperature of 75.8 degrees, which allows many residents and visitors to enjoy a relaxed lifestyle geared to the outdoors. The general terrain of this 34.25-square mile residential city is similar to that of other southwestern Broward County communities. Elevations range from 7 to 8 feet above sea level. Fort Lauderdale and the cruise ship docks at Port Everglades are 45 minutes away northeast, and Miami, 45 minutes south of Pembroke Pines, provide numerous cultural advantages of a larger metropolitan area as well as a major cruise ship port. South of the City is the City of Miramar with its notable Miramar Park of Commerce, to the northwest are the upscale communities of Southwest Ranches and Weston, and northeast is the Town of Davie, home of Nova Southeastern University, the Bergeron Rodeo Grounds, and the exotic Flamingo Gardens. The City also borders Cooper City on the north and the oceanfront city of Hollywood on the east. The City maintains its own top-rated police and fire and rescue departments, provides two sites containing a total of five senior housing apartment buildings, provides other senior-related services, and maintains its own Water Treatment Plant.

Airports

The City of Pembroke Pines has the benefit of being served by a number of airlines, as the Fort Lauderdale-Hollywood International Airport is only a 40-minute drive northeast, and the Miami International Airport, located south of Pembroke Pines, is a little over a 45-minute drive. The Palm Beach International Airport can also be reached by a one and a half hour drive north of the City. The Opa-locka Airport, a full Fixed-Base Operator (FBO) service Executive Airport located in North Miami-Dade County is about a 30-minute drive south of the City. Other full service FBOs include the Boca Raton Airport which is about a one hour drive northeast of Pembroke Pines, and the City of Fort Lauderdale Executive Airport which is about a 45-minute drive northeast. The North Perry Airport, originally opened in Pembroke Pines by the U. S. Navy in 1943 as a World War II training field, is a general aviation facility open to non-commercial, non-jet aircraft. Facilities include a charter service, aircraft rentals, repair and fuel for small aircraft, as well as a flight school.

Road and Highway Systems

Road and highway facilities are excellent in Pembroke Pines. Pines Boulevard is the main east-west corridor that connects into the Atlantic Ocean beaches at the east end and into the Everglades at the west end. The City has a complete and adequate network of approximately 460 miles of paved and signalized roadways, in addition to bike paths and sidewalks that meet the latest national standards. The Florida Turnpike passes through the eastern section of the City and provides transportation to the north central part of the State and as far south as the entrance to the Florida Keys. Interstate 95, which is about 5 miles east of the community, provides alternative north-south transportation to the City and other areas of the southeastern section of Florida. Interstate 75, a north-south controlled access highway located in the geographic center of the City, provides north-south transportation from Miami to Tampa via the Alligator Alley which crosses the Florida peninsula connecting the Atlantic Ocean east coast with the Gulf of Mexico west coast. US 27, a major highway that winds through the central portion of Florida to the state capital in Tallahassee, passes through the western edges of the City.

City of Pembroke Pines, Florida

General Information

Parks & Recreation

The City of Pembroke Pines operates a year-round comprehensive community recreation program. The hub of the City's athletic, cultural, and social programs for adults and youth are the five recreation centers. Programs include such diverse activities as art, music, baseball, softball, football, volleyball, basketball, swimming, tennis, soccer, roller-hockey, karate, gymnastics, preschool and after-school programs, Jazzercise, and dancing.

Located throughout the City are 32 fully developed recreation facilities covering more than 975 acres. In addition, three public golf courses are located within the City besides the City-owned and renovated 18-hole Pembroke Lakes Golf and Racquet Club. The other three are the Hollybrook Golf and Tennis Club, the Flamingo Lakes Country Club located in Century Village at Pembroke Pines, and the Grand Palms Golf and Country Club Resort. In August 2002, the City purchased 57 acres in western Pembroke Pines which has been developed with wetlands and athletic facilities, including soccer fields, handball courts and basketball courts. Cultural arts programs are available at the City's River of Grass ArtsPark and the Fletcher Art and Cultural Center. A number of the residential developments in the community are also served by their own private recreational facilities. The City is also home to the County-operated C. B. Smith Park, a large Regional Park offering many activities, including camping, boat rentals, and a 4.69-acre aquatic complex interactive water playground with two waterslides and a tube ride. The park hosts 20,000 visitors every year who attend the annual KISS Country 99.9 FM's Chili Cook-off and Concert. Of special interest to the public is the City-owned Chapel Trail Nature Preserve consisting of 459 acres of reconstructed natural habitat featuring canoe rentals, an Environmental Interpretive Center, and a 1,650-foot elevated boardwalk that allows visitors to walk out over and into the wetlands.

