

# City of Pembroke Pines, Florida

Fiscal Year Ended September 30, 2005

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# **I. INTRODUCTORY SECTION**

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





# City of Pembroke Pines



**Frank C. Ortis, Mayor**  
**Angello Castillo, Vice-Mayor**  
**Charles F. Dodge, City Manager**

**William B. Armstrong, Commissioner**  
**Ben Fiorendino, Commissioner**  
**Iris A. Siple, Commissioner**

March 27, 2006

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 generally accepted auditing standards 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, 2005.

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 Watson Rice LLP, 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, 2005 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, 2005, 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, 2005.

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 8<sup>th</sup> largest city in Florida. As of September 30, 2005, the most recent official population estimate was 151,045. The City is located about 15 miles southwest of Fort Lauderdale, in Broward County. Pembroke Pines has an area of approximately 34 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 rapidly growing 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 and four Commissioners who are responsible for enacting ordinances, resolutions and regulations governing the City as well as appointing the members of 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, senior housing residences and services, the Senator Howard C. Forman Human Services Campus, and owns and operates seven Charter Schools, four Early Development Centers, and two Child Daycare Centers.

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 respond to their questions of 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 by any department. The City's budget is approved at the department level. The City Manager and 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 on pages 97-100 as part of the Required Supplementary Information.

The City of Pembroke Pines was the proud recipient of the All-America City Award for 2004, as bestowed by the National Civic League. The National Civic League is one of the leading advocates of citizen democracy in the United States. It was founded 110 years ago by Theodore Roosevelt and other government reformers, and has honored communities with this award since 1949. It is the nation's longest running and most prestigious civic recognition program, and cities receiving this award typically receive a variety of benefits, including national recognition, enhanced community pride, and in many cases,

tangible economic benefits that range from new grants to improved bond ratings, increased tourism, and greater economic activity. Thirty cities were invited to present their programs as finalists in Atlanta June 10-12, 2004, and ten cities, including Pembroke Pines, were honored with the All-America City Award. Five other Florida cities were invited to compete, but only Pembroke Pines was selected for the 2004 award.

**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 forty-five years of its existence. Its geographic location surrounded by the affluent tri-county markets of Miami-Dade, Broward, and Palm Beach Counties. The Miami-Fort Lauderdale-Miami Beach, Fl Metropolitan Statistical Area (MSA), which according to the latest statistics, is the sixth (6<sup>th</sup>) largest in the United States, trailing only Los Angeles, New York, Chicago, Philadelphia and Dallas, opens up an area that has a population of more than 5.4 million people, and retail sales that exceed \$56 billion. 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 twelfth (12<sup>th</sup>) busiest container port 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, encouraging international trade, as well as small and minority 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 City's average unemployment rate during the year in contrast to the other levels of government is shown below:

	<u>2005</u>	<u>2004</u>
City of Pembroke Pines	3.4%	3.1%
Broward County	3.8%	4.7%
State of Florida	3.9%	4.6%
United States	5.1%	5.5%

The level of unemployment for the City increased only minimally over last year by 0.3%. The current industry mix is such that in an economic boom, the City, the County and the State will experience rapid growth and increased employment, but will be more negatively impacted in an economic decline.

The State of Florida continues to post unemployment rates which are well below the average for United States as a whole. The latest unemployment rate for the State of Florida, which is 3.9%, is the lowest annual average since 2001, and represents the largest decline from 2004 to 2005 in the United States trailing only Alabama and Oregon. The County’s unemployment rate of 3.8% also represents the lowest annual average since the 3.6% recorded in 2000.

The strong employment statistics also gives credence to the population growth that has taken place in the County as well as the City of Pembroke Pines, in last couple of years. Population growth projections are extremely important to allow for future planning needs, and economic resource allocation, especially as vacant land becomes a scarce commodity throughout the City. The population estimates as researched by

Broward County in September 2004, presents the City's annual population growth rate at 2 percent to the year 2010, and at 0.3 percent for the years 2010 to 2025. It estimates that the City's population will be approximately 173,500 by the year 2025, and that Pembroke Pines will become the third largest city in the County trailing only Fort Lauderdale and Hollywood. Currently, the City is the second largest in the County following Fort Lauderdale. Overall, the County will also continue to experience positive growth trends throughout the same period with a 2 percent projected growth rate from 2000 to 2010 and a 1.4 percent growth rate from 2010 to 2025. Although these estimates seem optimistic, they provide an indication that despite the potential for build-out, the County and the City will remain a vibrant and growing community, responding to the needs of its residents.

Another important factor in looking at the overall economy, not only in Pembroke Pines, but also in Broward County, has been the extremely strong housing market. In 2005 the median price of an existing single-family home in Broward County recorded an increase of 29.2%, which is the fifth consecutive year of double-digit growth as reported by the Florida Association of Realtors and the University of Florida. The median price of existing single-family homes was \$361,100, nearly two and one-half times the 2000 median price of \$148,500. The increase in home sales was moderated by the fact that with low interest rates many individuals were refinancing their mortgages. Yet, the increase in property values had provided additional property tax revenues to the City and the County. Although analysts are predicting a slow down in the housing market, it is likely that the shrinking availability of vacant land will maintain upward pressure on housing prices.

The business environment within the County, neighboring cities and within Pembroke Pines itself provides us with a sense of pride and confidence as many new businesses are opening their doors, or are scheduled to open sometime in the near future. Taxable sales in Broward County totaled more than \$30.3 billion in the calendar year 2005, an increase of 9.7% over the same period for 2004. Pembroke Pines is also experiencing growth in its commercial development, and as such, the City has added to its list of successful business partners in the western portion of the City a Wal-Mart Store, Store Safe Inc, and a Boulevard Square Self Storage which are indications that there continues to be successful economic opportunities for business owners within the City. The City will continue its efforts to advertise the benefits of locating in Pembroke Pines in three national "site selection magazines" that are distributed to Chief Executive Officers (CEO's) nationwide and, through its Economic Development Board, will continue to plan seminars and symposiums that specifically benefit our small business partners.

Although the City is almost fully built out, Pembroke Pines continues to maintain one of the lowest tax rates within Broward County, and currently has the seventh lowest millage rate among all the 31 cities in Broward. The City's current operating millage rate is 4.5990, which remained unchanged from the previous fiscal year. Increases in property values over the last year have helped to mitigate increases in the City's millage rate. The City's gross taxable property values, which includes the value of new construction, increased by 10.5 percent over last year, as compared with a 12.6 percent increase for the prior year. The City is steadfast in its resolve to continue to be progressive, and by leveraging its current resources in innovative ways, will remain true to its strategic vision and motto "Join us and progress with us". The vision continues to be one that seeks to provide its residents with the highest quality of life, at an affordable cost, utilizing cost efficiencies in every way practicable.

### **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 existing 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. Although there are projects which were initiated this year, there are also projects that continue to be expanded or are already works-in-progress that will take a number of years to complete.

Strategic goals and objectives are constantly being reviewed by the City in light of the various economic challenges that arise. As the City approaches build-out, the long-term strategic focus has had to shift from one of growth to one of redevelopment, yet the overall long-term goals remain targeted on the health, welfare, safety and quality of life for our residents. 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 containment especially for personnel-related costs which accounted for approximately 72 percent of total General Fund expenditures for the 2006 Adopted Budget.

Over the last year, the City has developed the budget in such a way as to maintain unreserved, undesignated fund balance in the General Fund between 10 and 30 percent of the total annual General Fund expenditures. This also provides a contingency for unexpected future events.

### **Major Initiatives**

On January 13, 2005 the City Commission decided to undertake a bold new 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 million in General Obligation Bonds with maturity not exceeding 30 years, which will be repaid from the proceeds of ad valorem taxes. The first series of these bonds were issued in fiscal year 2005 for \$47 million. It is anticipated that the balance will be issued in staggered amounts of \$33 million in fiscal year 2007 and if necessary \$20 million in fiscal year 2009, which is subject to change based on the prevailing interest rates and estimated time line for the various plans. The projects which are expected to be funded from the proceeds range from various roadwork projects, recreational and cultural amenities, to economic development and neighborhood revitalization. Some of these projects are direct responses to the requests made from the citizenry, while others are as 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.

On September 30, 2005, the City issued its first General Obligation Bonds, Series 2005 in the amount of \$47 million to begin the various projects that were agreed to by the voters of the City. As of February 28, 2006, the City has expended approximately \$10 million with spending concentrated on one of the major issues of concern within the City; that of traffic mitigation. Of the total expenditures to date, \$8.2 million has been spent on improving the main corridor which is Pines Boulevard between 136 Avenue and Hiatus Road. This project was awarded to Stiles Corporation Inc., in conjunction the Florida Department of Transportation (FDOT). Once the project has been completed, the City is expected to receive from the FDOT approximately \$5.6 million for construction costs.

Also, as part of the "Building Our Future" Program, the City has spent \$1.3 million for the purchase of approximately 10 acres adjoining the SW Pines Nature & Recreational Park and will be developed as wetlands. On March 15, 2006, the City Commission approved the purchase of property from Chapel Trail Associates, in the amount of \$8.9 million, which consists of an abandoned Winn-Dixie and three other stores in the shopping center. The property will be used to create a community recreation teen and senior facility, and the construction of an Art Colony in the western portion of the City, which was part of the promise made to residents if the bonds were approved. The renovation of this building is seen as an economic gain, providing significant cost savings to the City as it will be cheaper than having to build a new facility from the ground up. The estimated cost of renovation is \$1 million.

As part of the City's continued efforts to enhance the functionality and services of the Senator Howard C. Forman Human Services Campus, the City has renovated a number of existing buildings at the site, and currently has plans to expand this facility to provide a wide array of educational, professional, and health-related services, as well as residential treatment facilities to special-needs groups, senior residents and the community at large. There have been significant improvements to this site thus far, including the completion of the two Senior Housing Residential Complexes. Tower I was completed in May 2005 and consists of 208 residential units, and Tower II was completed in fiscal year 2006 and consists of an additional 186 residential units. Additionally, in February 2006, the City completed the construction of a 40-unit residential complex, an administrative and treatment building, and an Early Development Center designed to serve up to 150 children. This was part of an agreement between the City and the Susan B. Anthony Center, Inc., a Florida Non-Profit Organization that provides transitional housing for women with children recovering from substance abuse. These projects were all funded by revenue bonds.

The City continues to foresee additional opportunities for the Senator Howard C. Forman Human Services Campus. The Senior Housing Residential Complex has had such a positive response that on February 1, 2006, the City Commission voted to approve the Letter of Agreement with the Haskell Company for the preliminary development and architectural design for Phase II of the Senator Howard C. Forman Human Services Campus. This phase is expected to include the construction of another Senior Housing Residential Complex consisting of 220 one-bedroom units, renovation of existing buildings to include an additional senior center, buildings for career development programs and other medical professional buildings. Additional information can be found in Note 5- "Subsequent Events".

The City is always striving to enhance the quality of life for its residents by increasing the availability of services and facilities. The City has become a haven for working families, as seen by the growth and demand for additional housing and schools. In an effort to respond to the overcrowding in schools, the City opened its first Charter School in 1998 and currently owns and operates seven Charter Schools. The Charter Schools have done exceptionally well and the demand is currently so great that there still remains a waiting list for applicants. In December 2005, as a result of the proactive approach of the City, and the highly regarded record of its Charter Schools, the Broward County School Board approved the City's application for an additional Charter School which will include kindergarten to eighth grade facility. The new Charter School will be located on the grounds of the Senator Howard C. Forman Human Services Campus, to serve 546 students in the eastern portion of the City. The school will be built by renovating one of the existing buildings on the site.

The plans for a "City Center" remain to be a project of significant importance in terms of both financial implications and resource allocation needed for the 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 intends to oversee the development of this property as a "City Center" that will include an interesting mix of residential, commercial, professional and governmental services to residents. It includes plans for a 120-suite hotel, a conference center, town houses, apartments, office buildings, restaurants, small shops, and a central plaza with a fountain, all within a pedestrian-friendly setting. The City is expected to recover its development costs through the sale of building sites to various businesses and, developers. As a result of the enormous implications of this project, the City Commission requested an independent market and cost-benefit analysis of the viability of the project. This study was conducted by Spectrum Marketing and Public Affairs, Inc. in January 2006 with the overall conclusion being that the project still provides a cost benefit to the City and its taxpayers, yet noting the biggest risk lies in the inaction to move forward with the project as construction costs are escalating and competition is developing.

Despite the City's best efforts to prepare for the hurricane season, no one anticipated the devastating damage that was caused by Hurricane Wilma and to a lesser extent by Hurricane Katrina. In fiscal year 2004 the City was also affected Hurricane Frances. As a result of Hurricane Wilma which occurred on October 24, 2005, the City will spend approximately \$33 million to \$35 million in debris removal, repairs and other cleanup efforts. The total amount that will be reimbursed by the Federal Emergency Management Agency (FEMA) has not yet been determined, nevertheless, the financial impact to the City has been significant. The Federal and State response to these hurricanes has led the City in many ways to re-examine its current policies and practices regarding disaster preparedness. This will ensure that the City will be well prepared to meet the needs of its residents without creating any undue financial burdens. One of the decisions taken by the Commission in fiscal year 2004 was to increase the City's reserve for disaster assistance from \$125,000 to \$2,125,000. Although the Federal and State Emergency Management Agencies provide assistance for disaster recovery, the City is usually responsible for 12.5 percent of these expenditures. By increasing the reserve for disaster assistance by \$2 million, the City would be prepared to match damages for up to \$17 million in Federal and State assistance.

Additionally the City is planning on becoming more self reliant and efficient in responding to future disasters. The City plans on establishing a "mini FEMA" in which a company would be contracted to supply its residents with food, water, ice and tarps within 24 hours after a disaster strikes. Other future preparation and mitigation efforts include providing wireless local area networks in key locations throughout the City, including City Hall, the Senior Centers, and the Police and Fire Stations. The City has been meeting with FEMA representatives regarding the possibility of constructing an industrial kitchen to feed the residents of the City, in an overall effort to ensure that the emergency needs of its residents are met.

### **Cash Management Policies and Practices**

Undergirding the development of the City's long-term strategic goals and objectives are financial policies of the City that help to ensure that the programs and projects are implemented in the most cost effective manner, minimizing the restrictions that would seek to hinder the future borrowing capacity of the City.

The City invests operating funds in an effort to earn a competitive yield on its portfolio, while maintaining adequate liquidity to meet the demands of the City's day-to-day operational activities. This is consistent with its primary objective of safeguarding public assets by minimizing the level of credit and market risks assumed. The investment priority is safety of capital, liquidity of funds, and investment income, in that order. To that end, the City's investments are guided by a detailed investment policy, adopted by Ordinance and further explained in Note 3.a. of the notes to the basic financial statements, in accordance with Governmental Accounting Standards Board Statement Number 40. During the year, surplus funds were administered by the State Board of Administration, the Florida League of Cities, managed by external investment managers such as Wachovia Bank N.A, and placed in interest bearing deposit accounts of a qualified public depository.

During the year, the City had operating funds administered by the following money managers:

<u>Money Manager</u>	<u>Average Balance</u>	<u>Investment Income</u>	<u>Average Rate of Return (%)</u>
State Board of Administration	\$65,588,553	\$1,683,887	2.57%
Florida League of Cities	\$28,032,087	\$571,054	2.04%
Wachovia Bank N.A.	\$39,078,042	\$596,379	1.53%

In FY 2005, the City earned a total of \$4,264,037 in investment income, as compared with \$2,183,919 earned in fiscal year 2004; this represents a 95% increase from the previous year. The extremely low interest rate environment significantly impacted the performance of the portfolio in fiscal year 2004, but short-term interest rates have been on the increase in fiscal year 2005. The average rate of return on the State Board of Administration was 1.26% in fiscal year 2004, but was 2.57% in fiscal year 2005; coupled with additional funds from unspent bond proceeds, these factors provided an increase in investment income by approximately \$1.1 million. Also, in anticipation that interest rates would be on the rise, and in an effort to minimize any potential losses, the City decided to shorten the weighted average duration of its investment portfolio, which means the City would be less affected by interest rate fluctuations. The increase in revenues from other investments also increased by approximately \$0.9 million. The City will continue to closely monitor and evaluate its investment earnings and portfolio holdings as new economic conditions unfold.

### **Self-Insurance Program**

The City's self-insurance program is funded in the Public Insurance Fund (an Internal Service Fund). Self-Insured Retention (SIR) applies to each specific type of coverage as follows:

<u>Coverage</u>	<u>Self-Insurance Retention Per Occurrence</u>	<u>Insurance Limits</u>
General/Auto Liability	\$ 150,000	\$ 850,000
Public Employees Dishonesty	100,000	2,400,000
Workers' Compensation	250,000	(Statutory)
Workers' Compensation- Police & Fire	350,000	(Statutory)
Property- Real Property	25,000	204,222,661
Property- Personal Property	25,000	14,601,666
Property- Vehicles	25,000	(depreciated value of vehicle)

## **Pension and Other Post-Employment Benefits**

The City maintains two single-employer defined benefit pension plans, which are: the General Employees Pension Plan (GEPP) and the City Pension Fund for Firefighters and Police Officers (CPFFPO). Once a year, an independent actuary is engaged by the pension plans to calculate the annual required contribution the City must make to ensure that the plans will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plans as determined by the actuary. As of September 30, 2005, the net assets of the GEPP totaled \$96,447,187 and the net assets of the CPFFPO totaled \$186,275,286.

In addition to the defined benefit plans described above, the City maintains a defined contribution plan created in accordance with Internal Revenue Code Section 401(a). The plan provides benefits for the employees of the Charter Schools and Early Development Centers. The City's required contribution to this plan is 5% of the plan members' gross salary, while members are allowed to contribute up to a maximum of 25% of compensation as defined by the Plan. These contributions are submitted to an external retirement corporation that is responsible for management of the investments as directed by the employee. As of September 30, 2005, the value of assets approximated \$3,776,000.

The City also provides postretirement health care and life insurance benefits for retirees. Spouses are included in this coverage, for a limited number of employees hired before October 1, 1991. As of September 30, 2005 there were 208 retirees receiving this benefit. The allocated premium related to the retiree's health care and life insurance benefits are recognized as expenditures by the City. For the fiscal year ended September 30, 2005, those costs totaled \$1,167,388. The new Governmental Accounting Standards Board (GASB) pronouncements concerning Other Post-Employment Benefits will have a significant financial impact on the City. As a result of this, the City has designated \$3,000,000 of unreserved fund balance in fiscal year 2005 as an initial step to lessen the impact that this will have on future economic resources.

Additional information on the City's pension arrangements and post-employment benefits can be found in Notes 4.d., 4.e. and 4.f. in the Notes to the Basic Financial Statements.

## **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, 2004. This was the twentieth 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 generally accepted accounting principles 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, 2004. The City of Pembroke Pines has received this award consecutively for eight 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 operations guide, and as a communications device.

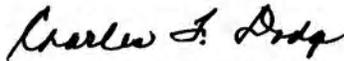
A Distinguished Budget Presentation Award is valid for a period of one year only. We believe that our current budget continues to meet the Distinguished Budget Presentation Award program's requirements and we are submitting it to the GFOA to determine its eligibility for another award.