Medical Facilities

Healthcare services for the City of Pembroke Pines residents are provided through Memorial Hospital West (located at the northeast corner of Pines Boulevard and Flamingo Road), Memorial Hospital Pembroke (located on the southeast corner of University Drive and Sheridan Street), the Memorial Urgent Care Center (located on the eastern side of Douglas Road, between Pines Boulevard and Pembroke Road), and Memorial Hospital Miramar (located on 172 Avenue in adjacent Miramar) which serves the western portion of Pembroke Pines. These facilities are all a part of the Memorial Health Care System and offer state of the art diagnostics.

Fifteen minutes north of the City off Interstate 75 is an upscale facility of the world-famous Cleveland Clinic Hospital.

Memorial Manor is Broward County's first public, skilled nursing facility. The 120-bed nursing home, located adjacent to the Memorial Urgent Care Center on Douglas Road, provides long-term nursing home care and short-term rehabilitative care.

Educational Facilities

The City of Pembroke Pines is a true pioneer in charter school education. The City currently operates three charter elementary schools, one charter lab elementary school operated in collaboration with Florida State University, two charter middle schools and one charter high school that serve approximately 5,541 students. Of this total, the FSU charter school students include 655 in elementary school; the other three elementary schools have 1,926 students; the two middle schools 1,239 students; and the high school 1,721 students. These facilities offer smaller class sizes, and complement the already existing public education

City of Pembroke Pines, Florida

General Information

system provided through the Broward County School Board. In addition to the City's charter schools, within the City are ten elementary schools, four middle schools and two other high schools. This also includes Somerset Academy, a charter school system operated by Academica Corp. A community school offering evening classes for adults is located at the Walter C. Young Resource Center. The City also operates four early development centers for pre-kindergarten children.

In addition to this, the City also offers post-secondary as well as post-graduate education. Broward College has two campuses in the City - the South Campus located just east of University Drive on Pines Boulevard, and the Pines Center/Academic Village Campus. The Academic Village is a unique multi-building facility located on Sheridan Street west of Interstate 75, and also houses Florida International University (FIU), which is a part of the State University system, offering under-graduate and graduate programs. The campus of the Venezuelan-administered Jose Maria Vargas University is located in the Senator Howard C. Forman Human Services Campus. Keiser College also operates its Pembroke Pines branch campus with a 30,000-square foot facility offering various associate, under-graduate and graduate programs. Barry University also maintains a branch campus in the Pines Professional Center in the western portion of the City. Two schools in the nearby adjacent City of Miramar are DeVry University which offers a variety of Certificate Programs, Associate, Bachelor and Master's Degrees; and a branch of the Puerto Rican Ana G.Mendez University, a private school that serves bilingual students in a 30,000-square foot building at the Miramar Park of Commerce just south of Pembroke Pines.

The City is served by three County-operated libraries – the Southwest Regional Library located at the Academic Village, the South Regional Library located at the Broward College South Campus, and the Pembroke Pines Library located at the Walter C. Young Resource Center.

Arts and Culture

The City promotes arts and cultural activities for its citizens. The City maintains a Glass Gallery in the City Hall lobby programming public art exhibitions of local artists and sculptors. The artists are selected by the City's Arts & Culture Advisory Board and often include special opening exhibit programs accompanied by music and dance performances. An Artists' Colony complex has been developed through the renovation of an existing structure located in the Senator Howard C. Forman Human Services Campus. The facility named *Studio 18 in the Pines* contains rental studios and gallery space consisting of 18 inside studios, 5 outside studios, a jewelry studio and a ceramics studio. The City also provides space for theatrical performances at the *Susan B. Katz Memorial Auditorium*, a 450-seat auditorium located in the Academic Village for the *Pembroke Pines Theatre of the Performing Arts* - a local theatrical group that stages numerous outstanding performances, including Broadway musicals. Special events are provided to the City's residents through the Parks & Recreation Department and include annual events such as *Kids Konnection*; the *Art Festival in the Pines* which is conducted in the River of Grass ArtsPark; the *Pines Day* celebration commemorating the founding of the City in 1960, and many other community, cultural and sports activities staged throughout the year. The Pembroke Pines Historical Museum is located in the Village Community Center on the City's east side, and has opened a new and expanding World War II exhibit. Artifacts are displayed from donations by the City's Second World War veterans, and from two archeology digs on the City's North Perry Airport which served as an outlying field of the Miami Naval Air Station from 1943 until 1945.

Communications

All principal television networks are received within the City with broadcast stations in Boynton Beach, Fort Lauderdale, Hollywood, Miami, Miramar, Palm Beach Gardens, and West Palm Beach. Cable television is provided to the entire City by Comcast and BellSouth Entertainment, Inc. The City has its own informational cable channel that televises all Commission meetings and provides information such as upcoming events and public service information.