In May 2005, the City was also the recipient of the Agency of Excellence Award from the Florida Recreation and Parks Association (FRPA). The City was chosen as the winner for category II which is based on a population of 150,000 to 199,000. The FRPA's Agency of Excellence Award is given to recognize and honor the State's most outstanding Community Park, Recreation and/or Leisure Service agencies for excellence in Parks, Recreation and Leisure Services. The City was chosen for its accomplishments and activities which included, but were not limited to, environmental education, recreation programming, cultural diversity and citizen involvement through advisory boards and volunteer programs.

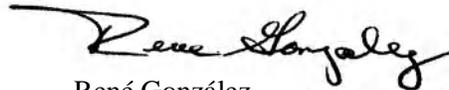
The preparation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions they have made in preparation of this report. Special recognition is given to the firm of Watson Rice LLP for their assistance and professionalism.

In closing, without the leadership and support of the Mayor and the City Commissioners, the accomplishments and future successes noted in this report would not have been possible.

Sincerely,



Charles F. Dodge  
City Manager



René González  
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, 2004

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.



*Nancy L. Zielke*

President

*Jeffrey R. Emer*

Executive Director

# List of City Officials

## City Commission:

*Frank C. Ortis, Mayor*

*Angelo Castillo, Vice Mayor*

*William B. Armstrong, Commissioner*

*Ben Fiorendino, Commissioner*

*Iris A. Siple, Commissioner*

## City Manager:

*Charles F. Dodge LLC*

## City Attorney:

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

## City Clerk:

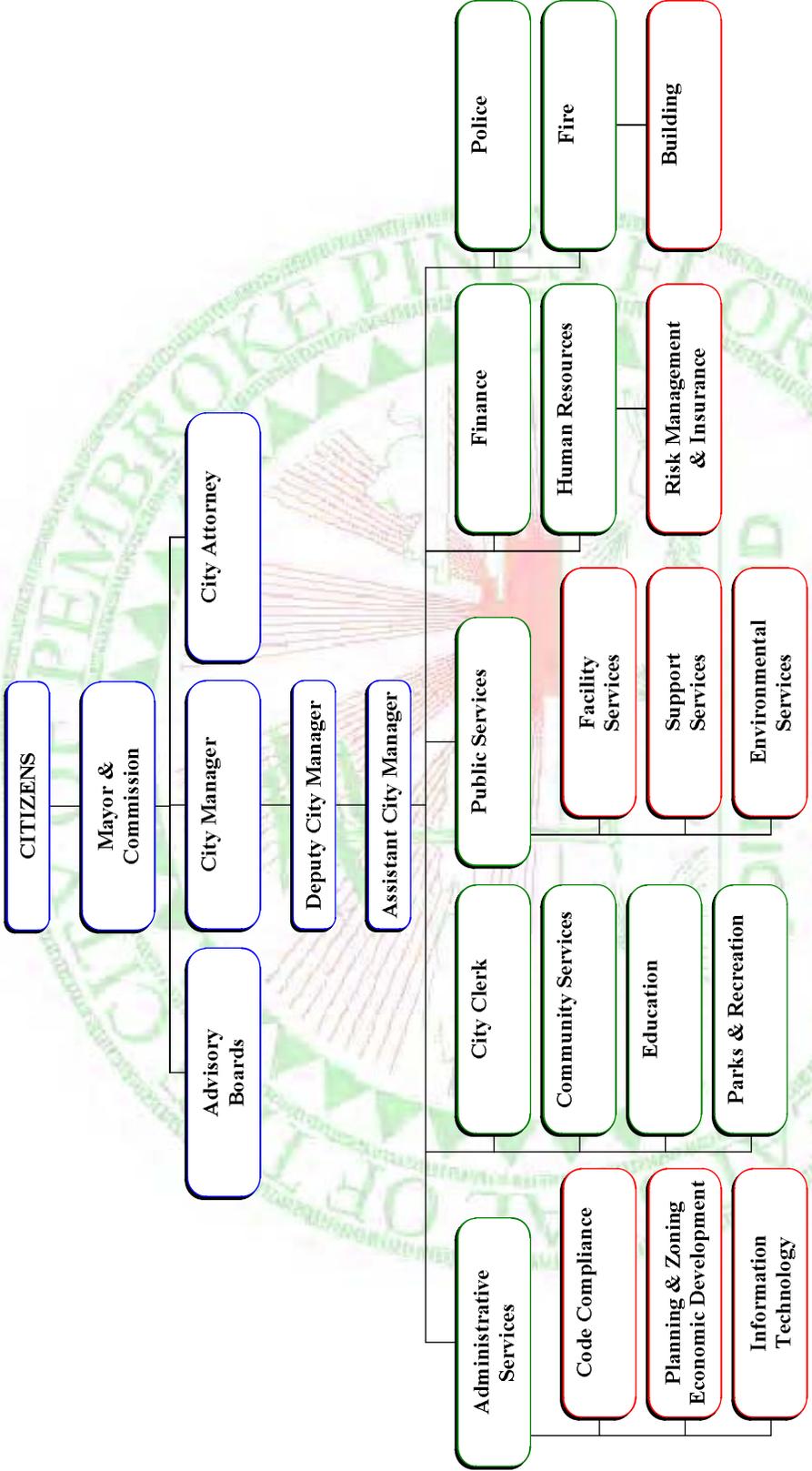
*Judith A. Neugent*

## Finance Director:

*René D. González*



# City of Pembroke Pines, Florida 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, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the Pension Trust Fund for Firefighters and Police Officers, which represents 63% of the assets of the aggregate remaining fund information. 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 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 opinions.

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, as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2006 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Required Supplementary Information on pages 3 through 20 and 95 through 100, respectively, are not a required part of the basic financial

statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Fort Lauderdale, Florida

January 20, 2006, (except for the 4<sup>th</sup> paragraph of Note 5, as to  
which the date is February 15, 2006)

*Wilton Rice LHP*

# 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, 2005. 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 x of this report.

### Financial Highlights

- The assets of the City of Pembroke Pines exceeded its liabilities at the close of the most recent fiscal year by \$361.2 million (*net assets*), as compared with \$380.7 million for the previous fiscal year. Of this amount, \$84.3 million (*unrestricted net assets*) may be used to meet the ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$19.5 million (or -5.1 percent) during the current fiscal year. Included in the total net assets are governmental net assets which decreased by \$14.1 million (-9.9 percent), and the business-type net assets which decreased by \$5.4 million (or -2.3 percent). The reasons for the decrease in net assets are analyzed on pages 8-11.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$87.5 million, an increase of \$26.4 million (43.3 percent) in comparison with the prior year. Approximately \$17.7 million (20.2 percent) of this total amount is available for spending at the City's discretion (*unreserved, undesignated fund balance*). The reasons for the increase in fund balance are analyzed on page 12.
- At the end of the current fiscal year, unrestricted net assets of the City's governmental activities were \$1.5 million, or 0.8 percent of total governmental activities expenses. While the unrestricted net assets of the business-type activities were \$82.8 million, or 223.8 percent of total business-type expenses.
- The City's total bonded debt increased by \$50.8 million (19.1 percent) net during the current fiscal year. This is as a result of the issuance of the Variable Rate Capital Improvement Revenue Bonds, Series 2005 for \$7,910,000. The proceeds of these bonds were used primarily to fund the construction of a 40 unit two-story residential complex to be used by the Susan B. Anthony Center Inc. Also, the City issued \$47,000,000 in General Obligation Bonds, Series 2005 which will be used for various roadwork and park improvements, and various other economic development projects throughout the City. This was the first time that the City of Pembroke Pines has issued General Obligation Bonds which were approved by the voters of the City. During the year, the City retired \$3.8 million of revenue bonds.

### 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 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.

# City of Pembroke Pines, Florida

## Management's Discussion and Analysis

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 and sewer operations.

The government-wide financial statements can be found on pages 21-22 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 is provided in the form of combining statements on pages 101-104 of this report.

The City adopts an annual appropriated 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 97-100. The basic governmental fund financial statements can be found on pages 23-26 of this report.

# City of Pembroke Pines, Florida

## Management's Discussion and Analysis

**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's 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 27-31 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 32-33 of this report.

**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 34-94 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 95-100 of this report.

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

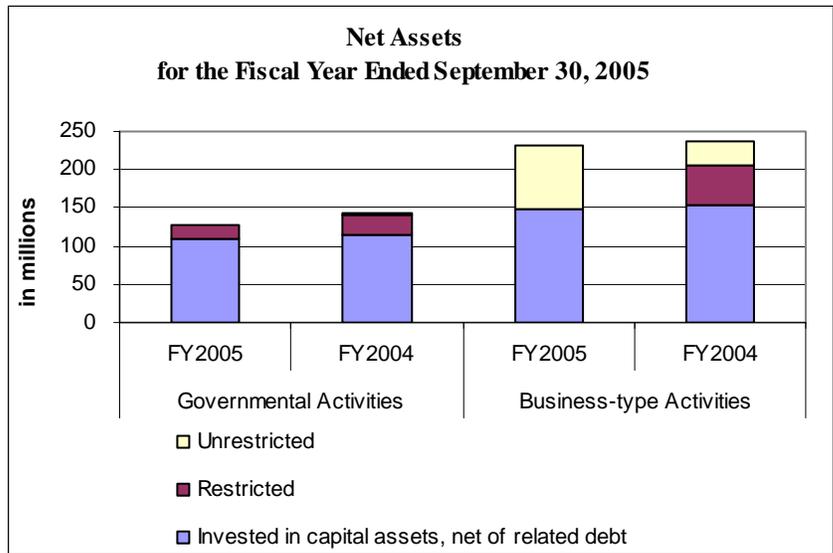
Combining and individual fund statements and schedules can be found on pages 101-104 of this report.

# City of Pembroke Pines, Florida

## Management's Discussion and Analysis

### 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 \$361.2 million at the close of the most recent fiscal year, which represents a 5.1 percent decrease compared to last year's net assets of \$380.7 million. By far the largest portion of the City's net assets \$257.2 million (71 percent), represents investment in capital assets, which includes land, construction-in-progress, buildings, improvements other than buildings, machinery and equipment, and infrastructure, 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 since the capital assets themselves cannot be used to liquidate these liabilities.



Another portion of the City's net assets, \$19.7 million (5.5 percent), represent resources that are subject to external restrictions on how they may be used. This balance decreased by approximately \$59.2 million (75 percent) over last year, mainly as a result of the reclassification of water and sewer connection fees under the business-type activities, which are not deemed to be subject to external restrictions. The restricted assets of the business-type activities decreased by \$52.7 million (98 percent) over last year. The restricted net assets of the governmental funds decreased by \$6.5 million (26 percent), mainly as a result of the reduction in restricted net assets for the Charter Schools of -\$1.4 million, and a reduction relating to debt service of -\$5.5 million. The remaining balance is unrestricted net assets of \$84.3 million (23 percent), which increased by \$49.6 million (143 percent) over last year, primarily as a result of the reclassification of the water and sewer connection fees as previously mentioned.

# 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) **					
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 96.8	\$ 61.9	\$ 38.9	\$ 11.4	\$ 135.7	\$ 73.3
Restricted assets	64.6	37.3	3.4	56.1	68.0	93.4
Negative net pension obligation	73.5	78.2	3.9	4.1	77.4	82.3
Unamortized bond issue costs	5.5	4.9	-	-	5.5	4.9
Capital assets, not being depreciated	74.8	155.1	5.2	5.0	80.0	160.1
Capital assets, being depreciated, net	226.3	129.8	143.6	147.4	369.9	277.2
<b>Total assets</b>	<b>541.5</b>	<b>467.2</b>	<b>195.0</b>	<b>224.0</b>	<b>736.5</b>	<b>691.2</b>
Long-term liabilities	341.9	289.3	1.0	1.6	342.9	290.9
Other liabilities	70.9	35.1	(38.5)	(15.5)	32.4	19.6
<b>Total liabilities</b>	<b>412.8</b>	<b>324.4</b>	<b>(37.5)</b>	<b>(13.9)</b>	<b>375.3</b>	<b>310.5</b>
Invested in capital assets, net of related debt	108.4	114.6	148.8	152.5	257.2	267.1
Restricted	18.8	25.3	0.9	53.6	19.7	78.9
Unrestricted	1.5	2.9	82.8	31.8	84.3	34.7
<b>Total net assets</b>	<b>\$ 128.7</b>	<b>\$ 142.8</b>	<b>\$ 232.5</b>	<b>\$ 237.9</b>	<b>\$ 361.2</b>	<b>\$ 380.7</b>

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

Despite an overall decrease in net assets of \$19.5 million, the City continues to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

# City of Pembroke Pines, Florida

## Management's Discussion and Analysis

### Changes in Net Assets (in millions) \*\*

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues						
Program Revenues:						
Charges for services	\$88.9	\$84.0	\$29.7	\$35.5	\$118.6	\$119.5
Operating grants & contributions	6.8	4.9	-	-	6.8	4.9
Capital grants & contributions	1.1	0.5	-	-	1.1	0.5
General Revenues:						
Property taxes	35.6	32.4	-	-	35.6	32.4
Franchise fees on gross receipts	12.9	11.4	-	-	12.9	11.4
Utility taxes	9.5	9.1	-	-	9.5	9.1
Communications services tax	6.7	6.5	-	-	6.7	6.5
Other taxes	4.7	4.5	-	-	4.7	4.5
Intergovernmental - unrestricted	13.4	11.8	-	-	13.4	11.8
Investment earnings, not restricted	2.4	1.1	1.9	1.1	4.3	2.2
Other miscellaneous	0.4	0.3	-	0.1	0.4	0.4
Total revenues	182.4	166.5	31.6	36.7	214.0	203.2
Expenses:						
General government services	21.4	21.2	-	-	21.4	21.2
Public safety	75.0	64.8	-	-	75.0	64.8
Physical environment	3.6	3.8	-	-	3.6	3.8
Transportation	12.0	5.7	-	-	12.0	5.7
Economic environment	3.0	2.8	-	-	3.0	2.8
Human services	49.2	43.5	-	-	49.2	43.5
Culture/recreation	18.5	16.9	-	-	18.5	16.9
Interest on long-term debt	13.8	11.3	-	-	13.8	11.3
Water utility services	-	-	4.4	4.1	4.4	4.1
Sewer/waste water services	-	-	9.6	8.9	9.6	8.9
Water-sewer combined service	-	-	23.0	22.8	23.0	22.8
Total expenses	196.5	170.0	37.0	35.8	233.5	205.8
Change in net assets	(14.1)	(3.5)	(5.4)	0.9	(19.5)	(2.6)
Net assets, beginning	142.8	146.1	237.9	237.0	380.7	383.1
Prior period adjustment	-	0.2	-	-	-	0.2
Net assets, beginning, as restated	142.8	146.3	237.9	237.0	380.7	383.3
<b>Net assets, ending</b>	<b>\$128.7</b>	<b>\$142.8</b>	<b>\$232.5</b>	<b>\$237.9</b>	<b>\$361.2</b>	<b>\$380.7</b>

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

# City of Pembroke Pines, Florida

## Management's Discussion and Analysis

**Governmental activities.** Net assets of the City's governmental activities decreased by 9.9 percent (-\$14.1 million) from \$142.8 million in last fiscal year to \$128.7 million in the current fiscal year.

### ***Revenues:***

Revenues from Governmental activities increased by \$15.9 million (9.5 percent) over last year. This increase was mainly driven by Charges for Services, which increased by \$4.9 million (5.8 percent), property taxes which increased by \$3.2 million (9.9 percent), operating grants and contributions, which increased by \$1.9 million (38.8 percent), franchise fees on gross receipts, which increased by \$1.5 million (13.2 percent) over last year, intergovernmental revenues increased by \$1.6 million (13.6 percent), investment earnings, not restricted increased by \$1.3 million (118.1 percent), all other revenues combined increased by \$1.5 million (7.2 percent).

Charges for services are intended to fully recover the costs of providing those services. The growing educational needs of the City, coupled with the resounding success of the City's Charter School system led to the opening of the City's seventh Charter School, the City of Pembroke Pines/Florida State University Charter Elementary School in 2004. Of the total increase in charges for services of \$4.9 million, \$2.2 million was attributable to increase in revenues from the City's Charter Schools. The other significant contributing factor was the increase in charges for services related to Public Safety which increased by approximately \$2.0 million. Of this increase in Public Safety, \$1.2 million related to various building permit fees, and approximately \$0.4 million was the result of the Fire Protection Special Assessment revenues.

The City of Pembroke Pines has managed to maintain one of the lowest millage rates in Broward County. The increased revenues in property taxes were based on a 10.5 percent increase in gross taxable values over last year, including taxable values of new construction. The City maintained its operating millage at 4.599 for the fiscal year ending September 30, 2006 and an additional voter approved debt millage of 0.3275 was added thus increasing the City's total millage rate to 4.9265.

### ***Expenses:***

Expenses increased by \$26.5 million (15.6 percent) over last year. The increases in governmental expenses were mainly centered around Public Safety, Transportation, Human Services and Interest on Long-term Debt.

Public Safety expenses increased by approximately \$10.2 million (15.7 percent) as a result of the City's growing need to provide a safe environment for its residents. New personnel positions were added in both the Police and Fire Departments. Salary and benefits for public safety personnel increased overall by approximately \$5.1 million. The main contributing factor was an increase in the annual contribution to the Police and Fire Pension Fund of \$3.4 million over last year. Another contributing factor to the increase in expenses for Public Safety is the amortization of the negative net pension obligation asset, which resulted in an increase in Public Safety expenses of \$4.2 million.

Additionally, the hurricanes experienced throughout South Florida also increased Public Safety expenditures for the City by approximately \$1.0 million that was not anticipated. The City's largest expense centered around Hurricane Katrina, which accounted for approximately 87.0% of all hurricane-related expenditures in fiscal year 2005. The City is anticipating reimbursement from the Federal and State Emergency Management Agencies for a significant portion of these hurricane related expenditures.