City of Pembroke Pines, Florida

General Information

City information can also be accessed through the Internet site, www.ppines.com. On the web site, information including Commission meeting dates, trash and recycling schedules, a calendar of events, budget information, and annual and monthly financial statements are available.

Commercial

The City contains a large and diversified number of retail establishments, including the expansive Pembroke Lakes Mall with its major department stores, including Dillard's, JCPenney, Macy's and Sears plus approximately 135 more stores and restaurants. A stunning addition to the City's retail base is the Shops at Pembroke Gardens, located at Interstate 75 and Pines Boulevard. This complex contains approximately 70 upscale stores and restaurants, and is centrally located to serve the residents of the City and neighboring municipalities. The City is the executive office headquarters for Claire's Stores, Inc., an international retail chain which owns, franchises or joint ventures approximately 3,369 stores selling costume jewelry and fashion accessories. Pembroke Pines is also the administrative headquarters for Decorator Industries, Inc., a publicly-held Corporation (Amex: DII) who designs, manufactures and sells various interior furnishings to the recreational vehicle, manufactured housing and hospitality industries. The company has six manufacturing plants and approximately 275 employees across the United States.

The dynamics of the growth of commercial and residential activities in Pembroke Pines and its surrounding area has resulted in at least seven hotels offering a variety of hospitality suites. Within the City is the Grand Palms Golf and Country Club Resort at Pines Boulevard just west of Interstate I-75 offering upscale lodgings, as well as the Hampton Inn Hotel just east of Interstate I-75 and Sheridan and the adjacent newly-built all-suite Holiday Inn Express Hotel & Suites. Just to the south, east of Interstate I-75 at Miramar Parkway in adjacent Miramar, are the Courtyard by Marriott, the Residence Inn by Marriott, the Hilton Garden Inn and the Wingate by Wyndham.

Awards and Acknowledgments

Throughout the years, the City of Pembroke Pines has received numerous awards, and accolades. Below is a list and brief description of some of these noteworthy achievements:

- ◇ **2002 – Charter Schools accredited** by the Southern Association of Colleges and Schools
- ◇ **2002 - Finalist - Harvard University Innovations In American Government.**
- ◇ **2004 - National Civic League's All-America City Award – Academic Village, Senior Center & Youth Programs**
- ◇ **2004 – Named Best Integrated City** by the Associated Press.
- ◇ **2004 - Florida League of Cities' Innovations Showcase Award – Pembroke Pines Charter School System**
- ◇ **2004 - Distinguished Budget Presentation Award** to Pembroke Pines Charter School System for FY beginning July 1, 2004 by the Government Finance Officers Association.
- ◇ **2005 - US Conference of Mayors' Outstanding Achievement Award – Pembroke Pines Charter School System.**
- ◇ **2005 –Excellence Award** for Category II cities (150,000-199,000) from the Florida Recreation & Parks Association.
- ◇ **2005 - America's Promise, the Alliance for Youth 100 Best Communities Award** for Young People.

City of Pembroke Pines, Florida

General Information

- ◇ **2006** – Named to *Money/CNN* listing of “Best Places to Live” in America (one of only four Florida communities).
- ◇ **2006** – **City of Excellence Award, Mayor of the Year, City Spirit Award (Senior Affordable Housing & Services), City Finance Official of the Year** by the Florida League of Cities.
- ◇ **2007** – **Charter School of the Year** by the Center for Education Reform.
- ◇ **2007** – **City Employee of the Year**, by the Florida League of Cities.
- ◇ **2007** – **Municipal Excellence Silver Award** - Senior Solutions: Comprehensive Services & Affordable Housing for Seniors by the National League of Cities.
- ◇ **2007** – **NatureScape Emerald Special Achievement Award** from the Broward County Environmental Protection and Growth Management Department.
- ◇ **2009** – *BusinessWeek’s Best Places in the United States to Raise Your Kids – Ranked #1 in Florida*, based on school performance; number of schools; household expenditures; crime rates; air quality; job growth; family income; museums, parks, theaters, and other amenities; and diversity.
- ◇ **2009** - **Gold Seal of Excellence** - Pembroke Pines Charter Elementary School West Campus by the Florida Consortium of Public Charter Schools– for student academic achievement and meeting rigorous and comprehensive operations criteria, including parent involvement, staff retention, compliance, financial management and governing board performance.
- ◇ **2009** - **Broward County Disability Awareness Award** – Miracle League Baseball Field & Program. Children and young adults with disabilities play baseball, regardless of their abilities, at the Price Park Miracle League Field. The synthetic turf field accommodates wheelchairs and other assistive devices and Price Park has adapted restrooms and fencing.
- ◇ **2009** – **Blue Ribbon School** designation, awarded to Pembroke Pines Charter Middle School by the U.S Department of Education. For 27 years, Blue Ribbon Schools’ have been recognized for their stellar test scores and large strides in the classroom.
- ◇ **2010** – **Florida Communities for a Lifetime** - a statewide initiative that assists Florida cities, towns and counties in planning and implementing improvements that benefit their residents, youthful or elder. The Communities for a Lifetime Bureau is comprised of the following focus areas: Housing, Transportation, Employment, Health and Wellness, Volunteerism, and Intergenerational Programs.
- ◇ **2010** – **Finalist for the 2010 Awards for Municipal Excellence** by the National League of Cities (NLC). The NLC selects 40 city programs from across the county as finalists. The City was selected for its revitalization efforts at the Senator Howard C. Forman Human Services Campus. The various projects are a result of innovative public-private partnerships involving the City, the State, for-profit and non-profit agencies.
- ◇ **2010** – *BusinessWeek’s Best Places in the United States to Raise Your Kids – Ranked #1 in Florida*, based on school performance; number of schools; household expenditures; crime rates; air quality; job growth; family income; museums, parks, theaters, and other amenities; and diversity.