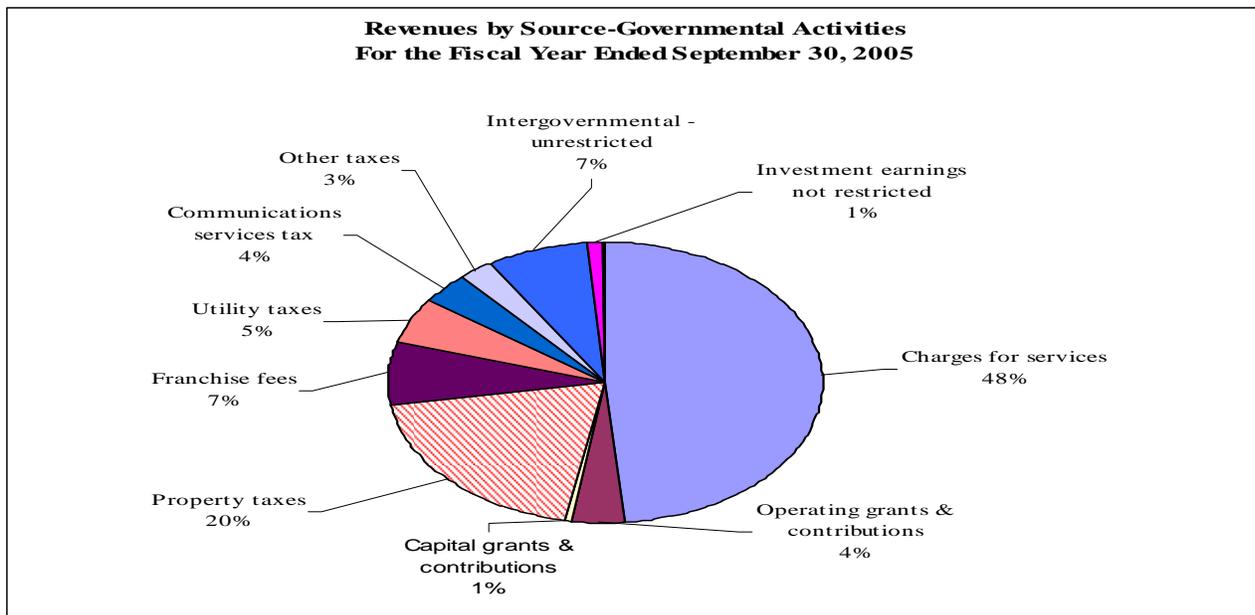
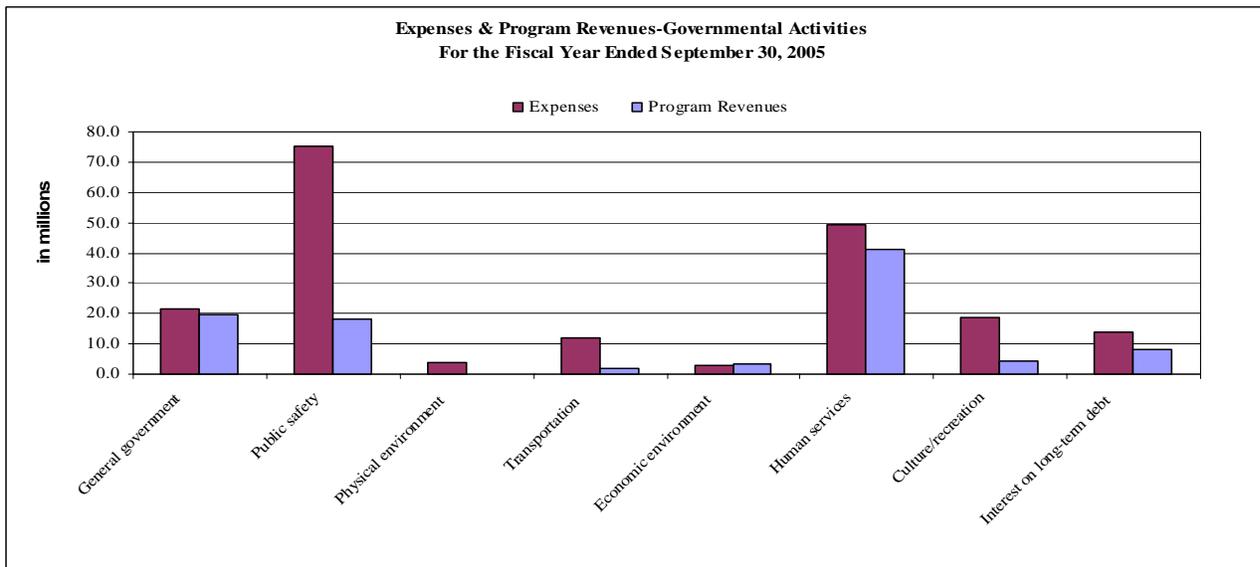
Transportation expenditures increased by \$6.3 million (110.5 percent), this was mainly due to \$5.9 million which was spent for major roadwork improvements along the Pines Boulevard Corridor from 136<sup>th</sup> Avenue

# City of Pembroke Pines, Florida

## Management's Discussion and Analysis

to Hiatus Road. This project is a joint venture with the Florida Department of Transportation through the Local Agency Program (LAP) Agreement. The Florida Department of Transportation is expected to reimburse the City for a total of \$5,675,000 for its share of the project costs, the total cost of which is approximately \$8.9 million.

Human services expenses, increased by \$5.7 million (13.1 percent) over last year primarily as a result of expenses related to the City's Charter School system which accounted for \$5.4 million of the increase. Additional expenses for rental payments and additional depreciation expense were the reasons for the Charter Schools' increase.



# 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 \$5.4 million (-2.3 percent) from \$237.9 million last fiscal year to \$232.5 million in the current fiscal year.

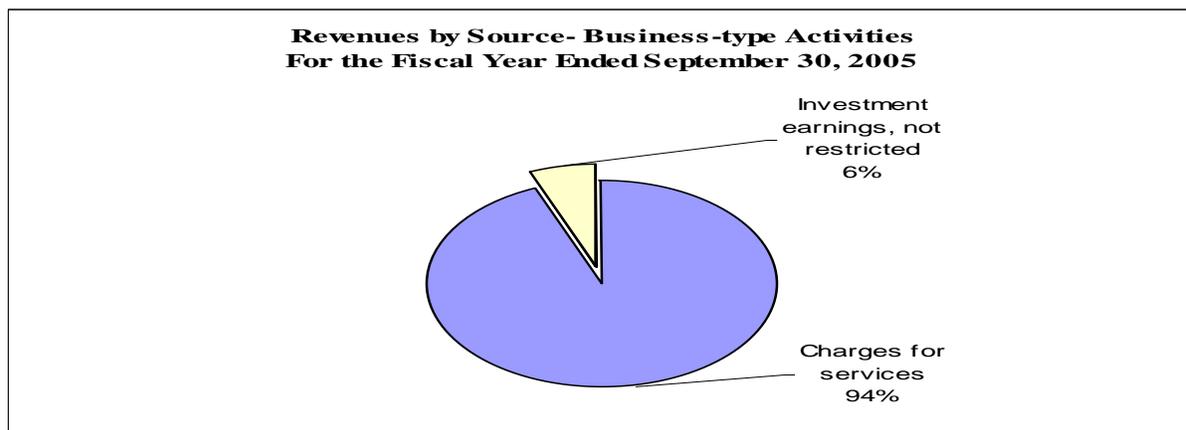
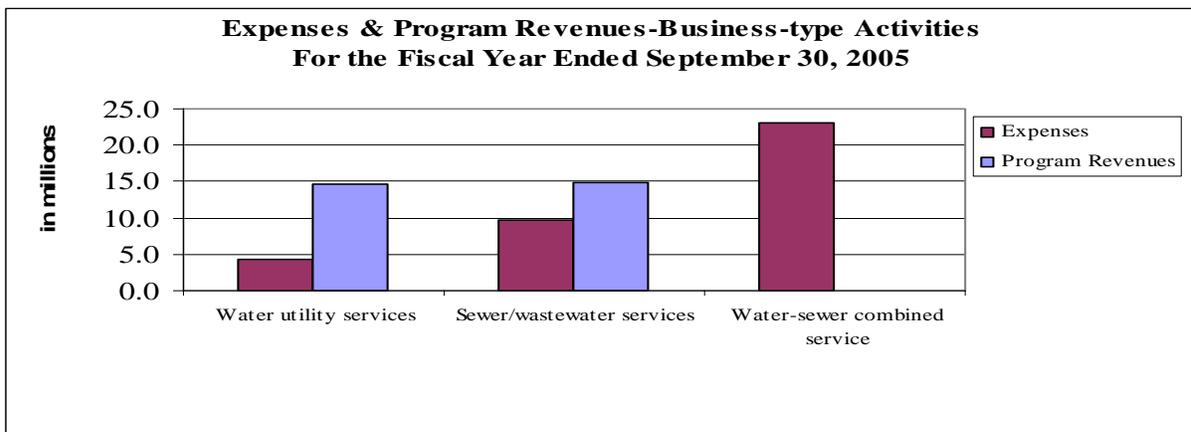
### **Revenues:**

Revenues declined over last year, by \$5.1 million (-13.9 percent). The main factor contributing to this was a decrease of \$5.8 million in charges for services, but offset by an increase in investment earnings, not restricted, of \$0.8 million, and by a decline in other miscellaneous of -\$0.1 million.

The decrease in Charges for services of \$5.8 million was mainly attributable to the fact that last year included a one time revenue of \$3.7 million relating to a settlement agreement between the City of Hollywood, and the City of Pembroke Pines for disputed charges relating to water and sewer charges. Also, capital contributions received from developers, which are recorded as revenues, decreased by \$1.2 million. In approaching build-out, water and sewer connection fees declined by \$1.2 million, but were offset by an increase in water and sewer charges of \$0.4 million.

### **Expenses:**

Expenses of the business-type activities were only slightly higher over last year by \$1.2 million (3.4 percent). The most significant contributor to this increase related to the sewer/waste water services which increased by \$0.7 million or (7.9 percent), mainly as a result of a \$0.2 million increase in personnel expenses and a \$0.5 million increase in operating expenses over last year.



# City of Pembroke Pines, Florida

## Management's Discussion and Analysis

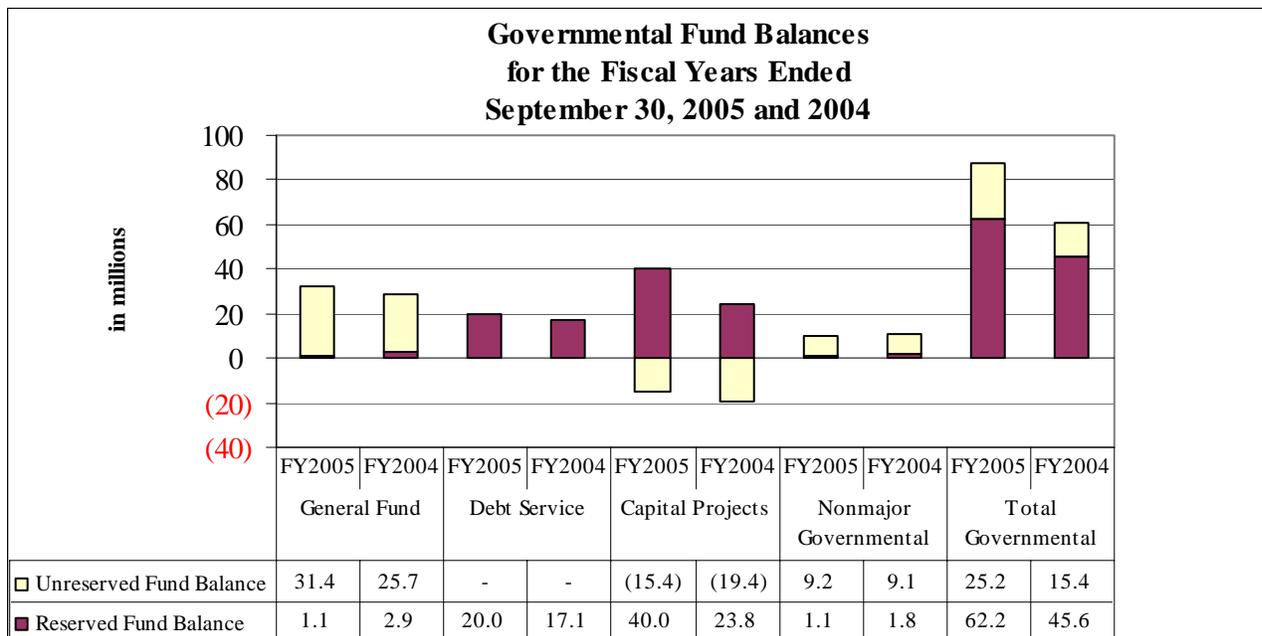
### Financial Analysis of the City's Funds

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 \$87.4 million, an increase of \$26.4 million in comparison with the \$61.0 million prior year balance. This significant increase was mainly attributable to bond proceeds received which were not yet spent during the year in the Capital Projects Fund and the Debt Service Fund, as well as a change in fund balance of \$4.0 million in the General Fund.

Approximately \$17.7 million of this total amount (20.2 percent) 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 designated by the City administration for disaster assistance, Other Post Employment Benefits (OPEB) 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 chief 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 fund balance of the General Fund was \$31.4 million, as compared with \$25.7 million in the prior year. Reserved fund balance decreased by \$1.8 million to \$1.1 million as amounts previously considered reserved for disaster assistance are now shown as unreserved, designated fund balance.

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>	<b>General Fund Revenues (in millions) **</b>					
	<u>2005 Amount</u>	<u>Percent of Total</u>	<u>2004 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2004</u>	<u>Percentage Increase (Decrease)</u>
Property taxes	\$35.6	30%	\$32.4	29%	\$3.2	10%
Franchise fees	10.7	9%	9.2	8%	1.5	16%
Utility taxes	7.7	6%	7.4	7%	0.3	4%
Communications services tax	3.2	3%	6.5	6%	(3.3)	(51)%
Other taxes	1.9	1%	1.7	2%	0.2	12%
Special assessments	8.1	7%	7.8	7%	0.3	4%
Licenses and permits	7.2	6%	5.9	5%	1.3	22%
Intergovernmental	13.8	11%	11.4	10%	2.4	21%
Charges for services	23.7	20%	22.1	20%	1.6	7%
Fines and forfeitures	0.7	1%	0.7	1%	0.0	-%
Investment income	1.1	1%	0.5	1%	0.6	120%
Rental revenues	5.8	5%	4.7	4%	1.1	23%
Other revenues	0.3	0%	0.2	0%	0.1	50%
<b>Total revenues</b>	<b>\$119.8</b>	<b>100%</b>	<b>\$110.5</b>	<b>100%</b>	<b>\$9.3</b>	<b>8%</b>

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

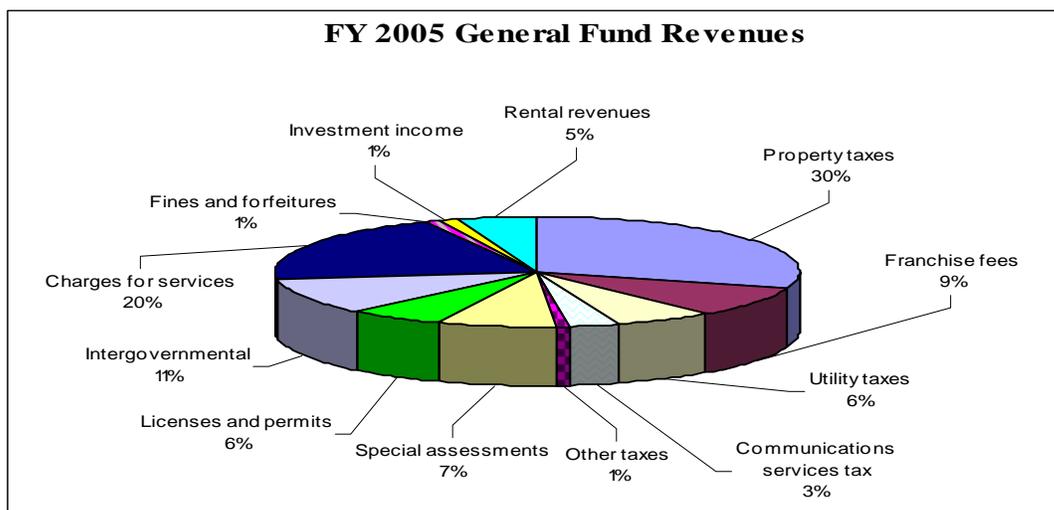
Compared to the prior fiscal year, total General Fund revenues increased by \$9.3 million or 8 percent in fiscal year 2005. Property taxes accounted for the bulk of the increase. The \$3.2 million or 10 percent increase in property tax revenue was due to new construction and increases in taxable values of 10.5 percent over last year as compared with the 12.6 percent increase in the prior fiscal year.

Additionally, intergovernmental revenues and licenses and permits increased over last year by \$2.4 million and \$1.3 million, respectively. These revenues were impacted by the strong hurricane season last year. Revenues received or expected to be received from the Federal Emergency Management Agency (FEMA) increased intergovernmental revenues by \$0.8 million, and State Shared revenues, including Sales Tax proceeds, increased intergovernmental revenues by \$1.4 million.

The decrease of \$3.3 million (-51 percent) in Communications Services Tax (CST) revenues is a result of amounts pledged for the repayment of interest for two bond issues which funded enhanced pension benefits for police officers, firefighters and general employees of the City. The portion of the pledged revenues from CST is reflected in the Debt Service Fund. Overall, total revenues for CST increased by \$0.2 million.

# City of Pembroke Pines, Florida

## Management's Discussion and Analysis



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

### **General Fund Expenditures (in millions) \*\***

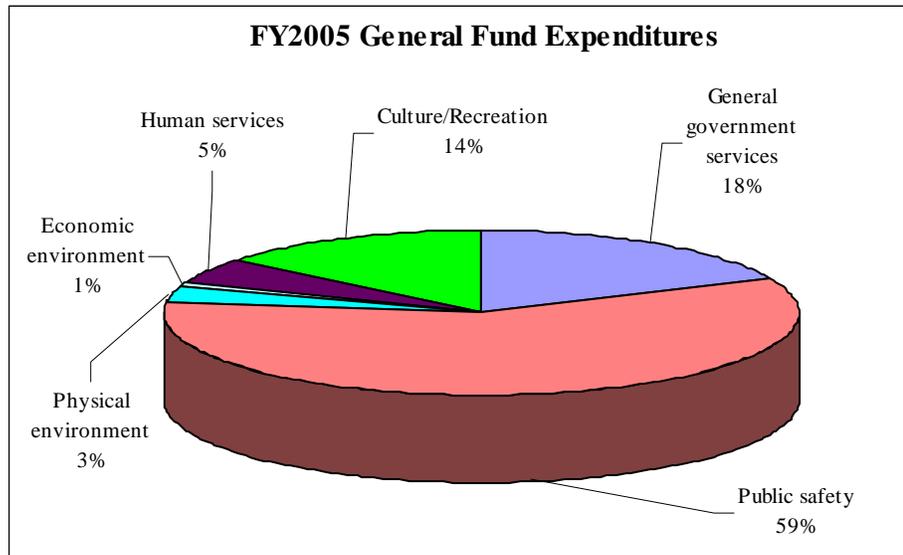
	<u>2005</u>	<u>Percent</u>	<u>2004</u>	<u>Percent</u>	<u>Increase</u>	<u>Percentage</u>
	<u>Amount</u>	<u>of</u>	<u>Amount</u>	<u>of</u>	<u>(Decrease)</u>	<u>Increase</u>
		<u>Total</u>		<u>Total</u>	<u>From 2004</u>	<u>(Decrease)</u>
<b>Expenditures:</b>						
General government services	\$ 20.5	18%	\$ 25.7	14%	\$ (5.2)	(20)%
Public safety	68.0	59%	130.6	70%	(62.60)	(48)%
Physical environment	3.5	3%	4.4	2%	(0.90)	(20)%
Economic environment	1.5	1%	1.4	1%	0.10	7 %
Human services	6.0	5%	6.4	3%	(0.40)	(6)%
Culture/Recreation	16.0	14%	18.9	10%	(2.90)	(15)%
<b>Total expenditures</b>	<b>\$ 115.5</b>	<b>100%</b>	<b>\$ 187.4</b>	<b>100%</b>	<b>\$ (71.9)</b>	<b>(38)%</b>

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

In fiscal year 2005, total General Fund expenditures decreased by \$71.9 million or 38 percent compared to the prior year. The main decrease in expenditures was the result of two Taxable Communications Services Tax Revenue Bonds issued to fund the enhanced benefits of the Police and Fire and General Employees Pension Plans, amounting to approximately \$77.9 million, which were recorded as expenditures of the General Fund in fiscal year 2004. If these amounts were excluded, the increase in General Fund expenditures in fiscal year 2005 would be \$6.0 million. The bulk of the increase was due to union-negotiated cost-of-living wage increases of 2.25 percent on October 1, 2004 (1.5 percent for Police employees), and 2.25 percent on April 1, 2005 (1.5 percent for Police employees and 2.0 for Firefighters). Also, annual required contributions to the Police and Firefighters Pension Fund cost the City an additional \$3.3 million over last year. Hurricane related expenditures increased by approximately \$1.0 million over last year, with Hurricane Katrina spending totaling \$1.4 million in 2005.

# 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 \$2.9 million or (17%), as compared with 2004. This was mainly a result of bond proceeds received from the General Obligation Bonds, Series 2005 issued at the end of the fiscal year that were used to refund the Capital Improvement Revenue Bonds, Series 1993. Additional information can be found in the Capital Assets and Debt Administration section on page 17.

#### **Capital Projects Fund**

The deficit in the unreserved, undesignated fund balance of the Capital Projects Fund decreased by \$4.0 million from -\$19.4 million in fiscal year 2004 to -\$15.4 million in fiscal year 2005. The reserved fund balance increased significantly by \$16.2 million over last year, to \$40.0 million and represented encumbrances of \$6.4 million and reserved for construction of \$33.6 million. These balances are mainly attributable to construction projects related to the General Obligation Bonds, the Susan B. Anthony Recovery Center and the Senior Housing Residential Projects.

**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 \$82.8 million compared to \$31.8 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.

# City of Pembroke Pines, Florida

## Management's Discussion and Analysis

### General Fund Budgetary Highlights

Over the past year, the General Fund budget was modified several times. During the fourth quarter the City Commission approved a revised budget principally to carryover from the previous fiscal year \$1.1 million in unspent funds appropriated for capital expenditures.

The aggregate adjustments over the year increased the appropriations by \$1.5 million; notwithstanding actual expenditures were \$4.3 million (3.6%) below the final budget due largely to savings in:

- **General government services** of \$2.2 million, consisting primarily of \$1.1 million in personnel costs attributable mainly to \$0.5 million of salaries for vacancies and partially filled positions and \$0.4 million in health insurance savings; there was also \$0.8 million in savings in operating expenditures due in part to lower than expected liability insurance claims.
- **Culture and recreation** of \$1.4 million comprising of \$0.5 million in personnel, \$0.4 million in operating and \$0.4 million in capital. Savings in personnel are linked mainly to salaries for part time (P/T) positions which are budgeted based on seasonal needs. Actual cost is affected by the department's ability to recruit volunteers and hire over a short period. Capital expenditures were lower than budget due mostly to delays in completing improvements to Town Gate Park and bid advertisements for playground equipment.
- **Physical environment** of \$1.2 million which represents mainly \$0.3 million in personnel and \$0.8 million in operating expenses. Essentially, personnel consists of salaries for vacancies and accrued sick and vacation time. Savings in operations resulted chiefly from the costs of contractual services being lower than projected.

Budget savings were mitigated by a \$0.9 million overrun in public safety which includes a (\$0.9 million) overrun for personnel, a (\$0.9 million) overrun for operating and a \$0.9 million savings for capital expenditures. Personnel savings comprise mostly of \$0.5 million in salaries attributable to vacant positions and \$0.9 million in health insurance. These were offset by a \$2.3 million overrun in city contribution to the police and fire pension fund associated with financing enhanced benefits. The operating overrun relates to unbudgeted emergency and disaster relief expenditures associated with the hurricanes, especially hurricane Katrina. Savings in capital expenditures are linked to the delay in completion of the Enhanced 911 System and a change in funding of the renovation of the fire station at Century Village from the General Fund to the Capital Projects Fund.

Actual revenues were \$3.9 million (3.3%) above the final budget due mostly to increases in:

- **Intergovernmental revenue** of \$2.3 million related to an anticipated \$1.2 million reimbursement from the federal and state emergency management agencies primarily in connection with Hurricane Katrina and \$0.9 million in local government Half (½) Cent Sales Tax. In terms of the latter, the budget estimate took into account the 8.7% reduction in the distribution to municipalities as mandated by Senate Bill 1492 (effective July 1, 2004) to facilitate increase funding to the court system. However, robust sales linked to the active hurricane season negated the reduction in the distribution percentage.
- **Miscellaneous revenue** of \$0.7 million which consist mainly of \$0.4 million in unanticipated new leases at the Senator Howard C. Forman Human Services Campus and \$0.2 million in interest from the State Board of Administration (SBA), a local government surplus investment pool, as a result of

# City of Pembroke Pines, Florida

## Management's Discussion and Analysis

a higher than expected rates of return. Additionally, some funds were moved from the SBA to a money market account which earned on average 50 basis points above the SBA rate.

- **Licenses and permits** of \$0.6 million with revenues from building permits accounting for \$0.5 million. This may be a reflection of the trend towards improvement of current property as opposed to purchasing. The increase in cost of real estate and as a corollary, the availability of home equity financing has given impetus to this trend. In addition, there has been increased activity in shutter installations and structural repairs due to the increased hurricane activity in the past few years.
- **Taxes** of \$0.5 million due largely to \$0.3 million in franchise fees – resource recovery host fee which was budgeted based on the contract minimum since it was the first year of the agreement. The extra revenue represents receipts of additional host fee (excess of 105,000 tons @ \$3.00) and additional third party ton host fee (excess of 120,000 tons @ \$1.50).

In view of the aforementioned, the projected change in fund balance was a decrease of \$4.3 million. The actual fund balance change was an increase of \$4.0 million resulting in a positive variance of \$8.2 million.

### Capital Assets and Debt Administration

**Capital assets.** The City's capital assets for its governmental and business-type activities as of September 30, 2005, amount to \$449.9 million (net of accumulated depreciation), compared with \$437.3 million last year. These assets include land, construction in progress, buildings, improvements other than buildings, machinery and equipment, and infrastructure. The total increase in the City's capital assets for the current fiscal year was 2.9 percent.

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

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
Capital assets, not being depreciated:						
Land	\$49.6	\$48.3	\$3.0	\$3.0	\$52.6	\$51.3
Construction in progress	25.2	106.8	2.2	2.0	27.4	108.8
Total capital assets, not being depreciated	74.8	155.1	5.2	5.0	80.0	160.1
Capital assets, being depreciated, net						
Buildings	156.5	76.8	16.8	16.9	173.3	93.7
Improvements other than buildings	48.3	29.6	125.8	129.4	174.1	159.0
Machinery and equipment	15.5	16.7	1.0	1.1	16.5	17.8
Infrastructure	6.0	6.7	-	-	6.0	6.7
Total capital assets, being depreciated, net	226.3	129.8	143.6	147.4	369.9	277.2
Total capital assets	\$301.1	\$284.9	\$148.8	\$152.4	\$449.9	\$437.3

The net addition to capital assets before depreciation for governmental activities was approximately \$27.5 million and included the following items:

- Completed construction of Tower One of the Senior Housing Residential Project in May 2005 which consisted of 208 one-bedroom units. During the fiscal year 2005, the City spent an additional \$6.8 million to complete the project.

# City of Pembroke Pines, Florida

## Management's Discussion and Analysis

- Continued construction of Tower Two of the Senior Housing Residential Project. The City spent approximately \$8.5 million during the fiscal year 2005. The total cost of construction is estimated to be \$14.8 million, and will consist of an additional 186 one and two-bedroom residential units.
- Completed construction of the Susan B. Anthony Center. During the fiscal year 2005, the City spent approximately \$6.2 million. The facility includes an administrative and treatment building, a 40-unit residential complex and an Early Learning Center.
- Purchased land at the Sheridan Commerce Center for \$1.3 million for the development of open space/wetlands. This is a part of the “Building our Future” General Obligation bond issue initiative undertaken by the City.
- Began construction of the SW Pines Nature Park, the City has spent approximately \$0.4 million in 2005. This will be developed as a soccer park, which is located in the western portion of the City. The total cost for this project is approximately \$7.0 million.
- Began construction of the Equestrian Park which will be located in the western portion of the City on 196<sup>th</sup> Avenues and Sheridan Street, next to the Children’s Harbor residential complex.
- Purchased 33 vehicles for the Police Department for approximately \$0.6 million.

Of the \$0.8 million increase in capital assets before depreciation for business-type activities, the majority of these purchases included:

- Continued rehabilitation of the sewer treatment plant.
- Continued upgrading the odor control system.
- Water and sewer lines and lift stations dedicated by developers.

Additional information on the City's capital assets can be found in Note 3.d. starting on page 52 of this report.

**Long-term Debt.** At the end of the current fiscal year, the City had total bonds outstanding of \$319.0 million. The majority of the City's outstanding debt is secured by specified revenue sources; fiscal year 2005 was the first time that the City had issued General Obligation Bonds of \$47.0 million.

Outstanding Debt (in millions)		
Revenue and General Obligation Bonds		
	Governmental Activities	
	2005	2004
Revenue Bonds	\$ 272.0	\$ 268.0
General Obligation Bonds	47.0	-
	\$ 319.0	\$ 268.0

# City of Pembroke Pines, Florida

## Management's Discussion and Analysis

During the current fiscal year, the City's net outstanding debt increased by \$51.0 million (19 percent). This was attributable to the following bond issues:

- Variable Rate Capital Improvement Revenue Bonds, Series 2005 for \$7,910,000 used for the development, design and construction of the Susan B. Anthony Recovery Center, which includes an administration and treatment building, a 40-unit residential complex and an Early Learning Center.
- General Obligation Bonds, Series 2005 for \$47,000,000 used to finance a multiplicity of projects, including, but not limited to, roadway improvements, construction of recreational and senior services facilities, and various economic development and revitalization initiatives.

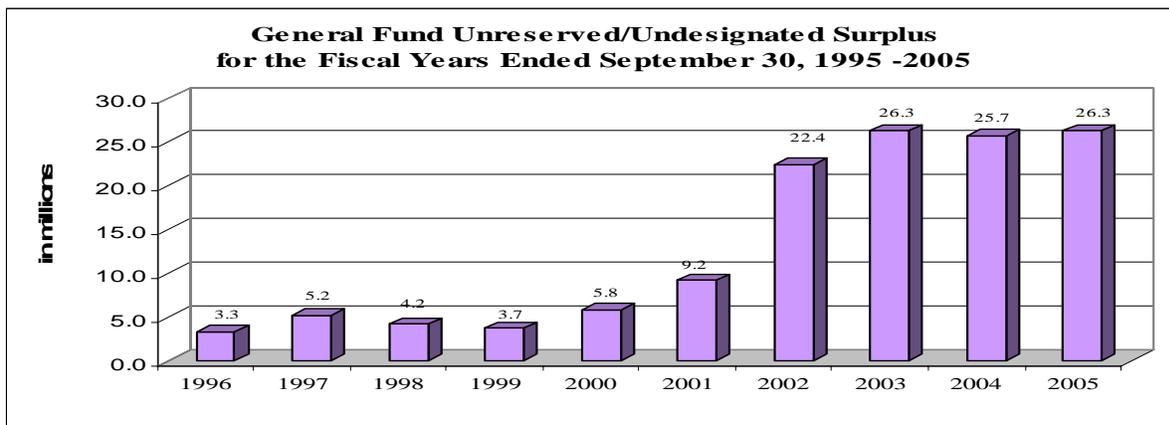
The City has continued to maintain its excellent credit rating, receiving Moody's highest "Aaa" rating and Fitch's "AAA" rating for all of its revenue bond issues. The General Obligation Bonds received an underlying rating from Moody's of Aa3, and AA- from Fitch. This is the first time that the City has issued voter approved debt. Additional information on the City's long-term debt can be found in Note 3.g. starting on page 58 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 percent. Only 5 percent of the City remains undeveloped. The City's focus will be on redevelopment issues for the future, as it nears build-out.

The unemployment rate for the City of Pembroke Pines is currently 3.4 percent, which is a slight increase from 3.1 percent a year ago. This compares favorably to unemployment rates for Broward County, which was 3.8 percent, and 3.9 percent for the State of Florida.

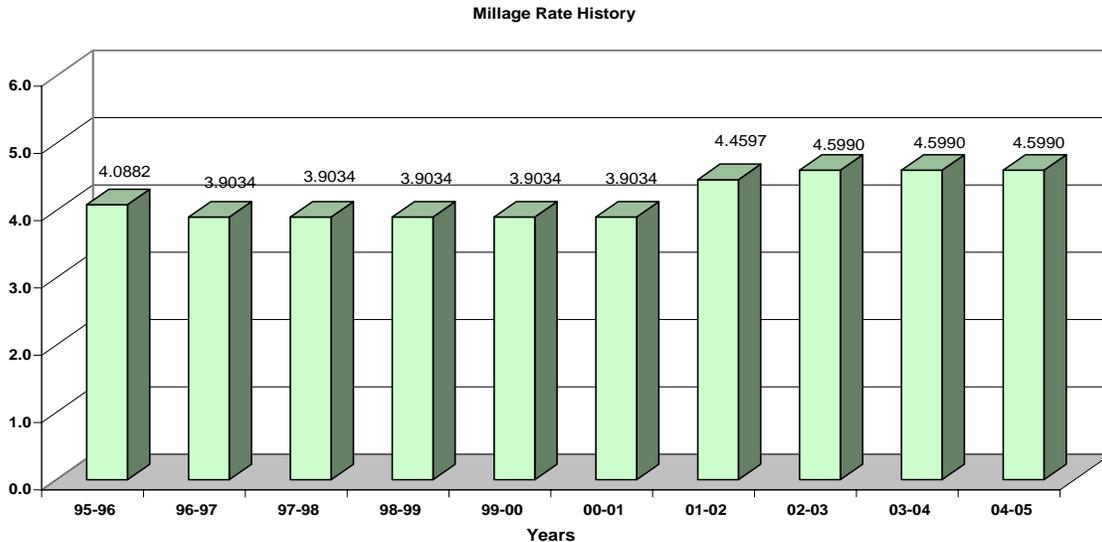
During the current fiscal year, unreserved/undesignated fund balance in the General Fund increased to \$26.3 million, compared to \$25.7 million from last year. This \$0.6 million decrease was primarily due to positive results from operations in the current year. The \$26.3 million is approximately equal to three months of the General Fund operating expenditures. The City has also designated \$3.0 million of unreserved fund balance for Other Post Employment Benefits (OPEB) and \$2.1 million for disaster assistance. Over the last several years, the City has been able to increase its unreserved fund balance as shown in the following graph.



# City of Pembroke Pines, Florida

## Management's Discussion and Analysis

A portion of unreserved fund balance will be used to preclude or moderate future tax and user fee increases. In 1995, the State of Florida limited all local governments' ability to increase property taxable values in any given year to 3 percent or the cost of living increase, whichever is lower. The following graph indicates that property tax rates have remained fairly steady over the last ten years. For many years, the City, just like many cities across the country, 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.



The water and sewer revenue projections were increased for the 2006 budget year. The water and sewer rates were increased by 3.51 percent effective October 1, 2005 for all residential and commercial customers based on the change in the Consumer Price Index, in accordance with Section 50.34 of the City's Code of Ordinances.

The development of the City's budget for fiscal year 2006 required a more conservative approach to revenue projections in order to minimize exposure to revenue fluctuations, and a focus on expenditure containment due to the rising costs for retirement and health insurance. The estimated rate of inflation used in the preparation of the budget was 3.0 percent based on the projected change in the Consumer Price Index for All Urban Consumers- U.S. City Average.

All these and other factors were considered in preparing the City's budget for fiscal year 2006.

### **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, 2005**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>Assets</b>			
Pooled cash and cash equivalents	\$31,790,274	\$389,865	\$32,180,139
Investments	55,723,088	35,200,224	90,923,312
Receivables, net	8,911,654	3,361,454	12,273,108
Inventories	208,579	-	208,579
Restricted assets:			
Pooled cash and cash equivalents	64,640,581	2,000,602	66,641,183
Investments	-	1,416,470	1,416,470
Prepaid costs	54,125	-	54,125
Negative net pension obligation	73,542,427	3,892,363	77,434,790
Unamortized bond issue costs	5,458,994	-	5,458,994
Capital assets, not being depreciated	74,796,250	5,182,348	79,978,598
Capital assets, being depreciated, net	226,322,961	143,592,133	369,915,094
Total assets	<u>541,448,933</u>	<u>195,035,459</u>	<u>736,484,392</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	22,672,182	28,255	22,700,437
Deposits	2,166,805	-	2,166,805
Internal balances	40,999,207	(40,999,207)	-
Unearned revenue	4,988,257	-	4,988,257
Payable from restricted assets:			
Deposits	-	2,509,316	2,509,316
Noncurrent liabilities:			
Due within one year	16,296,570	562,323	16,858,893
Due in more than one year	325,627,174	477,111	326,104,285
Total liabilities	<u>412,750,195</u>	<u>(37,422,202)</u>	<u>375,327,993</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	108,374,146	148,774,481	257,148,627
Restricted for:			
\$2 Police Education	142,021	-	142,021
COPS Grants	1,971	-	1,971
Charter schools	1,777,901	-	1,777,901
Debt Service	8,951,615	-	8,951,615
FDLE - Confiscated	1,333,037	-	1,333,037
Justice - Confiscated	228,795	-	228,795
Road & Bridge Fund	5,649,537	-	5,649,537
Treasury - Confiscated	137,198	-	137,198
Expansion	-	907,755	907,755
Wetlands Mitigation Trust:			
Nonexpendable	446,115	-	446,115
Expendable	151,758	-	151,758
Unrestricted	<u>1,504,644</u>	<u>82,775,425</u>	<u>84,280,069</u>
Total net assets	<u>\$128,698,738</u>	<u>\$232,457,661</u>	<u>\$361,156,399</u>

See notes to basic financial statements.

**City of Pembroke Pines, Florida**  
**Statement of Activities**  
**Fiscal Year Ended September 30, 2005**

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
<b>Governmental activities:</b>						
General government services	\$21,438,009	\$18,793,806	-	\$650,000	\$(1,994,203)	\$(1,994,203)
Public safety	75,037,886	16,612,089	1,561,560	-	(56,864,237)	(56,864,237)
Physical environment	3,612,466	560	-	-	(3,611,906)	(3,611,906)
Transportation	12,013,824	235,650	1,634,321	257,406	(9,886,447)	(9,886,447)
Economic environment	3,064,478	1,996,031	1,527,732	-	459,285	459,285
Human services	49,160,396	38,929,127	2,067,926	1,768	(8,161,575)	(8,161,575)
Culture/recreation	18,447,037	4,112,009	12,336	200,503	(14,122,189)	(14,122,189)
Interest on long-term debt	13,765,458	8,217,168	-	-	(5,548,290)	(5,548,290)
Total governmental activities	196,539,554	88,896,440	6,803,875	1,109,677	(99,729,562)	(99,729,562)
<b>Business-type activities:</b>						
Public safety	48,130	-	42,113	-	(6,017)	(6,017)
Water utility services	4,421,132	14,682,479	-	-	10,261,347	10,261,347
Sewer/wastewater services	9,600,254	14,921,988	-	-	5,321,734	5,321,734
Water-sewer combined service	22,917,382	71,475	-	-	(22,845,907)	(22,845,907)
Total business-type activities	36,986,898	29,675,942	42,113	-	(7,268,843)	(7,268,843)
<b>Total</b>	<b>\$233,526,452</b>	<b>\$118,572,382</b>	<b>\$6,845,988</b>	<b>\$1,109,677</b>	<b>(99,729,562)</b>	<b>(106,998,405)</b>
<b>General revenues:</b>						
Property taxes, levied for general purposes					35,586,353	35,586,353
Franchise fees on gross receipts					12,946,625	12,946,625
Utility taxes					9,461,819	9,461,819
Communication service tax					6,729,782	6,729,782
Other taxes					4,720,283	4,720,283
Intergovernmental revenue - unrestricted					13,439,226	13,439,226
Miscellaneous revenues					282,531	282,673
Investment earnings not restricted					142	142
Gain on sale of capital assets					1,856,224	4,264,037
Total general revenues					85,574,432	87,431,267
Change in net assets					(14,155,130)	(19,567,138)
Net assets, beginning					142,853,868	380,723,537
Net assets, ending					\$128,698,738	\$361,156,399

See notes to basic financial statements.