IV. COMPLIANCE SECTION



City of Pembroke Pines, Florida

Schedule of Expenditures of Federal Awards, State Financial Assistance Projects and Local Awards
Fiscal Year Ended September 30, 2010

| <u>Federal Agency/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Grant or Identifying Number</u> | <u>Total Award</u> | <u>9/30/2010 Expenditures</u> |
|--|------------------------------------|--|--------------------|-----------------------------------|
| <i>U.S. Department of Housing and Urban Development</i> | | | | |
| Community Development Block Grant 2003 | 14.218 | B03MC120040 | \$ 1,093,000 | \$ 100,000 |
| Community Development Block Grant 2004 | 14.218 | B04MC120040 | 1,086,000 | 24,566 |
| Community Development Block Grant 2005 | 14.218 | B05MC120040 | 1,030,251 | 55,530 |
| Community Development Block Grant 2006 | 14.218 | B06MC120040 | 925,720 | 129,955 |
| Community Development Block Grant 2007 | 14.218 | B07MC120040 | 920,848 | 38,376 |
| Community Development Block Grant 2008 | 14.218 | B08MC120040 | 883,925 | 185,624 |
| Community Development Block Grant 2009 | 14.218 | B09MC120040 | 884,500 | 375,165 |
| ARRA -Community Development Block Grant 2009 | 14.218 | B09MY120040 | 240,099 | 162,936 |
| Neighborhood Stabilization Program (NSP2008) | 14.218 | B-08MN-12-0022 | 4,398,575 | 2,311,167 |
| Sub-total | 14.218 | | | 3,383,319 |
| <i>Pass-Through Broward County</i> | | | | |
| HOME Investment Partnerships Program 2006 | 14.239 | N/A | 222,262 | 23,694 |
| HOME Investment Partnerships Program 2007 | 14.239 | N/A | 218,420 | 53,335 |
| HOME Investment Partnerships Program 2008 | 14.239 | N/A | 211,986 | 182,395 |
| HOME Investment Partnerships Program 2009 | 14.239 | N/A | 244,300 | 82,350 |
| Sub-total | 14.239 | | | 341,774 |
| Community Development Block Grant Disaster Recovery Initiative | 14.228 | 07DB-3V-11-16-01-Z08 | 689,283 | 41,357 |
| <i>Total U.S. Department of Housing and Urban Development</i> | | | | 3,766,450 |
| <i>U.S. Department of Justice</i> | | | | |
| Bulletproof Vest Partnership Program (BVP) 2009 | 16.607 | 2009BOBX09048607 | 5,414 | 5,414 |
| <i>Pass-Through the Office of the Attorney General</i> | | | | |
| Victim of Crime Act Grant (VOCA) 2009 | 16.575 | V09036 | 16,289 | 15,938 |
| <i>Pass-Through Broward County Sheriff's Office</i> | | | | |
| Byrne Justice Assistance Grant 2007 | 16.738 | 2007-DJ-BX-1390 | 37,570 | 678 |
| Byrne Justice Assistance Grant 2008 | 16.738 | 2008-DJ-BX-0537 | 11,808 | 11,796 |
| Sub-total | 16.738 | | | 12,474 |
| ARRA -Byrne Justice Assistance Grant 2009 | 16.804 | 2009-SB-B9-3324 | 155,853 | 91,940 |
| <i>Total U.S. Department of Justice</i> | | | | 125,766 |

See Note to the Schedule of Expenditures of Federal Awards, State Financial Assistance Projects and Local Awards

City of Pembroke Pines, Florida

Schedule of Expenditures of Federal Awards, State Financial Assistance Projects and Local Awards

Fiscal Year Ended September 30, 2010

(Continued)

| <u>Federal Agency/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Grant or Identifying Number</u> | <u>Total Award</u> | <u>9/30/2010 Expenditures</u> |
|---|------------------------------------|--|--------------------|-----------------------------------|
| <i>U.S. Department of Agriculture</i> | | | | |
| <i>Pass-Through Florida Department of Education</i> | | | | |
| School Breakfast Program | 10.553 | 01-0363 | \$ 70,031 | \$ 70,031 |
| National School Lunch Program | 10.555 | 01-0363 | 486,680 | 486,680 |
| ARRA -School Lunch Equipment | 10.579 | 06F-3710S-0CZ01 | 54,349 | 51,109 |
| <i>Pass-Through Florida Department of Agriculture & Consumer Services</i> | | | | |
| NSLP Non-Cash Assistance (Commodities) | 10.569 | 2040 | 102,883 | <u>102,883</u> |
| <i>Total U.S. Department of Agriculture</i> | | | | <u>710,703</u> |
| <i>U.S. Department of Homeland Security</i> | | | | |
| <i>Pass-Through Florida Division of Emergency Management</i> | | | | |
| Urban Area Strategic initiative (UASI 2006) | 97.067 | 07DS-5N-11-16-02-259 | 698,600 | 9,508 |
| Urban Area Strategic initiative (UASI 2007) | 97.067 | 08DS-62-11-16-02-296 | 431,175 | 22,443 |
| Urban Area Strategic initiative (UASI 2008) | 97.067 | 09DS-48-11-16-02-448 | 408,303 | <u>8,349</u> |
| Sub-total | 97.067 | | | 40,300 |
| <i>Pass-Through Florida Department of Community Affairs</i> | | | | |
| Disaster Relief-Hurricane Frances | 97.036 | FEMA-1545-DR | 41,229 | 41,229 |
| Disaster Relief-Hurricane Katrina | 97.036 | FEMA-1602-DR | 17,631 | 17,631 |
| Disaster Relief-Tropical Storm Fay | 97.036 | 09-FA-C2-11-16-00-535 | 389 | <u>389</u> |
| Sub-total | 97.036 | | | 59,249 |
| <i>Total U.S. Department of Homeland Security</i> | | | | <u>99,549</u> |
| <i>U.S. Department of Health and Human Services</i> | | | | |
| <i>Pass-Through Areawide Council on Aging of Broward County, Inc.</i> | | | | |
| Older Americans Act- IIIB - 2009 | 93.044 | JA009-10-2009 | 351,315 | 8,518 |
| Older Americans Act- IIIB - 2010 | 93.044 | JA010-10-2010 | 351,315 | <u>341,630</u> |
| Sub-total | 93.044 | | | 350,148 |
| Older Americans Act- IIIE - 2009 | 93.052 | JA009-10-2009 | 93,215 | 22,289 |
| Older Americans Act- IIIE - 2010 | 93.052 | JA010-10-2010 | 93,215 | <u>43,483</u> |
| Sub-total | 93.052 | | | 65,772 |
| Energy Assistance -2009 | 93.568 | JP009-10-2010 | 33,603 | 19,055 |
| Energy Assistance -2010 | 93.568 | JP010-10-2011 | 32,467 | <u>5,585</u> |
| Sub-total | 93.568 | | | 24,640 |
| <i>Pass-Through Florida Department of Children and Families</i> | | | | |
| Chafee Care Independence Program-Transitional Housing-yr3 | 93.674 | JJ214 | 128,159 | 96,119 |
| Chafee Foster Care Independence Program-Transitional Housing-yr4 | 93.674 | JJ214 | 93,859 | <u>26,895</u> |
| Sub-total | 93.674 | | | 123,014 |
| <i>Pass-Through Nova Southeastern University</i> | | | | |
| Geriatric Education Centers | 93.969 | 6D31HP08809-03-01 | 12,000 | 12,000 |
| <i>Total U.S. Department of Health and Human Services</i> | | | | <u>\$ 575,574</u> |

See Note to the Schedule of Expenditures of Federal Awards, State Financial Assistance Projects and Local Awards

City of Pembroke Pines, Florida

Schedule of Expenditures of Federal Awards, State Financial Assistance Projects and Local Awards