# Fund Financial Statements



## City of Pembroke Pines, Florida

### Balance Sheet Governmental Funds September 30, 2005

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Pooled cash and cash equivalents	\$ 13,048,965	\$ -	\$ -	\$ 13,117,883	\$ 26,166,848
Investments	52,705,614	-	-	-	52,705,614
Receivables:					
Franchise fees and taxes	5,781,817	-	-	460,560	6,242,377
Other	411,146	-	-	96,059	507,205
Inventories	180,185	-	-	28,394	208,579
Prepaid costs	-	-	-	54,125	54,125
Due from other funds	696,301	6,466,609	-	-	7,162,910
Due from other governments	1,510,871	-	98,924	552,277	2,162,072
Restricted Assets:					
Pooled cash and cash equivalents	-	13,602,542	50,440,166	597,873	64,640,581
Total assets	<u>\$ 74,334,899</u>	<u>\$ 20,069,151</u>	<u>\$ 50,539,090</u>	<u>\$ 14,907,171</u>	<u>\$ 159,850,311</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	10,474,396	38,741	-	26,616	10,539,753
Accrued liabilities	21,524	-	-	415,310	436,834
Retainage payable	-	-	3,054,033	-	3,054,033
Due to other funds	-	-	6,466,609	696,301	7,162,910
Due to Pension Fund	3,003,051	-	-	-	3,003,051
Interfund payables	-	-	1,800,000	-	1,800,000
Due to other governments	8,125	-	-	-	8,125
Deposits	1,706,542	-	-	460,263	2,166,805
Deferred revenue	1,979,472	-	-	3,008,785	4,988,257
Advances from other funds	24,622,952	-	14,576,255	-	39,199,207
Total liabilities	<u>41,816,062</u>	<u>38,741</u>	<u>25,896,897</u>	<u>4,607,275</u>	<u>72,358,975</u>
<b>Fund balances:</b>					
<b>Reserved for:</b>					
Subsequent years' expenditures	-	-	-	145,551	145,551
Wetland mitigation	-	-	-	452,322	452,322
Prepaid costs	-	-	-	54,125	54,125
Encumbrances	1,075,843	-	6,453,581	404,825	7,934,249
Commodities inventory	-	-	-	28,394	28,394
Debt service	-	20,030,410	-	-	20,030,410
Construction	-	-	33,586,365	-	33,586,365
<b>Unreserved, reported in:</b>					
<b>General fund:</b>					
Designated for disaster assistance	2,125,000	-	-	-	2,125,000
Designated for OPEB	3,000,000	-	-	-	3,000,000
Undesignated	26,317,994	-	-	-	26,317,994
<b>Special revenue funds:</b>					
Designated for rent payments	-	-	-	2,459,150	2,459,150
Undesignated	-	-	-	6,755,529	6,755,529
<b>Capital projects fund:</b>					
Undesignated	-	-	(15,397,753)	-	(15,397,753)
Total fund balances	<u>32,518,837</u>	<u>20,030,410</u>	<u>24,642,193</u>	<u>10,299,896</u>	<u>87,491,336</u>
Total liabilities and fund balances	<u>\$ 74,334,899</u>	<u>\$ 20,069,151</u>	<u>\$ 50,539,090</u>	<u>\$ 14,907,171</u>	

(continued)

**City of Pembroke Pines, Florida**  
**Balance Sheet**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets**  
**September 30, 2005**

Fund Balances - Total governmental funds (page 23)	\$ 87,491,336
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.	301,119,211
Unamortized bond issue costs are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	5,458,994
Interest payable, included in accrued liabilities, is not due and payable in the current period and, therefore, not reported in the funds.	(5,622,348)
Bonds payable, included in noncurrent liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	(319,040,000)
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.	1,870,801
Compensated absences, included in noncurrent liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	(16,063,802)
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.	73,484,546
Net assets of governmental activities (page 21)	\$ 128,698,738

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, 2005**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Taxes:					
Property taxes	\$ 35,586,353	\$ -	\$ -	\$ -	\$ 35,586,353
Franchise fees	10,681,800	508,874	1,755,951	-	12,946,625
Utility taxes	7,720,206	1,741,613	-	-	9,461,819
Communications services tax	3,200,494	3,529,288	-	-	6,729,782
Other taxes	1,861,332	-	-	2,858,951	4,720,283
Special assessments	8,090,772	-	103,600	-	8,194,372
Licenses and permits	7,229,357	-	-	-	7,229,357
Intergovernmental	13,808,256	-	198,924	36,892,642	50,899,822
Charges for services	23,672,960	-	-	1,316,178	24,989,138
Fines and forfeitures	764,841	-	-	193,785	958,626
Investment income	1,141,112	328,608	494,834	259,228	2,223,782
Contributions	180,800	-	702,000	890,567	1,773,367
Rental revenue	5,813,389	8,217,168	-	1,315,230	15,345,787
Other	95,102	-	75	1,243,408	1,338,585
Total revenues	<u>119,846,774</u>	<u>14,325,551</u>	<u>3,255,384</u>	<u>44,969,989</u>	<u>182,397,698</u>
<b>Expenditures</b>					
Current:					
General government	20,537,084	-	6,324,073	1,460	26,862,617
Public safety	68,015,223	-	682,729	766,988	69,464,940
Physical environment	3,531,434	-	-	-	3,531,434
Transportation	-	-	5,234,618	5,130,550	10,365,168
Economic environment	1,481,395	-	15,226,769	1,527,732	18,235,896
Human services	5,891,298	-	651,782	38,551,726	45,094,806
Culture and recreation	16,043,072	-	2,568,437	-	18,611,509
Debt service:					
Principal	-	3,855,000	-	-	3,855,000
Interest	-	13,119,051	462,095	-	13,581,146
Other debt service costs	-	897,238	-	-	897,238
Total expenditures	<u>115,499,506</u>	<u>17,871,289</u>	<u>31,150,503</u>	<u>45,978,456</u>	<u>210,499,754</u>
Excess (deficiency) of revenues over expenditures	<u>4,347,268</u>	<u>(3,545,738)</u>	<u>(27,895,119)</u>	<u>(1,008,467)</u>	<u>(28,102,056)</u>
<b>Other financing sources (uses):</b>					
Transfers in	150,000	-	-	1,386,782	1,536,782
Transfers out	(540,661)	-	-	(996,121)	(1,536,782)
Bonds issued	-	6,822,439	48,087,561	-	54,910,000
Discount on bonds	-	(358,853)	-	-	(358,853)
Total other financing sources (uses)	<u>(390,661)</u>	<u>6,463,586</u>	<u>48,087,561</u>	<u>390,661</u>	<u>54,551,147</u>
Net change in fund balances	3,956,607	2,917,848	20,192,442	(617,806)	26,449,091
Fund balances, beginning	28,562,230	17,112,562	4,449,751	10,917,702	61,042,245
Fund balances, ending	<u>\$ 32,518,837</u>	<u>\$ 20,030,410</u>	<u>\$ 24,642,193</u>	<u>\$ 10,299,896</u>	<u>\$ 87,491,336</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, 2005**

Amounts reported for governmental activities in the statement of activities  
(page 22) are different because:

Net change in fund balances - total governmental funds (page 25) \$ 26,449,091

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	\$ 28,616,016	
Depreciation expense (excluding depreciation on internal service fund)	<u>(12,239,948)</u>	
Net adjustment		16,376,068

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) (175,485)

The issuance of long-term debt (e.g. revenue bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

The details of the difference are as follows:

Debt issued:		
2005 Variable Rate Capital Improvement Revenue Bonds	(7,910,000)	
2005 General Obligation Bonds	<u>(46,641,146)</u>	
	(54,551,146)	
Principal payments:		
Public Improvement Revenue Bonds	1,475,000	
Charter School Revenue Bonds	1,145,000	
Capital Improvement Revenue Bonds	<u>1,235,000</u>	
	3,855,000	
Bond Issue Costs and Bond Discount/Premium	<u>512,233</u>	
Net adjustment		(50,183,913)

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		(1,693,274)
Accrued interest		(261,396)
Amortization of negative pension obligation		(4,666,221)

Change in net assets of governmental activities (page 22) \$ (14,155,130)

**City of Pembroke Pines, Florida**  
**Statement of Net Assets**  
**Proprietary Funds**  
**September 30, 2005**

	<b>Business-type Activities <u>Enterprise Fund</u> <u>Utility Fund</u></b>	<b>Governmental Activities <u>Internal Service Fund</u> <u>Public Insurance</u></b>
<b>Assets</b>		
Current assets:		
Pooled cash and cash equivalents	\$ 389,865	\$ 5,623,426
Investments	35,200,224	3,017,474
Accounts receivable:		
Customer accounts, net	2,993,179	-
Special Assessments	310,185	-
Other	5,727	-
Due from other governments	52,363	-
Interfund receivables	1,800,000	-
Total current assets	<u>40,751,543</u>	<u>8,640,900</u>
Noncurrent assets:		
Restricted assets:		
Pooled cash and cash equivalents	2,000,602	-
Investments	1,416,470	-
Total restricted assets	<u>3,417,072</u>	<u>-</u>
Advances to other funds	39,199,207	-
Negative net pension obligation	<u>3,892,363</u>	<u>57,881</u>
Capital Assets:		
Land	3,006,562	-
Buildings and utility plant	186,897,324	-
Construction-in-progress	2,175,786	-
Machinery and equipment	5,379,980	13,294
Less accumulated depreciation	<u>(48,685,171)</u>	<u>(13,294)</u>
Total capital assets (net of accumulated depreciation)	<u>148,774,481</u>	<u>-</u>
Total noncurrent assets	<u>195,283,123</u>	<u>57,881</u>
Total assets	<u>\$ 236,034,666</u>	<u>\$ 8,698,781</u>

(continued)

**City of Pembroke Pines, Florida**  
**Statement of Net Assets**  
**Proprietary Funds**  
**September 30, 2005**  
**(continued)**

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b><u>Enterprise Fund</u></b>	<b><u>Internal Service Fund</u></b>
	<b><u>Utility Fund</u></b>	<b><u>Public Insurance</u></b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts Payable	\$ 28,255	\$ 8,038
Claims payable	-	8,672,970
Total current liabilities	<u>28,255</u>	<u>8,681,008</u>
Noncurrent liabilities payable from restricted assets:		
Customer deposits	<u>2,509,316</u>	<u>-</u>
Noncurrent liabilities:		
Compensated absences	<u>1,039,434</u>	<u>17,773</u>
Total noncurrent liabilities	<u>3,548,750</u>	<u>17,773</u>
Total liabilities	<u>3,577,005</u>	<u>8,698,781</u>
Net Assets:		
Invested in capital assets	148,774,481	-
Restricted for expansion	907,756	-
Unrestricted	<u>82,775,424</u>	<u>-</u>
Total net assets	<u>232,457,661</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 236,034,666</u>	<u>\$ 8,698,781</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, 2005**

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b><u>Enterprise Fund</u></b>	<b><u>Internal Service Fund</u></b>
	<b><u>Utility Fund</u></b>	<b><u>Public Insurance</u></b>
<b>Operating revenues:</b>		
Charges for services	\$ 28,901,858	\$ 17,862,469
Other	61,406	1,099,598
Total operating revenues	<u>28,963,264</u>	<u>18,962,067</u>
<b>Operating expenses:</b>		
Operating, administrative and maintenance	32,466,147	19,145,821
Depreciation	4,520,751	276
Total operating expenses	<u>36,986,898</u>	<u>19,146,097</u>
Operating loss	<u>(8,023,634)</u>	<u>(184,030)</u>
<b>Nonoperating revenues:</b>		
Interest income	1,856,224	184,030
Other income	42,582	-
Total nonoperating revenues	<u>1,898,806</u>	<u>184,030</u>
Loss before contributions	(6,124,828)	-
Capital contributions	<u>712,820</u>	<u>-</u>
Change in net assets	(5,412,008)	-
Net assets, beginning	<u>237,869,669</u>	<u>-</u>
Net assets, ending	<u>\$ 232,457,661</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, 2005**

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b><u>Enterprise Fund</u></b>	<b><u>Internal Service Fund</u></b>
	<b><u>Utility Fund</u></b>	<b><u>Public Insurance</u></b>
<b>Cash flows from operating activities</b>		
Cash received from customers:		
For services	\$ 28,715,866	\$ 17,862,469
For deposits	34,751	-
Cash payments to suppliers for goods and services	(11,256,120)	(18,769,286)
Cash payments to employees for services	(6,068,197)	(111,693)
Interfund services used	(15,287,840)	-
Other operating revenues	<u>110,382</u>	<u>1,099,598</u>
Net cash provided (used) by operating activities	<u>(3,751,158)</u>	<u>81,088</u>
<b>Cash flows from noncapital financing activities</b>		
Increase (decrease) in advances to other funds	1,343,856	-
Interest earned from other funds	462,095	-
Operating grants received	<u>8,991</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>1,814,942</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>		
Acquisition and construction of capital assets	(391,897)	-
Proceeds from sale of equipment	469	-
Capital contributions provided by developers	<u>271,412</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(120,016)</u>	<u>-</u>

(continued)

See notes to basic financial statements.

**City of Pembroke Pines, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Fiscal Year Ended September 30, 2005**  
**(continued)**

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b><u>Enterprise Fund</u></b>	<b><u>Internal Service Fund</u></b>
	<b><u>Utility Fund</u></b>	<b><u>Public Insurance</u></b>
<b>Cash flows from investing activities</b>		
Purchase of investment securities	\$ (1,118,429)	\$ -
Proceeds from sale and maturity of investments	670,000	1,594,070
Interest on cash and cash equivalents	<u>103,561</u>	<u>130,620</u>
Net cash provided (used) by investing activities	<u>(344,868)</u>	<u>1,724,690</u>
Net increase (decrease) in equity in pooled cash and cash equivalents	(2,401,100)	1,805,778
Pooled cash and cash equivalents at beginning of year	<u>4,791,567</u>	<u>3,817,648</u>
Pooled cash and cash equivalents at end of year	<u>\$ 2,390,467</u>	<u>\$ 5,623,426</u>
<b>Reconciliation of operating loss to net cash provided (used) by operating activities:</b>		
Operating loss	\$ (8,023,634)	\$ (184,030)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	4,520,751	276
Change in assets and liabilities:		
Receivables:		
Decrease (increase) in customer accounts, net	(185,992)	-
Decrease (increase) in other, net	48,976	-
Decrease in negative net pension obligation	189,913	-
Increase (decrease) in accounts payable	(375,254)	260,047
Increase (decrease) in other liabilities	39,331	4,795
Increase in customer deposits	<u>34,751</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ (3,751,158)</u>	<u>\$ 81,088</u>
<b>Noncash investing, capital, and financing activities:</b>		
Property contributed by developers	\$ 441,408	\$ -
Increase in fair value of investments	1,290,568	53,410
Increase in Advances from the General Fund in exchange for Real Estate Investments	24,622,952	-

See notes to basic financial statements.

**City of Pembroke Pines, Florida**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**September 30, 2005**

	<b><u>Pension Trust Funds</u></b>	<b><u>Agency Funds</u></b>
<b>Assets</b>		
Pooled cash and cash equivalents	\$ 5,629,546	\$ 2,146,670
Investments, at fair value	297,446,052	-
Receivables:		
Accrued interest and dividends	845,678	-
Contributions	3,143,622	-
Other	<u>1,230,503</u>	<u>1,189,565</u>
Total assets	<u>308,295,401</u>	<u>3,336,235</u>
 <b>Liabilities</b>		
Deferred City pension contribution	-	-
DROP participants payable	24,611,000	-
Accounts payable	961,928	1,189,565
Due to other funds	-	64,378
Accrued liabilities	<u>-</u>	<u>2,082,292</u>
Total liabilities	<u>25,572,928</u>	<u>3,336,235</u>
 <b>Net Assets</b>		
Held in trust for pension benefits and other purposes	<u>\$ 282,722,473</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, 2005**

	<b>Pension Trust Funds</b>
<b>Additions</b>	
Contributions:	
Plan members	\$ 4,804,049
Employee buyback	1,225,485
Employer:	
Required contribution	12,613,621
State/County	1,861,332
Total contributions	<u>20,504,487</u>
Investment income:	
Investment earnings and appreciation	31,319,336
Less investment expense	<u>1,241,900</u>
Net investment income	<u>30,077,436</u>
Total additions	<u>50,581,923</u>
<b>Deductions</b>	
Pension benefits	11,410,081
Refunds of contributions	(96,574)
Administrative expenses	<u>408,192</u>
Total deductions	<u>11,721,699</u>
Change in net assets	38,860,224
Net assets, beginning	<u>243,862,249</u>
Net assets, ending	<u>\$ 282,722,473</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, 2005

### 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 through Charter Schools, 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," and would have included all component units had one of the following conditions existed:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the City, its component units, or its constituents.
2. The City, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an *individual organization* that the City, or its component units, is entitled to, or has the ability to otherwise access, are significant to the City.

#### *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 (continued)

### 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 revenues susceptible to accrual to be a year.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current 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 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.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The *pension 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.

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.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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, certificates of deposit and deposits held with the State Board of Administration (SBA) Investment Pool. For the purpose of the proprietary fund's Statement of Cash Flows, "Pooled cash and cash equivalents" include all demand and savings accounts, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

All investments of the City, except the SBA Investment Pool and the investment in real estate, are reported at fair value, which is based on quoted market price. The SBA Investment Pool 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 3a.

##### 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.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### 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 and special assessments as their major receivables.

##### 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.

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

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### 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 revenue 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 3.c. for more details on the restricted assets.

##### 7. Compensated Absences

The City's policy regarding vacation time is to encourage employees to use it within one year of having earned the leave. With regard to sick leave, employees are paid each September for the hours that they have accumulated in excess of 480 for General Employees. Police Officers are compensated for the excess of 480 hours in September of each fiscal year, or have the option to continue accumulating up to 720 hours. Firefighters working shifts are paid for accumulated hours in excess of 576. Upon separation from service, employees receive full payment for unused vacation and sick 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 30<sup>th</sup> 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 (continued)

### 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. 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.

##### 10. 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.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### 11. 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.

### 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:

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

#### b. Revenue Restrictions (continued)

<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, 2005, the City complied, in all material respects, with these revenue restrictions.