Fiscal Year Ended September 30, 2010

(Continued)

| <u>Federal Agency/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Grant or Identifying Number</u> | <u>Total Award</u> | <u>9/30/2010 Expenditures</u> |
|---|------------------------------------|--|--------------------|-----------------------------------|
| <i>U.S. Department of Education</i> | | | | |
| <i>Pass Through the Florida State University</i> | | | | |
| Individuals with Disabilities Education Act (IDEA) | 84.027A | 686-2630A-0CB01 | \$ 65,521 | \$ 65,521 |
| <i>Pass Through the School Board of Broward County</i> | | | | |
| Individuals with Disabilities Education Act (IDEA) | 84.027A | 060-2630A-0CB01 | 54,464 | 39,379 |
| | 84.027A | | | <u>104,900</u> |
| <i>Pass Through the Florida State University</i> | | | | |
| ARRA -Individuals with Disabilities Education Act (IDEA) | 84.391A | 686-2630S-0CY01 | 93,940 | 93,940 |
| ARRA -State Fiscal Stabilization Fund-Education Stabilization Fund | 84.394 | 371-5910S-0CZ01 | 225,276 | 214,549 |
| ARRA -State Fiscal Stabilization Fund-Government Services Fund | 84.397 | 371-5920S-0CZ10 | 8,552 | 8,066 |
| <i>Pass-Through Florida Department of Education</i> | | | | |
| ARRA -State Fiscal Stabilization Fund-Appropriated Equipment Assistance | 84.397 | 06F-5920S-0RZE1 | 7,559 | 6,150 |
| <i>Pass Through the School Board of Broward County</i> | | | | |
| ARRA -State Fiscal Stabilization Fund-Dale Hickham Excellent Teaching | 84.397 | 060-5920S-0CD01 | 61,660 | 61,660 |
| | 84.397 | | | <u>75,876</u> |
| <i>Total U.S. Department of Education</i> | | | | <u>489,265</u> |
| <i>U.S. Department of Energy</i> | | | | |
| ARRA -Energy Efficiency and Conservation Block Grant Program (EECBG) | 81.128 | SC0003363 | 1,321,700 | 966,652 |
| <i>Total U.S. Department of Energy</i> | 81.128 | | | <u>966,652</u> |
| <i>Executive Office of the President</i> | | | | |
| High Intensity Drug Trafficking Areas Program | 95.001 | G10MI0001A | 30,000 | 2,182 |
| <i>Total Executive Office of the President</i> | 95.001 | | | <u>2,182</u> |
| <i>U.S. Department of Transportation</i> | | | | |
| <i>Pass-Through the State of Florida Department of Transportation</i> | | | | |
| Highway Planning and Construction-I75 Interchange at Pines Blvd | 20.205 | AP607 | 10,652,808 | 1,403,793 |
| ARRA -Highway Planning and Construction | 20.205 | APK34 | 519,215 | 519,215 |
| Sub-total | 20.205 | | | <u>1,923,008</u> |
| Safety Belt Performance Grants | 20.609 | K4PT-10-21-36 | 20,000 | 19,462 |
| <i>Total U.S. Department of Transportation</i> | | | | <u>1,942,470</u> |
| <i>TOTAL EXPENDITURES OF FEDERAL AWARDS</i> | | | | <u>\$ 8,678,611</u> |

N/A - not available or not applicable.

City of Pembroke Pines, Florida

Schedule of Expenditures of Federal Awards, State Financial Assistance Projects and Local Awards
Fiscal Year Ended September 30, 2010
(Continued)

| <u>State Agency/Pass-Through Grantor/Program Title</u> | <u>State CSFA Number</u> | <u>Grant or Identifying Number</u> | <u>Total Award</u> | <u>09/30/10 Expenditures</u> |
|---|----------------------------------|--|--------------------|----------------------------------|
| <i>Florida Department of Community Affairs</i> | | | | |
| <i>Pass Through Florida Communities Trust</i> | | | | |
| Housing and Community Development-Chapel Trail Nature Preserve Addition | 52.002 | 07-004-FF7 | 334,688 | \$ 334,688 |
| Total Florida Department of Community Affairs | | | | <u>334,688</u> |
| <i>Florida Department of Elder Affairs</i> | | | | |
| <i>Pass-Through Areawide Council on Aging of Broward County, Inc.</i> | | | | |
| Local Services Program -2010 | 65.009 | JL009-10-2010 | 254,388 | 186,118 |
| Local Services Program -2011 | 65.009 | JL010-10-2011 | 243,320 | 54,558 |
| Total Florida Department of Elder Affairs | Sub-total | | | <u>240,676</u> |
| <i>Florida Department of Environmental Protection</i> | | | | |
| Florida Recreation Development Assistance Program (FRDAP) | 37.017 | F8011 | 200,000 | 133,373 |
| Total Florida Department of Environmental Protection | | | | <u>133,373</u> |
| <i>Florida Housing Finance Agency</i> | | | | |
| My Safe Florida Home Program | 43.002 | CF050 | 50,000 | 24,000 |
| | 43.002 | | | 24,000 |
| State Housing Initiatives Partnership (S.H.I.P.) - F/Y06-07 | 52.901 | N/A | 1,394,910 | 459,986 |
| State Housing Initiatives Partnership (S.H.I.P.) - F/Y07-08 | 52.901 | N/A | 1,374,821 | 805,129 |
| State Housing Initiatives Partnership (S.H.I.P.) - F/Y08-09 | 52.901 | N/A | 1,349,270 | 44,244 |
| | Sub-total | | | 1,309,359 |
| Total Florida Housing Finance Agency/ Sub-total | | | | <u>1,333,359</u> |
| <i>Florida Department of Health</i> | | | | |
| State EMS County Grant | 64.005 | 09-HSD-EMS-8151-01 | 2,450 | 2,450 |
| Total Florida Department of Health | Sub-Total | | | <u>2,450</u> |
| <i>Florida Department of Transportation</i> | | | | |
| State Highway Project Reimbursement | 55.023 | AP583 | 100,000 | 81,960 |
| Total Florida Department of Transportation | Sub-Total | | | <u>81,960</u> |
| TOTAL EXPENDITURES OF STATE PROJECTS | | | | <u>\$ 2,126,506</u> |