#### c. Deficit Fund Equity

The City of Pembroke Pines owns and operates seven Charter Schools within its corporate limits, which are reported as Special Revenue Funds of the City. These Schools are reported on a fiscal year basis beginning July 1 and ending June 30. In August 2003 the City opened its seventh Charter School, the City of Pembroke Pines/FSU Charter Elementary School. This partnership between the City and the Florida State University was the first of its kind in Broward County. The Charter was granted to establish a Developmental Research Laboratory School, with the primary goal being to enhance educational instruction, and research of reading, and other disciplines.

The City of Pembroke Pines/Florida State University reported a deficit fund balance of (\$251,146) for the fiscal year ended June 30, 2005, and a deficit fund balance of (\$262,723) for the previous fiscal year ended June 30, 2004. These deficits were the result of the first year of operation, and the City does not anticipate that this deficit will increase in future years. Additionally, the Charter School is seeking new revenue sources such as grants, donations and rental income, and has implemented a new summer school program that is estimated to earn \$15,000 to \$25,000 per year in an effort to eliminate this financial position.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS

#### a. 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*

In addition to insurance provided by the Federal Deposit Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are deemed as insured or collateralized with securities held by the entity or its agent in the entity's name.

##### *Investments*

In accordance with City Ordinance 1493, as adopted on September 1, 2004, the City's authorized investments include, but are not limited to, investments in obligations of the U.S. Treasury, its agencies, instrumentalities, the Local Government Surplus Funds Trust Fund administered by the State Board of Administration (SBA), the Florida Municipal Investment Trust administered by the Florida League of Cities, corporate obligations or corporate notes of U.S. corporations, certificates of deposit issued by qualified public depositories, real estate, Real Estate Investment Trusts (REITs) and Land Trusts provided the transactions comply with Federal and State Laws, and the City's Code of Ordinances.

Under Florida Statutes Chapter 218, *Financial Matters Pertaining to Political Subdivisions*, authorized investments include the following, which are consistent with City's written investment policy: Local Government Surplus Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, direct obligations of the United States Treasury, Federal agencies and instrumentalities, securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered with under the Investment Company Act of 1940, and any other investments authorized by law or by ordinance of the City.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### a. Deposits and Investments (continued)

##### *Investments in External Investments Pools*

The State Board of Administration's Local Government Surplus Trust Fund, also known as the Local Government Investment Pool (LGIP) is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the Rules of the State Board of Administration. These rules provide guidance and establish the general operating procedures for the administration of the Local Government Investment Pool. Additionally, the Office of the Florida Auditor General performs the operational audit of the activities and investments of the State Board of Administration. The weighted average maturity for the LGIP as of September 30, 2005, was 49 days. The LGIP does not have a credit rating.

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 serves as the administrator, investment manager and secretary-treasurer of the Trust. The Local Government Investment Pool (LGIP) 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 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.

##### *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 on the following page as of September 30, 2005.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### a. Deposits and Investments (continued)

##### *Investments (continued)*

##### *Interest Rate Risk (continued)*

Investment Type	Fair Value	Effective Duration	% of the Total Fixed Income Investment Portfolio
<b>GOVERNMENTAL &amp; BUSINESS-TYPE INVESTMENTS:</b>			
<u>Managed by External Investment Manager:</u>			
Temporary cash	\$ 2,403,130	N/A	1.7%
Money market/ Commercial paper	2,757,689	0.21	1.9%
U.S. Treasuries	4,569,885	1.35	3.2%
Federal Agencies	10,479,219	2.25	7.4%
Mortgage-pass through	3,388,018	2.49	2.4%
Other government	512,142	1.00	0.4%
Collateralized mortgage obligations	1,063,680	2.43	0.8%
Corporate bonds	14,221,797	1.40	10.0%
<u>Investment in External Investment Pools:</u>			
FMIvT -Enhanced cash	7,499,335	N/A	5.3%
FMIvT -1-3 Year bond fund	20,818,280	1.40	14.7%
State Board of Administration	73,989,532	N/A	52.2%
<b>Total Governmental &amp; Business-type Fixed Income</b>	<b>\$ 141,702,707</b>		<b>100.0%</b>
Weighted average effective duration of the Governmental & Business-type activities		0.64	
<b>FIDUCIARY FUNDS:</b>			
<b>Firefighters and Police Officers Pension Fund:</b>			
U.S. Treasuries	\$ 511,095	0.90	0.8%
Federal Agencies	26,109,583	3.80	40.6%
Corporate bonds	36,613,826	4.50	56.9%
State of Israel bonds	1,080,000	7.40	1.7%
<b>Total Fixed Income Firefighters and Police Officers Pension Fund</b>	<b>\$ 64,314,504</b>		<b>100.0%</b>
Weighted average effective duration of Police & Fire pension Fund		4.20	
<b>General Employees Pension Fund:</b>			
<u>Investment in separate fixed income investments accounts:</u>			
Principal inflation protection	\$ 1,244,224	6.35	4.0%
Principal bond and mortgage	26,692,523	4.30	85.9%
Principal preferred securities	1,913,562	4.11	6.1%
Principal high yield	1,240,652	3.48	4.0%
<b>Total Fixed Income General Employees Pension Fund</b>	<b>\$ 31,090,961</b>		<b>100.0%</b>
Weighted average effective duration of the General Employees Pension		4.30	

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### a. Deposits and Investments (continued)

##### *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 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.

##### ***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 Investment Policy, and detailed guidelines to manage the risk, diversification, and 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.

##### ***General Employees Pension Investments***

The 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 hereby 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 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 (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### a. Deposits and Investments (continued)

##### *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.

Investment Type	Credit Quality	Fair Value
<b>GOVERNMENTAL &amp; BUSINESS-TYPE INVESTMENTS:</b>		
<u>Managed by External Investment Manager:</u>		
Temporary cash	AAA	\$ 2,403,130
U.S. government guaranteed	Not applicable	18,437,122
Money market/ Commercial paper	P-1	2,757,689
Collateralized mortgage obligations	AAA	1,063,680
Corporate bonds	A+	14,221,797
Other government	A+	512,142
<u>Investment in External Investment Pools:</u>		
FMIvT -Enhanced cash	AAA/V1	7,499,335
FMIvT -1-3 Year bond fund	AAA/V2	20,818,280
State Board of Administration	Not rated	73,989,532
<b>Total Governmental &amp; Business-type Fixed Income</b>		<b><u>\$ 141,702,707</u></b>
<b>FIDUCIARY FUNDS:</b>		
<b>Firefighters and Police Officers Pension Fund:</b>		
U.S. government guaranteed	Not applicable	\$ 26,620,678
Corporate bonds	AAA	3,534,590
Corporate bonds	AA	2,296,288
Corporate bonds	AA-	1,526,011
Corporate bonds	A+	10,754,197
Corporate bonds	A	13,354,442
Corporate bonds	A-	2,430,965
State of Israel bonds	A-	1,080,000
Corporate bonds	BBB+	1,637,653
Corporate bonds	BBB	1,079,680
<b>Total Fixed Income Firefighters and Police Officers Pension Fund</b>		<b><u>\$ 64,314,504</u></b>
<b>General Employees Pension Fund:</b>		
<u>Investment in separate fixed income investments accounts:</u>		
Principal inflation protection	AAA	\$ 1,244,224
Principal bond and mortgage	AA	26,692,523
Principal preferred securities	A	1,913,562
Principal high yield	B	1,240,652
<b>Total Fixed Income General Employees Pension Fund</b>		<b><u>\$ 31,090,961</u></b>

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### b. Deposits and Investments (continued)

##### *Investments (continued)*

##### *Credit Risk (continued)*

##### ***Governmental and Business-type/ Operating Investments***

The City of Pembroke Pines utilizes portfolio diversification and credit quality rating in order to control this risk. State law limits investments in commercial paper to the two top ratings issued by nationally recognized statistical rating organizations (NRSROs). The City's investment in commercial paper was rated A-1 by Standard and Poor's and P-1 by Moody's.

The Operating Investment Policy of the City does not specify a credit quality rating for its collateralized mortgage obligations, although they are currently rated "AAA" by Moody's. The investment policy limits the exposure of Mortgage-backed securities to a maximum of 30% of the portfolio.

The 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 Aa3 by Standard and Poor's and A+ by Moody's.

##### ***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 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 service at the time of purchase. Fixed income investments that are downgraded below "BAA" shall be liquidated within a reasonable time as determined by the manager, but not to the detriment of the Firefighters and Police Officers Pension Plan.

##### ***General Employees Pension Investments***

The General Employees investment policy sets no minimum credit quality rating for the insurance company separate accounts of the Principal Financial Group.

***Concentration of Credit Risk:*** 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 and the General Employees Pension Plan.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### b. Receivables

Receivables and the related allowance for uncollectible accounts as of September 30, 2005 are as follows:

<u>Receivables</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
Customer accounts	\$ -	\$ 3,061,954	\$ 3,061,954
Special assessments	-	310,185	310,185
Franchise fees and taxes	6,242,377	-	6,242,377
Other	507,205	5,727	512,932
Due from other governments	2,162,072	52,363	2,214,435
Gross receivables	8,911,654	3,430,229	12,341,883
Less: allowance for uncollectible accounts	-	(68,775)	(68,775)
Net total receivables	\$ 8,911,654	\$ 3,361,454	\$ 12,273,108

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### c. Restricted Assets

The City is required to segregate and restrict certain amounts in connection with the ordinances governing the issuance of Revenue Bonds.

Amounts segregated and restricted related to these ordinances and related reserves at September 30, 2005 are as follows:

	Capital Improve Revenue Bonds Series <u>1993</u>	Public Improve Revenue Bonds Series <u>1998</u>	Capital Improve Revenue Bonds Series <u>1999</u>	Public Improve Revenue Bonds Series <u>2001</u>	Charter School Revenue Bonds Series <u>2001A</u>	Charter School Revenue Bonds Series <u>2001B</u>	Taxable Com Serv Tax Revenue Bonds Series <u>2003A</u>	Taxable Com Serv Tax Revenue Bonds Series <u>2004</u>	Public Improve Revenue Bonds Series <u>2004A</u>	Public Improve Revenue Bonds Series <u>2004B</u>	<u>Totals</u>
Investments held for:											
Sinking fund for payment of											
principal and interest	\$ 278,164	\$ 1,375,001	\$ 1,585,272	\$ 1,126,865	\$ 541,625	\$ 373,363	\$ 1,195,468	\$ 1,227,828	\$ 480,807	\$ 392,130	\$ 8,576,523
Reserve fund for payment of											
principal and interest	<u>528,553</u>	<u>-</u>	<u>891,875</u>	<u>-</u>	<u>2,135,000</u>	<u>1,470,591</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,026,019</u>
Total restricted assets related to debt	<u>\$ 806,717</u>	<u>\$ 1,375,001</u>	<u>\$ 2,477,147</u>	<u>\$ 1,126,865</u>	<u>\$ 2,676,625</u>	<u>\$ 1,843,954</u>	<u>\$ 1,195,468</u>	<u>\$ 1,227,828</u>	<u>\$ 480,807</u>	<u>\$ 392,130</u>	<u>13,602,542</u>
 Total restricted assets - capital projects - construction funds											<u>50,440,166</u>
 Restricted assets - Enterprise Fund											
Utility Supported Equivalent Residential Connections (SERC's)											907,756
Customer Deposits											2,509,316
Total restricted assets - Enterprise Fund											<u>3,417,072</u>
 Total restricted assets - other governmental funds -Wetland Mitigation											<u>597,873</u>
 Total restricted assets											<u>\$ 68,057,653</u>

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### d. Capital Assets

Capital asset activity for the year ended September 30, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Governmental activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 48,289,580	\$ 1,327,965	\$ -	\$ 49,617,545
Construction-in-progress	106,851,813	23,401,049	(105,074,157)	25,178,705
Total capital assets, not being depreciated	<u>155,141,393</u>	<u>24,729,014</u>	<u>(105,074,157)</u>	<u>74,796,250</u>
Capital assets, being depreciated:				
Buildings	93,211,572	83,151,268	(353,778)	176,009,062
Improvements other than buildings	42,536,265	22,395,817	(3,150)	64,928,932
Machinery and equipment	49,312,082	3,787,279	(1,177,025)	51,922,336
Infrastructure	32,871,764	6,865	-	32,878,629
Total capital assets, being depreciated	<u>217,931,683</u>	<u>109,341,229</u>	<u>(1,533,953)</u>	<u>325,738,959</u>
Less accumulated depreciation for:				
Buildings	(16,415,779)	(3,235,864)	192,465	(19,459,178)
Improvements other than buildings	(12,981,758)	(3,663,110)	3,562	(16,641,306)
Machinery and equipment	(32,625,602)	(4,559,660)	782,371	(36,402,891)
Infrastructure	(26,131,034)	(781,589)	-	(26,912,623)
Total accumulated depreciation	<u>(88,154,173)</u>	<u>(12,240,223)</u>	<u>978,398</u>	<u>(99,415,998)</u>
Total capital assets, being depreciated, net	129,777,510	97,101,006	(555,555)	226,322,961
Governmental activities capital assets, net	<u>\$ 284,918,903</u>	<u>\$ 121,830,020</u>	<u>\$ (105,629,712)</u>	<u>\$ 301,119,211</u>

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### d. Capital Assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Business-type activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 3,006,562	\$ -	\$ -	\$ 3,006,562
Construction-in-progress	2,040,690	135,096	-	2,175,786
Total capital assets, not being depreciated	<u>5,047,252</u>	<u>135,096</u>	<u>-</u>	<u>5,182,348</u>
Capital assets, being depreciated:				
Buildings	19,381,154	125,000	-	19,506,154
Improvements other than buildings	166,949,761	441,409	-	167,391,170
Machinery and equipment	5,255,104	131,800	(6,924)	5,379,980
Total capital assets, being depreciated	<u>191,586,019</u>	<u>698,209</u>	<u>(6,924)</u>	<u>192,277,304</u>
Less accumulated depreciation for:				
Buildings	(2,497,727)	(171,148)	-	(2,668,875)
Improvements other than buildings	(37,507,283)	(4,090,213)	-	(41,597,496)
Machinery and equipment	(4,166,334)	(259,390)	6,924	(4,418,800)
Total accumulated depreciation	<u>(44,171,344)</u>	<u>(4,520,751)</u>	<u>6,924</u>	<u>(48,685,171)</u>
Total capital assets, being depreciated, net	147,414,675	(3,822,542)	-	143,592,133
Business-type activities capital assets, net	<u>\$ 152,461,927</u>	<u>\$ (3,687,446)</u>	<u>\$ -</u>	<u>\$ 148,774,481</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government services	\$ 682,232
Public safety	2,343,349
Physical environment	83,091
Transportation	1,857,862
Economic environment	497,315
Human services	4,619,484
Culture/recreation	2,156,890
Total depreciation expense - governmental activities	<u>\$ 12,240,223</u>
Business-type activities:	
Water-sewer combined service	\$ 4,520,751
Total depreciation expense - business-type activities	<u>\$ 4,520,751</u>

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### e. Interfund Receivables, Payables and Transfers

The composition of interfund balances and transfers as of September 30, 2005 is follows:

##### Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	FSU Charter Elementary Schools	\$ 523,018	Provide temporary resources
General Fund	Community Development Block Grant	99,928	Provide temporary resources
General Fund	Older Americans Act Fund	42,609	Provide temporary resources
General Fund	Law Enforcement Grant	30,746	Provide temporary resources
Debt Service Fund	Capital Projects Fund	6,466,609	Provision for refunding bonds and cost of issuance
Pension-Fire & Police Fund	General Fund	3,003,051	Balance of required contribution for FY 2005
Total		<u>\$ 10,165,961</u>	

##### Interfund receivables/payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Utility Fund	Capital Projects Fund	\$ 1,800,000	Capital projects expenditures
Total		<u>\$ 1,800,000</u>	

##### Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
*Utility Fund	General Fund	\$ 24,622,952	Purchase of investments
*Utility Fund	Capital Projects Fund	14,576,255	Capital projects expenditures
Total		<u>\$ 39,199,207</u>	

\*This amount is not expected to be paid within one year from September 30, 2005.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### e. Interfund Receivables, Payables and Transfers (continued)

##### Interfund Transfers:

		Transfer in:							
General Fund	Charter Middle Schools	Charter High School	Law Enforcement Grants	ADA Paratransit Program	Community Bus Program	Total	Purpose		
<b>Transfer out:</b>									
General Fund	\$ -	\$ 453,841	\$ -	\$ -	\$ -	\$ -	\$ 453,841	Supplement other fund	
General Fund	-	-	86,820	-	-	-	86,820	Required contributions for grant match funds	
Road & Bridge Fund	-	-	-	223,964	211,231	-	435,195	Supplement other fund	
Charter Elementary Schools	-	205,463	-	-	-	-	205,463	Supplement other fund	
Charter Middle Schools	-	205,463	-	-	-	-	205,463	Supplement other fund	
Older Americans Act Fund	150,000	-	-	-	-	-	150,000	One time reimbursement of service provided to the Older Americans Act	
Total	\$150,000	\$ 453,841	\$ 410,926	\$ 86,820	\$ 223,964	\$211,231	\$1,536,782		

#### f. Operating Leases

The City leases 650 square feet to the Miramar-Pembroke Pines Regional Chamber of Commerce in the City Hall Building. In the Senior Citizen Multipurpose Center, the City leases 276 square feet to a podiatrist, 270 square feet to a provider of physical, occupational and speech therapies, and 525 square feet to Nova Southeastern University which provides medical services to the Center's residents. The 11,950 square foot restaurant at the City's Golf & Racquet Club is also leased out to an operator. The City's assets, which are leased as of September 30, 2005, consist of \$72,700 in land and \$212,077 in buildings for a total of \$284,777. The accumulated depreciation and the net book value of the buildings as of September 30, 2005 are \$86,497 and \$198,280, respectively.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### f. Operating Leases (continued)

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 4.c. "Commitments"). As of September 30, 2005 the City had sub-leased portions of the site, now known as the "Senator Howard C. Forman Human Services Campus", to Citrus Health Network, Henderson Mental Health Center, Jose Maria Vargas University, Bayview Center for Mental Health, Green Cross of Pembroke Pines, Safeguard Services, Elan Lawn Services and several other lessees at various rentals and terms.

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 \$3,478 and \$44,362 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 regarding the construction or use of telecommunication towers.

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.

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 and the Southwest Broward County Campus for Broward Community College (BCC). 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 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. An additional option may be negotiated if requested in writing to the City. The rental income is recorded in the City's Charter High School and included in the table below for the twelve months ending June 30, which corresponds to the Charter School's year-end.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### f. Operating Leases (continued)

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 will lease to SBA a 5.2-acre site in the Senator Howard C. Forman Human Services Campus, and will construct buildings providing a residential complex, an administrative and treatment facility and an Early Learning Center plus land and off-site improvements. The City has 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 3.g. "Long-Term Debt"). SBA will pay 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 Temporary Certificate of Occupancy on February 2, 2006 and future rentals due to the City are included in the table below from that date onward. As of September 30, 2005 the project's net book value of the completed portion of construction in progress amounted to \$5,367,713.

The City receives various short-term rentals from religious groups and other organizations utilizing the Charter School's classrooms on weekends, and other available City sites, including the Walter C. Young facility. Apartments at the three Senior Housing facilities are rented on leases not exceeding one year. During the year ended September 30, 2005 the City received rental income of \$1,366,449 from the Southwest Focal Point Senior Housing Facility and \$621,157 from the newly-constructed Pines Place Senior Housing Facilities located in the Senator Howard C. Forman Human Services Campus. None of these short-term rentals are included in the table below.

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, 2005 are:

Fiscal year ending September 30:	
2006	\$3,010,714
2007	2,173,094
2008	1,811,642
2009	1,705,349
2010	1,637,105
2011-2015	5,629,565
2016-2020	3,063,582
2021-2025	3,033,534
2026-2030	2,992,605
2031-2035	<u>2,897,583</u>
Total minimum future rentals	<u>\$27,954,773</u>

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### g. 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 include the following:

**Capital Improvement Revenue Bonds, Series 1993** - On November 17, 1993, the City issued \$7,780,000 bonds for the purpose of funding the acquisition, construction and equipping the Southwest Focal Point Senior Center. These bonds have an outstanding balance of \$6,185,000. On December 1, 2005, the outstanding principal of \$5,985,000 was refunded using a portion of the General Obligation Bonds, Series 2005. The outstanding bonds bear interest at rates from 4.875% to 5.375%, 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 (i) net revenues of the Senior Center and (ii) the City's electric franchise fee revenues which have previously been pledged by the City to secure the Series 1992 Bonds. The bonds maturing on and after December 1, 2004 are subject to redemption at the option of the City, on or after December 1, 2003, 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:			
2006	\$ 200,000	\$ 322,295	\$ 522,295
2007	210,000	312,170	522,170
2008	220,000	301,420	521,420
2009	230,000	290,055	520,055
2010	240,000	278,070	518,070
2011-2015	1,405,000	1,182,499	2,587,499
2016-2020	1,830,000	753,306	2,583,306
2021-2024	1,850,000	205,595	2,055,595
	\$ 6,185,000	\$ 3,645,410	\$ 9,830,410

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### g. Long-Term Debt (continued)

##### *Revenue Bonds (continued)*

**Public Improvement Revenue Bonds, Series 1998** - On September 23, 1998, the City issued \$24,055,000 bonds for the purpose of acquiring land for a Charter High School, construction and equipping of a Charter Middle School, site development for the Academic Village, a communication system for the Fire Department and improvements to the City's fire stations and police annex. The Academic Village is the site for the Charter High School, a branch of the Florida International University, a branch of The Broward County Southwest Regional Library, and a branch of Broward Community College. These bonds have an outstanding balance of \$22,480,000 due in varying installments through October 1, 2022. The outstanding bonds bear interest at rates which range from 4.0% to 5.0%, 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 Charter Middle School and the Charter High School. The bonds maturing on and after October 1, 2009 are subject to redemption at the option of the City, on or after October 1, 2008, 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:			
2006	\$ 835,000	\$ 1,055,245	\$ 1,890,245
2007	870,000	1,020,710	1,890,710
2008	900,000	983,750	1,883,750
2009	940,000	944,415	1,884,415
2010	985,000	903,027	1,888,027
2011-2015	5,620,000	3,784,340	9,404,340
2016-2020	7,140,000	2,224,750	9,364,750
2021-2023	5,190,000	397,750	5,587,750
	\$22,480,000	\$11,313,987	\$33,793,987

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### g. Long-Term Debt (continued)

##### *Revenue Bonds (continued)*

**Capital Improvement Revenue Bonds, Series 1999** – On April 27, 1999, the City issued \$45,240,000 bonds for the purpose of providing funds to finance the construction and equipping of the Charter High School and certain other City projects. In addition, the City used \$10,985,000 of these bonds to refund the City’s outstanding Capital Improvement Revenue Bonds, Series 1995. These bonds have an outstanding balance of \$41,695,000 due in varying installments through December 1, 2026. The outstanding bonds bear interest at rates from 3.80% to 5.25%, 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 fee revenues, and rentals from the City’s Charter Schools, Early Development Centers, and senior housing facility. These bonds were issued on parity with both of the Capital Improvement Revenue Bonds, Series 1992 and Series 1993. The bonds maturing on and after December 1, 2009 are subject to redemption at the option of the City, on or after December 1, 2008, 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:			
2006	\$ 1,080,000	\$ 2,013,400	\$ 3,093,400
2007	1,125,000	1,970,942	3,095,942
2008	1,170,000	1,925,605	3,095,605
2009	1,220,000	1,877,195	3,097,195
2010	1,275,000	1,825,410	3,100,410
2011-2015	7,290,000	8,206,425	15,496,425
2016-2020	9,250,000	6,254,581	15,504,581
2021-2025	12,465,000	3,544,406	16,009,406
2026-2027	6,820,000	362,775	7,182,775
	\$41,695,000	\$27,980,739	\$69,675,739

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### g. Long-Term Debt (continued)

##### *Revenue Bonds (continued)*

**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. These bonds have an outstanding balance of \$18,275,000 due in varying installments through October 1, 2022. The outstanding bonds bear interest at rates from 3.5% to 5.5%, 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. These bonds were issued on parity with both of the Public Improvement Revenue Bonds, Series 1993 and 1998. 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:			
2006	\$ 695,000	\$ 844,962	\$ 1,539,962
2007	720,000	820,200	1,540,200
2008	750,000	794,475	1,544,475
2009	775,000	765,850	1,540,850
2010	800,000	734,350	1,534,350
2011-2015	4,530,000	3,134,000	7,664,000
2016-2020	5,770,000	1,841,950	7,611,950
2021-2023	4,235,000	324,375	4,559,375
	\$18,275,000	\$ 9,260,162	\$27,535,162

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### g. Long-Term Debt (continued)

##### *Revenue Bonds (continued)*

**Charter School Revenue Bonds, Series 2001A** – On December 11, 2001, the City issued \$31,910,000 bonds for the purpose of providing funds for the construction and equipping of a Central Campus comprising of an Early Development Center, a Charter Elementary School, and a Charter Middle School, as well as enabling the payoff of the remaining \$9,016,628 principal and \$411,168 accrued interest of the Certificate of Indebtedness, Series 1997. These bonds have an outstanding balance of \$30,695,000 due in varying installments through July 1, 2031. The outstanding bonds bear interest at rates from 3.40% to 5.375%, with interest payable semi-annually on January 1st and July 1st. The principal and interest on these bonds are payable from a pledge of and lien upon the rentals from the City’s Charter Schools and Early Development Centers. The bonds maturing on and after July 1, 2012 are subject to redemption at the option of the City, on or after July 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:			
2006	\$ 635,000	\$ 1,499,314	\$ 2,134,314
2007	655,000	1,477,724	2,132,724
2008	680,000	1,454,144	2,134,144
2009	705,000	1,426,944	2,131,944
2010	735,000	1,398,743	2,133,743
2011-2015	4,185,000	6,475,712	10,660,712
2016-2020	5,390,000	5,272,012	10,662,012
2021-2025	6,890,000	3,772,250	10,662,250
2026-2030	8,790,000	1,869,000	10,659,000
2031	2,030,000	101,500	2,131,500
	<u>\$30,695,000</u>	<u>\$24,747,343</u>	<u>\$55,442,343</u>

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### g. Long-Term Debt (continued)

##### *Revenue Bonds (continued)*

**Charter School Revenue Bonds, Series 2001B** – On April 4, 2002, the City issued \$20,060,000 bonds for the purpose of purchasing 30 new school buses, and for providing funds for the construction of an 88,000 square foot shared educational facility with a capacity of 400 high school students to be located on the City’s existing Academic Village Charter High School campus. These bonds have an outstanding balance of \$18,840,000 due in varying installments through July 1, 2031. The outstanding bonds bear interest at rates from 3.60% to 5.25%, with interest payable semi-annually on January 1st and July 1st. The principal and interest on these bonds are payable from a pledge of and lien upon rentals from the Charter Schools. The City entered into an Interlocal Agreement with Florida International University on March 13, 2002 allowing FIU specified usage of the shared educational facility for 10 years, for increasing annual rentals starting at \$400,000 per year, payable to the Charter High School in quarterly advance payments beginning January 1, 2003. Such rental payments are also pledged to pay the debt service on this bond issue. The Series 2001B Bonds were issued on a parity with Charter School Revenue Bonds, Series 2001A. The bonds maturing on and after July 1, 2013 are subject to redemption at the option of the City, on or after July 1, 2012, 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:			
2006	\$ 555,000	\$ 916,277	\$ 1,471,277
2007	570,000	896,298	1,466,298
2008	595,000	874,067	1,469,067
2009	615,000	849,673	1,464,673
2010	645,000	823,535	1,468,535
2011-2015	2,870,000	3,694,652	6,564,652
2016-2020	3,030,000	3,024,063	6,054,063
2021-2025	3,865,000	2,187,312	6,052,312
2026-2030	4,945,000	1,105,525	6,050,525
2031	1,150,000	60,375	1,210,375
	\$18,840,000	\$14,431,777	\$33,271,777

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### g. 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 \$39,935,000 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 a 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:			
2006	\$ -	\$ 2,384,120	\$ 2,384,120
2007	-	2,384,120	2,384,120
2008	630,000	2,365,314	2,995,314
2009	665,000	2,326,658	2,991,658
2010	705,000	2,285,764	2,990,764
2011-2015	4,220,000	10,722,717	14,942,717
2016-2020	5,640,000	9,261,561	14,901,561
2021-2025	7,545,000	7,306,233	14,851,233
2026-2030	10,080,000	4,693,315	14,773,315
2031-2034	10,450,000	1,293,102	11,743,102
	\$39,935,000	\$45,022,904	\$84,957,904

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### g. 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 \$49,910,000 due in varying installments through October 1, 2033. The outstanding bonds bear interest at rates from 2.25% 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 a 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:			
2006	\$ -	\$ 2,448,656	\$ 2,448,656
2007	405,000	2,444,100	2,849,100
2008	415,000	2,433,838	2,848,838
2009	1,025,000	2,411,475	3,436,475
2010	1,060,000	2,376,269	3,436,269
2011-2015	5,930,000	11,207,487	17,137,487
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
	\$49,910,000	\$46,809,010	\$96,719,010

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### g. 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 3.0% to 5.0%, 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:			
2006	\$ -	\$ 928,873	\$ 928,873
2007	-	928,873	928,873
2008	-	928,873	928,873
2009	-	928,873	928,873
2010		928,873	928,873
2011-2015	2,520,000	4,441,605	6,961,605
2016-2020	3,040,000	3,905,609	6,945,609
2021-2025	3,755,000	3,162,425	6,917,425
2026-2030	4,755,000	2,134,875	6,889,875
2031-2035	6,070,000	788,000	6,858,000
	\$20,140,000	\$19,076,879	\$39,216,879

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### g. 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 3.5% to 5.0%, 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:			
2006	\$ -	\$ 757,915	\$ 757,915
2007	-	757,915	757,915
2008	-	757,915	757,915
2009	-	757,915	757,915
2010	-	757,915	757,915
2011-2015	1,955,000	3,615,308	5,570,308
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
	\$15,975,000	\$15,457,746	\$31,432,746

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### g. Long-Term Debt (continued)

##### *Revenue Bonds (continued)*

**Variable Rate Capital Improvement Revenue Bonds, Series 2005** – On January 26, 2005, the City issued \$7,910,000 bonds for the purpose of funding the cost of planning, development, design, construction, and equipping of the Susan B. Anthony Center. These bonds have an outstanding balance of \$7,910,000. They initially bear interest at a Weekly Rate determined by the Remarketing Agent, payable on the first Wednesday of each calendar month, and will mature on October 1, 2034. At the option of the City, these bonds may be converted to bear interest at a Fixed Rate. The 2005 Bonds are subject to optional and mandatory tender for purchase and to optional redemption prior to maturity. During a Weekly Rate Period, the 2005 Bonds are subject to tender for purchase on any Business Day at the option of the registered owners thereof upon seven days' prior notice. The 2005 Bonds are subject to mandatory tender for purchase (i) on the first day of each Fixed Rate Period and (ii) upon the termination, expiration, reduction, modification or replacement of the Liquidity Facility or any Alternate Liquidity Facility, including termination by the Liquidity Provider upon certain events. The principal and interest on these bonds are payable from and secured by a pledge of and an irrevocable lien upon the City's Electric Franchise Revenues on a parity with the Capital Improvement Revenue Bonds, Series 1993 and Capital Improvement Revenue Bonds, Series 1999, and any additional parity bonds of the City. The 2005 Bonds bearing interest at a Weekly Rate are subject to optional redemption by the City, in whole or in part, at the direction of the City, on any Business Day, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption.

This issue's debt service shown on the following schedule is based on the Weekly Rate of 2.73% for the Weekly Rate Period of September 28, 2005 – October 4, 2005.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2006	\$ -	\$ 215,943	\$ 215,943
2007	-	215,943	215,943
2008	-	215,943	215,943
2009	-	215,943	215,943
2010	-	215,943	215,943
2011-2015	-	1,079,715	1,079,715
2016-2020	-	1,079,715	1,079,715
2021-2025	-	1,079,715	1,079,715
2026-2030	-	1,079,715	1,079,715
2031-2035	7,910,000	878,563	8,788,563
	\$ 7,910,000	\$ 6,277,138	\$14,187,138

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### g. 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). The outstanding general obligation bonds include the following:

**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 \$47,000,000 due in varying installments through September 1, 2035. The outstanding bonds bear interest at rates from 3.000% to 4.550%, 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:			
2006	\$ 1,035,000	\$ 1,763,722	\$ 2,798,722
2007	910,000	1,887,198	2,797,198
2008	935,000	1,859,897	2,794,897
2009	965,000	1,831,848	2,796,848
2010	995,000	1,802,897	2,797,897
2011-2015	5,470,000	8,510,948	13,980,948
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
	\$47,000,000	\$36,893,562	\$83,893,562

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

#### g. Long-Term Debt (continued)

*Advanced Refunded Bonds* – The following are bonds for which the City has provided the necessary resources to purchase securities that were placed in an irrevocable trust for the purpose of generating the required resources for all future debt service payments:

**Consolidated Utility Systems Revenue Bonds, Series 1992** - The outstanding balance is \$19,320,000. 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.

*Bonds Authorized but Un-issued* – On March 8, 2005, the voters of City of Pembroke Pines approved the issuance of \$100,000,000 General Obligation Bonds, of which \$47,000,000 was issued in 2005 as General Obligation Bonds, Series 2005. The remaining authorized bonds of \$53,000,000 will be issued in staggered amounts of \$33,000,000 in fiscal year 2007 and \$20,000,000 in fiscal year 2009 if needed. Currently, City's General Obligation Bonds limit is \$100,000,000, and any General Obligation Bonds in addition to this limit will need voters' further approval.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### g. Long-Term Debt (Continued)

#### Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2005 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds and loans payable:					
Revenue bonds:					
Capital improvement Revenue Bonds, Series 1993	\$ 6,375,000	\$ -	\$ (190,000)	\$ 6,185,000	\$ 200,000
Public Improvement Revenue Bonds, Series 1998	23,285,000	-	(805,000)	22,480,000	835,000
Capital improvement Revenue Bonds, Series 1999	42,740,000	-	(1,045,000)	41,695,000	1,080,000
Public Improvement Revenue Bonds, Series 2001	18,945,000	-	(670,000)	18,275,000	695,000
Charter School Revenue Bonds, Series 2001A	31,310,000	-	(615,000)	30,695,000	635,000
Charter School Revenue Bonds, Series 2001B	19,370,000	-	(530,000)	18,840,000	555,000
Taxable Communications Services Tax Revenue Bonds, Series 2003A	39,935,000	-	-	39,935,000	-
Taxable Communications Services Tax Revenue Bonds, Series 2004	49,910,000	-	-	49,910,000	-
Public Improvement Revenue Bonds, Series 2004A	20,140,000	-	-	20,140,000	-
Public Improvement Revenue Bonds, Series 2004B	15,975,000	-	-	15,975,000	-
Variable Rate Capital Improvement Revenue Bonds, Series 2005	-	7,910,000	-	7,910,000	-
Total revenue bonds	267,985,000	7,910,000	(3,855,000)	272,040,000	4,000,000
General obligation bonds:					
General obligation bonds, Series 2005	-	47,000,000	-	47,000,000	1,035,000
Less deferred amounts:					
For issuance discounts/premiums	(1,597,063)	(358,854)	85,116	(1,870,801)	(104,147)
Total bonds payable	266,387,937	54,551,146	(3,769,884)	317,169,199	4,930,853
Estimated self-insurance claims	8,255,320	20,746,571	(20,328,921)	8,672,970	1,768,574
Compensated absences	14,631,498	9,199,004	(7,748,927)	16,081,575	9,597,143
Governmental activity Long-term liabilities	\$ 289,274,755	\$ 84,496,721	\$ (31,847,732)	\$ 341,923,744	\$ 16,296,570
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities:</b>					
Compensated absences	\$ 1,000,103	\$ 632,333	\$ (593,002)	\$ 1,039,434	\$ 562,323
Business-type activity Long-term liabilities	\$ 1,000,103	\$ 632,333	\$ (593,002)	\$ 1,039,434	\$ 562,323

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### **NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)**

#### **g. Long-Term Debt (continued)**

Typically, the compensated absences of the governmental and business-type activities are liquidated by the respective fund used to accrue the liability. The General Fund liquidates the majority of compensated absences for the governmental activities, as it is the chief operating fund of the City.

### **NOTE 4. OTHER INFORMATION**

#### **a. 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 \$250,000 for each City employee workers' compensation claim, \$350,000 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 \$1,003 per month per covered employee. Total maximum loss exposure to the City for health insurance on covered employees was \$17,200,130 for the fiscal year ended September 30, 2005. 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 \$8,672,970 reported in the fund at September 30, 2005 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.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 4. OTHER INFORMATION (continued)

#### a. Risk Management (continued)

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>
2003-2004	\$4,426,939	\$21,823,732	\$(17,995,351)	\$8,255,320
2004-2005	8,255,320	20,746,571	(20,328,921)	8,672,970

#### b. 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.

The City is involved in various lawsuits incidental to its operations. In the opinion of management and legal counsel, any potential losses resulting from claims against the City would not have a material adverse effect on the financial position of the City.

#### c. 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 charges to operations of the water and sewer fund under this Agreement were \$4,114,953 during the year ended September 30, 2005.

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 Center includes a Middle School for 6th, 7th and 8th graders, with a current enrollment of 1,902 students.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 4. OTHER INFORMATION (continued)

#### c. Commitments (continued)

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 comprised of 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 five sites totaling approximately 546 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, 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. At September 30, 2005 the balance in the Trust Fund was \$597,873. For the fiscal year ended September 30, 2005 the Trust earned \$16,152 in investment income, and incurred expenses of \$1,460.

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 is currently subleasing the site's facilities to various lessees. (See Note 3.f. "Operating Leases"). The City constructed two senior housing towers with a total of 394 apartment units, and is constructing 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 is financing these projects with various bond issues. (See Note 3.g. "Long-Term Debt").