See Note to the Schedule of Expenditures of Federal Awards, State Financial Assistance Projects and Local Awards

City of Pembroke Pines, Florida

Schedule of Expenditures of Federal Awards, State Financial Assistance Projects and Local Awards

Fiscal Year Ended September 30, 2010

(Continued)

| <u>Local Awards/Program Title</u> | <u>State CSFA Number</u> | <u>Grant or Identifying Number</u> | <u>Total Award</u> | <u>09/30/10 Expenditures</u> |
|--|----------------------------------|--|--------------------|----------------------------------|
| <i>Broward County Local Awards</i> | | | | |
| Broward County Transit Grant | N/A | N/A | 261,794 | \$ 261,794 |
| OAA Older American Act-Broward Cash Match - 2009 | N/A | JA009-10-2009 | 43,867 | 17,964 |
| OAA Older American Act-Broward Cash Match - 2010 | N/A | JA010-10-2010 | 43,868 | 18,180 |
| County Land Stewardship Program-West Pines Soccer Park & Nature Preserve | N/A | OS-48 | 74,380 | 72,019 |
| <i>Pass-through Lucanus developmental Center, Inc.</i> | | | | |
| ADA/Paratransit Program | N/A | N/A | 496,022 | 496,022 |
| <i>Total Broward County Local Awards</i> | | | | <u><u>865,979</u></u> |
| <i>TOTAL EXPENDITURES OF LOCAL AWARDS</i> | | | | <u><u>\$ 865,979</u></u> |

N/A - not available or not applicable.

CITY OF PEMBROKE PINES, FLORIDA
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,
STATE FINANCIAL ASSISTANCE PROJECTS AND LOCAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE A – BASIS FOR PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards, State Financial Assistance and Local Awards includes the federal, state and local grant activity of the City of Pembroke Pines, Florida and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by grantor agency as result of such audit, any claim for reimbursement to the grantor agencies would become a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor, City Commissioners
and City Manager
City of Pembroke Pines, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pembroke Pines, Florida (the "City"), as of and for the year ended September 30, 2010, which collectively comprise the City of Pembroke Pines' basic financial statements and have issued our report thereon dated March 10, 2011. We did not audit the financial statements of the Pension Trust Fund for Firefighters and Police Officers which represent 64% of the total net assets and 59% of the total revenues of the fiduciary fund totals. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Trust Fund for Firefighters and Police Officers is based solely on the report 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Pembroke Pines' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatement on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

To the Honorable Mayor, City Commissioners
and City Manager

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Mayor, City Commission, City management and the applicable regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

GLSC & Company, PLLC

March 10, 2011



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Honorable Mayor, City Commissioners
and City Manager
City of Pembroke Pines, Florida

Compliance

We have audited the compliance of the City of Pembroke Pines, Florida (the "City") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and Chapter 10.550, Rules of the Auditor General that could have direct and material effect on each of the City's major federal programs and state financial assistance projects for the year ended September 30, 2010. The City's major federal programs and state financial assistance projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state financial assistance projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133 and the Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, City of Pembroke Pines complied, in all material respects, with the compliance referred to above that could have a direct and material effect on each of its major programs for the year ended September 30, 2010.

To the Honorable Mayor, City Commissioners
and City Manager

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Internal Control Over Compliance

The management of City of Pembroke Pines, Florida is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and state financial assistance projects. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program and state financial assistance projects to determine our auditing procedures for the purpose of expressing our opinion on compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program and state financial assistance projects on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or State program and state financial assistance projects will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Mayor, City Commission, City management and grantor agencies and is not intended to be and should not be used by anyone other than these specified parties.

GLSC & Company, PLLC

March 10, 2011

**CITY OF PEMBROKE PINES, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the City of Pembroke Pines, Florida.
2. There were no significant deficiencies relating to the audit of the basic financial statements reported in the independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. There were no significant deficiencies relating to the audit of the major federal programs and state financial assistance projects reported in the independent auditors' report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General.
4. The auditors' report on compliance for the major federal and State programs for the City of Pembroke Pines, Florida expresses an unqualified opinion.
5. Audit findings relative to the major federal and State programs for the City of Pembroke Pines, Florida are reported in Parts C and D. of this Schedule.
7. The programs tested as major programs include:

| <u>Federal Programs</u> | <u>CFDA No.</u> | <u>Amount</u> |
|---|-----------------|---------------------|
| Community Development Block Grant/ Entitlement Grant | 14.218 | \$ 3,383,319 |
| Home Investment Partnership Program | 14.239 | 341,774 |
| Special Education Grant (IDEA Cluster) | 84.027/84.391 | 198,840 |
| State Fiscal Stabilization Cluster | 84.394/84.397 | 290,425 |
| Energy Efficiency and Conservation Block Grant | 81.128 | 966,652 |
| Highway Planning and Construction | 20.205 | <u>1,923,008</u> |
| | | <u>\$ 7,104,018</u> |

| <u>State Programs</u> | <u>CSFA No.</u> | <u>Amount</u> |
|---|-----------------|---------------------|
| Florida Recreation Development Assistance Program | 37.017 | \$ 133,373 |
| State Housing Initiatives Partnership (SHIP) Program | 52.901 | <u>1,309,359</u> |
| | | <u>\$ 1,442,732</u> |

Dollar threshold to distinguish Type A and Type B Programs \$300,000

8. The City of Pembroke Pines, Florida, was determined to be a low-risk audit pursuant to OMB Circular A-133.

**CITY OF PEMBROKE PINES, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(Continued)**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

NONE

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE PROJECTS AUDIT**

NONE

D. OTHER ISSUES

1. No summary schedule of prior audit findings is required because there were no prior audit findings related to federal or State programs.
2. No corrective action plan is required because there were no findings required to be reported under the federal or State Single Audit Acts.



**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Honorable Mayor, City Commissioners
and City Manager
City of Pembroke Pines, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Pembroke Pines, Florida (the "City"), as of and for the year ended September 30, 2010, which collectively comprise the City of Pembroke Pines' basic financial statements and have issued our report thereon dated March 10, 2011. We did not audit the financial statements of the Pension Trust Fund for Firefighters and Police Officers which represent 64% of the total net assets and 59% of the total revenues of the fiduciary fund totals. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amount included for the Pension Trust Fund for Firefighters and Police Officers is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 10, 2011, should be considered in conjunction with this management letter.

The purpose of this letter is to comment on those matters described in Rule 10.554(1)(i) as required by the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the basic financial statements of the City of Pembroke Pines, Florida, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

To the Honorable Mayor, City Commissioners
and City Manager

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Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the City of Pembroke Pines, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.

GLSC & Company, PLLC

March 10, 2011

LETTER TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

NONE

II. STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

NONE

**LETTER TO MANAGEMENT
(CONTINUED)**

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

1. Unless otherwise required to be reported in the auditors' report on internal control over financial reporting and on compliance and other matters or schedule of finding and questioned costs, the management letter shall include, but not be limited to a statement as to whether or not corrective actions have been taken to address significant findings and recommendations in the preceding annual financial audit report pursuant to Rule 10.557(3)(b)2. There were no recommendations made in the preceding annual financial audit.
2. The City of Pembroke Pines complied with Section 218.415, Florida Statutes, regarding the investment of public funds.
3. There were no significant findings and recommendations to improve the City's financial management, accounting procedures, and internal control for the fiscal year ended September 30, 2010.
4. There were no violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or were likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential.
5. Based on our professional judgment, we may report on the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (a) violations of provisions of contract or grant agreements, fraud, illegal acts, or abuse (b) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
6. The City of Pembroke Pines, Florida was incorporated in accordance with House Bill No. 1413 on June 20, 1960. There are no component units related to the City.
7. The City of Pembroke Pines has not met one or more of the conditions described in Section 218.503(1), Florida Statutes.
8. The annual financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1) (a), Florida Statutes agrees with the September 30, 2010 financial audit report.
9. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.