The City Commission voted on September 7, 2005 to open an eighth Charter School to serve children on the eastern side of the City. Pursuant to the vote by the Broward County School Board to revise its original agreement with the City and allow another school, the facility is being designed to house 546 kindergarteners through 8th grade Charter School students. The project will entail remodeling an existing building at the Senator Howard C. Forman Human Services Campus and is expected to cost approximately \$2,000,000. Targeted opening date for the new Charter School is August 2007.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 4. OTHER INFORMATION (continued)

#### c. Commitments (continued)

On February 1, 2006 the City Commission voted to engage the Haskell Company to plan the next phase of improvements at the Senator Howard C. Forman Human Services Campus for a fee of \$987,000. The project planning will include an overall master plan for the campus, the additional Charter School facility renovation described above, a new senior residential facility with 220 one-bedroom units, a new building to create a central kitchen facility for the Charter School and emergency food preparation during natural disasters, renovation of existing buildings to provide an additional senior center, career education programs, a Nova Southeastern University medical support services facility and a medical professional building for health care support services, as well as land and drainage improvements and additional fuel sites and other storage buildings to allow for emergency storage in the event of future hurricanes or other emergencies. (See Note 5 “Subsequent Events”).

The City has the following construction commitments as of September 30, 2005:

<u>Vendor</u>	<u>Description</u>	<u>Original Amount</u>	<u>Balance September 30, 2005</u>
Stiles Construction, Inc.	Pines Boulevard Roadway Improvements.	\$8,932,307	\$3,015,338
The Haskell Company.	Senior Housing Towers I & II.	31,292,934	1,583,236
The Haskell Company.	Susan B. Anthony Center.	7,662,459	2,294,746

#### d. Postretirement Health and Life Insurance Benefits

The City created a retiree health and life insurance program as adopted by ordinances 990, 1015, and 1024, adopted on April 15, 1992, November 4, 1992, and February 17, 1993, respectively. Coverage of health and life insurance is provided to all regular full-time permanent general and utility 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 was limited to employee (single) coverage only. 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.

The allocated premium related to the retiree’s health care and life insurance benefits is recognized as an expenditure by the City on a pay as you go basis. For the fiscal year ended September 30, 2005, those costs totaled \$1,167,388. As of September 30, 2005, there were 208 eligible retirees or spouses receiving this benefit.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 4. OTHER INFORMATION (continued)

#### d. Postretirement Health and Life Insurance Benefits (continued)

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 entirely by the covered individual.

All retired employees, excluding Charter School and Early Development Center (EDC) employees, hired prior to June 8, 2005, are not required to make any contributions for their health insurance coverage, but they must contribute the active/blended rate for dependent coverage. Retired employees hired on or after June 8, 2005, must contribute the active/blended rate for their retirement coverage. All Charter School and EDC employees are required to contribute the active/blended rate for retirement health insurance coverage. Currently, retirees are not required to contribute for life insurance benefits.

As a result of the recent GASB pronouncements for Other Post-Employment Benefits (OPEB), the City of Pembroke Pines has designated three million dollars (\$3,000,000) of General Fund Unreserved Fund Balance to be set aside for OPEB. These standards will be implemented by the City for fiscal year ended September 30, 2008.

#### e. Municipal Employees Retirement 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.

#### *Summary of Significant Accounting Policies*

***Basis of Accounting*** – The Plans' 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 are presented at estimated fair value as provided by the custodial bank and investment counsel.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 4. OTHER INFORMATION (continued)

#### e. Municipal Employees Retirement Plans (continued)

##### *Plan Membership Information*

At October 1, 2004, the date of the latest actuarial valuation, the Plans' membership consisted of:

	<u>General Employees</u>	<u>Firefighters and Police Officers</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving them	310	145
Current employees:		
Fully Vested	196	160
Partially Vested	99	n/a
Non-vested	<u>198</u>	<u>239</u>
Total	<u>803</u>	<u>544</u>

##### General Employees Pension Plan

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, 2005.

#### **General Employees Pension Trust Fund Statement of Fiduciary Net Assets September 30, 2005**

	<u>2005</u>
<b>Assets</b>	
Investments	\$ 96,316,080
Receivables	<u>131,107</u>
Total assets	<u>96,447,187</u>
<b>Liabilities</b>	<u>-</u>
<b>Net Assets</b>	
Net assets held in trust for pension benefits	<u><u>\$ 96,447,187</u></u>

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements (continued)

## NOTE 4. OTHER INFORMATION (continued)

### e. Municipal Employees Retirement 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, 2005

<b>Additions:</b>	<b><u>2005</u></b>
Contributions	
Plan members	\$ 1,987,877
Employer:	
Required contribution	<u>6,152,234</u>
Total contributions	<u>8,140,111</u>
Investment earnings:	
Investment earnings	9,657,364
Less investment expenses	<u>39,428</u>
Net investment earnings	<u>9,617,936</u>
Total additions	<u>17,758,047</u>
 <b>Deductions:</b>	
Pension benefits	3,466,624
Refunds of contributions	(109,485)
Administrative expenses	<u>61,390</u>
Total deductions	<u>3,418,529</u>
 Change in net assets	14,339,518
 Net assets, beginning	<u>82,107,669</u>
Net assets, ending	<u>\$ 96,447,187</u>

#### 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"):

<b>Ordinance Number</b>	<b>Dated</b>	<b>Ordinance Number</b>	<b>Dated</b>
992	April 15, 1992	1479	March 17, 2004
1058	December 15, 1993	1515	May 18, 2005
1297	March 17, 1999	1520	August 3, 2005
1413	June 19, 2002		

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 4. OTHER INFORMATION (continued)

#### e. Municipal Employees Retirement Plans (continued)

##### General Employees Pension Plan (continued)

###### Plan Description (continued)

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, are required to participate in the Plan as a condition of continued employment.

###### Service Retirement Benefits

Upon normal retirement, a participant will receive a monthly pension amount equal to 2.85% of average yearly earnings for the highest two years of continuous service multiplied by years of service (not to exceed 29.09 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.

###### 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.

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.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 4. OTHER INFORMATION (continued)

#### e. Municipal Employees Retirement Plans (continued)

##### General Employees Pension Plan (continued)

###### 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.

Participants are required to contribute 8.5% of regular wages, while the City's contribution of \$6,152,234 or 30.0% of annual covered payroll, is based on the actuarial report using the entry age normal frozen initial liability method with the unfunded liabilities being amortized over 20 years. Chapter 112, Part VII, Florida Statutes requires amortization of unfunded liabilities over a period no longer than 30 years. The weighted average remaining period is 13 years.

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.

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

###### Investments

As of September 30, 2005, 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 investments accounts offered by the Principal Life Insurance Company. As of September 30, 2005, 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 investments earnings for the year ended September 30, 2005 were \$9,657,364 which represented an 83% increase from last year's investment earnings of \$5,268,294.

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements (continued)

## NOTE 4. OTHER INFORMATION (continued)

### e. Municipal Employees Retirement Plans (continued)

#### General Employees Pension Plan (continued)

#### 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	\$	6,152,234
Interest on net pension obligation		(1,549,674)
Adjustment to annual required contribution		2,450,837
Annual pension cost		7,053,397
Contributions made		(6,152,234)
Change in net pension obligation/(asset)		901,163
Net pension obligation/(asset), beginning of year		(19,370,924)
Net pension obligation/(asset), end of year	\$	(18,469,761)

#### Three-Year Trend Information

Fiscal Year	Annual Pension Cost (APC)	Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
9/30/2003	\$ 4,273,282	\$ 4,273,282	100 %	\$ -
9/30/2004	4,961,285	24,332,209	490	(19,370,924)
9/30/2005	7,053,397	6,152,234	87	(18,469,761)

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 4. OTHER INFORMATION (continued)

#### e. Municipal Employees Retirement Plans (continued)

##### General Employees Pension Plan (continued)

##### 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, 2005, \$673,387 was contributed to the DROP.

Additional information as of the latest actuarial valuation follows:

	<b>General Employees</b>
Valuation date	10/1/2004
Actuarial cost method	Entry age normal frozen initial liability
Amortization method	Level dollar, closed
Remaining amortization period	13 years (weighted average)
Asset valuation method	Market value with 4 year phase in of investment actuarial gains and losses
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases*	8.5%
Cost of living adjustments	3%
*Includes inflation at	3.0%

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements (continued)

## NOTE 4. OTHER INFORMATION (continued)

### e. Municipal Employees Retirement Plans (continued)

#### City Pension Fund for Firefighters and Police Officers

##### Plan Description

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

<b>Ordinance Number</b>	<b>Dated</b>	<b>Ordinance Number</b>	<b>Dated</b>
557	February 19, 1981	1318	November 17, 1999
829	March 4, 1987	1321	December 15, 1999
967	September 19, 1991	1325	January 19, 2000
1014	November 4, 1992	1353	September 20, 2000
1067	February 16, 1994	1360	December 15, 2000
1091	September 8, 1994	1443	June 18, 2003
1131	September 6, 1995	1480	March 17, 2004
1198	December 18, 1996	1509	February 17, 2005
1249	January 7, 1998	1521	August 3, 2005

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 (continued)

### NOTE 4. OTHER INFORMATION (continued)

#### e. Municipal Employees Retirement 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.

Upon normal retirement, a police officer member will receive a monthly pension payable for life, equal to 3% (or 4% for participants with over 20 years of service) of the average monthly earnings for the highest two years of continuous service multiplied by the number of years of continuous service, subject in any event to a maximum of 80% of average monthly earnings. However, members as of the effective date (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.

Effective March 17, 2004, a police officer member 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 of service multiplied by the number of years of continuous service provided that the pension does not exceed 80% of the average monthly earnings for the highest two years. However, members as of the effective date (October 1, 1980) shall receive at their normal retirement date (age 55, regardless of years of service) the greater of benefit provided by the formula above or 50% of average monthly earnings.

Effective October 1, 2003, for firefighter and police members, earnings shall include payments up to 1,000 hours of accrued unused leave.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 4. OTHER INFORMATION (continued)

#### e. Municipal Employees Retirement 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. 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

A participant who incurs a service-connected disability is entitled to a monthly benefit equal to the greater of (a) 66-2/3% of monthly earnings on the date of disability 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 provides for spouses and/or children of participants for both service connected and non-service connected deaths.

##### 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.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 4. OTHER INFORMATION (continued)

#### e. Municipal Employees Retirement Plans (continued)

##### City Pension Fund for Firefighters and Police Officers (continued)

##### Termination Benefits (continued)

Upon termination prior to the completion of 10 years of continuous service, a member shall be entitled to a refund of contributions plus simple interest, at the rate of 3% per annum.

##### 13<sup>th</sup> Check Benefits

Retired police officers and disabled police officers receiving pension or DROP benefits may be eligible to receive a supplemental pension distribution, the amount of which shall be determined September 30<sup>th</sup> each year. The amount of the distribution should be up to 2% of investment return in excess of 9% (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 retirement.

##### 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, including amounts from the State, was \$8,322,719 or 35.37% of covered payroll.

The State contributions totaled \$1,861,332 or 7.9% 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.

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 3.g. for additional information on the bond issue.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 4. OTHER INFORMATION (continued)

#### e. Municipal Employees Retirement Plans (continued)

##### City Pension Fund for Firefighters and Police Officers (continued)

###### Funding Policy (continued)

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 included as part of earnings used to calculate pension benefits. See also Note 3.g. 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.

Under ordinance 1353, certain employees who were once ineligible to participate, may make buyback contributions in order to credit them for periods of service not taken into account under the Plan. For the fiscal year ended September 30, 2005, the total employee buybacks were \$1,225,485.

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

###### Investments

Investments are reported at fair value as of September 30, 2005. 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. 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 benefits.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 4. OTHER INFORMATION (continued)

#### e. Municipal Employees Retirement 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 4.9% 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. 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.

The Plan's net investment earnings for the year ended September 30, 2005 was \$20,459,500, a 70% increase from last year's net investment earnings of \$12,011,963.

##### 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	\$ 8,322,719
Interest on net pension obligation	(5,033,600)
Adjustment to annual required contribution	8,988,571
Annual pension cost	<u>12,277,690</u>
Contributions made	<u>(8,322,719)</u>
Change in net pension obligation/(asset)	3,954,971
Net pension obligation/(asset), beginning of year	<u>(62,920,000)</u>
Net pension obligation/(asset), end of year	<u>\$ (58,965,029)</u>

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements (continued)

**NOTE 4. OTHER INFORMATION** (continued)

**e. Municipal Employees Retirement Plans** (continued)

*City Pension Fund for Firefighters and Police Officers* (continued)

**Annual Pension Cost and Net Pension Obligation/(Assets)** (continued)

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>
9/30/2003	\$ 4,898,628	\$ 4,898,628	100 %	\$ -
9/30/2004	4,905,659	67,825,659	1,383	(62,920,000)
9/30/2005	12,277,690	8,322,719	68	(58,965,029)

**DROP Plan**

During December 1996, the CPFFPO adopted the Deferred Retirement Option Plan (DROP) under Ordinance 1198. This plan is a defined contribution plan created in accordance with Section 401(a) of the Internal Revenue Code. The Ordinance allows eligible employees to participate in the DROP for a maximum of five years. Upon election to participate in the DROP, monthly retirement benefits that would have been payable had the member terminated employment and elected to receive monthly pension payments, shall be made into the member's DROP account. 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.

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. Annually, during the month of September only, members may change their rate of return election to be effective as of the following October 1<sup>st</sup>.

As an incentive to encourage membership in the DROP, retroactive benefits were offered and totaled \$20,485 in 2005 and \$4,288,653 in 2004 which were included in the DROP payable amount.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 4. OTHER INFORMATION (continued)

#### e. Municipal Employees Retirement Plans (continued)

##### City Pension Fund for Firefighters and Police Officers (continued)

###### DROP Plan (continued)

Effective April 1, 2005, and April 1 of each year thereafter, firefighter retirees, their beneficiaries and DROP participants 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.

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.

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.

For the year ended September 30, 2005 and 2004 investment income in the financial statements of the CPFFPO excluded investment income on DROP accounts totaling \$1,983,537 and \$1,113,904, 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.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 4. OTHER INFORMATION (continued)

#### e. Municipal Employees Retirement Plans (continued)

##### City Pension Fund for Firefighters and Police Officers (continued)

Additional information as of the latest actuarial valuation follows:

	<b>Firefighters and Police Officers</b>
Valuation date	10/1/2004
Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed
Remaining amortization period	28 years (weighted average)
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*	6.0%
Cost of living adjustments	2.0% for firefighters 1.5% for police officers
*Includes inflation at	4.0%

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 4. OTHER INFORMATION (continued)

#### f. Defined Contribution Plans

The City offers two defined contribution plans as follows:

##### *City Employees*

As of fiscal year ended September 30, 2003, the City no longer offers membership in the defined contribution plan (the Plan) created in accordance with Internal Revenue Service Code Section 401(a) and Resolution Number 1558. The Plan provided a portable retirement program for “mobile” administrative, professional, and technical employees of the City.

##### *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, 2005, there were four hundred and twenty-seven (427) Plan members. Effective January 1, 2002, the Charter Schools’ Plan members may make voluntary after-tax contributions of up to twenty-five percent (25%) of compensation during the fiscal year. Such contributions are one hundred (100%) percent vested at all times. The City’s required contribution is five (5%) percent of the Plan member’s gross salary. For the year ended September 30, 2005, the City contributed \$822,927 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. Consequently, the City has no fiduciary responsibility, and therefore, the net assets of the Charter Schools’ Plan are not included in the City’s financial statements.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### NOTE 5. SUBSEQUENT EVENTS

On October 24, 2005, the City of Pembroke Pines and all of South Florida was devastated by Hurricane Wilma, which hit Broward County as a Category three (3) hurricane. This resulted in massive clean up and relief efforts for the City of Pembroke Pines. There has not been such widespread damage experienced by the City since Hurricane Andrew in August 1992. The damage and recovery efforts have been a long process, and the City has been extremely efficient in getting all services up and running. This hurricane has had a significant financial impact on the City, which was not anticipated. The total cost of Hurricane Wilma to the City of Pembroke Pines is estimated to range between \$33 million to \$35 million; to date, the City has requested approximately \$23.3 million in reimbursement from the Federal Emergency Management Agency (FEMA). However, the actual amount that will be received by the City has not yet been determined. During the previous fiscal year, the City Commission designated an additional \$2 million for a total of \$2.125 million of unreserved fund balance as the City's match requirement for disaster assistance, which was based upon total estimated damages of \$17 million.

The City of Pembroke Pines has a highly regarded record for running its very own Charter School system which currently includes four elementary schools, two middle schools and one high school, serving over 5,200 students. In December 2005, the Broward County School Board approved the City's application for a new school which will be a kindergarten to eighth grade center for 546 students serving the eastern side of the City. The school is scheduled to be open in August for the 2007/2008 school year, and will be located in a renovated building at the Senator Howard C. Forman Human Services Campus located on University Drive between Pines Boulevard and Pembroke Road. The estimated cost of the project is \$2 million.

On February 1, 2006 the City Commission voted to approve the Letter of Agreement with the Haskell Company to spend \$987,000 for the preliminary development, and architectural and engineering modifications for Phase II of planned development at the Senator Howard C. Forman Human Services Campus. Phase II of the development project is expected to include the following:

- Construction of a new senior residential facility with 220 one-bedroom units.
- Completion of an overall master plan for the Campus.
- Master grading, drainage, and utility plans as required for the Drainage District.
- Additional fueling sites to provide increased fuel storage for emergency conditions.
- Preparation of additional buildings for emergency services and backup operations during natural disasters.
- Renovation of an existing building for an additional Senior Center.
- Renovation of an existing building for an additional (eighth) Charter School.
- Renovation of an existing building for career education programs.
- Renovation of an existing building to house a Nova Southeastern University Medical Support Services Facility.
- Conversion of an existing building into a medical professional building for health care support services.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements (continued)

### **NOTE 5. SUBSEQUENT EVENTS** (continued)

- Completion of a Central Kitchen Facility to provide daily food services for the eight Charter Schools, and in the event of natural disasters can also be utilized as an emergency food preparation facility to serve the City of Pembroke Pines.

On February 15, 2006, the City Commission approved the expenditure of \$18.6 million for City Center in order to prepare the land for development, including earthwork, lake creation and mitigation construction as part of Phase 1 of the City Center Project. In accordance with the Construction Management and Development Agreement signed with Stiles Corporation Inc. The estimated timeline for Phase 1 of the City Center project is May 1, 2006 through September 7, 2007.

# 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, 2005**

<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>
<b>General Employees</b>					
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%
2000	2,800,921	2,800,921	-	2,800,921	100%
1999	2,336,107	2,336,107	-	2,336,107	100%
<b>Firefighters and Police Officers</b>					
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%
2000	3,550,488	2,580,359	970,129	3,550,488	100%
1999	2,750,728	1,762,362	988,366	2,750,728	100%

(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.

**City of Pembroke Pines, Florida**  
**Required Supplementary Information**  
**Schedule of Funding Progress**  
**September 30, 2005**

<b>Actuarial Valuation Date</b>	<b>(a) Actuarial Value of Assets</b>	<b>(b) Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL) (b) - (a)</b>	<b>Funded Ratio (a) / (b)</b>	<b>(c) Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll (b-a) / (c)</b>
<b>General Employees</b>						
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%
10/1/1999	35,531,088	43,534,603	8,003,515	81.6%	14,777,035	54.2%
10/1/1998	30,441,656	38,673,221	8,231,565	78.7%	13,037,087	63.1%
<b>Firefighters and Police Officers</b>						
10/1/2004	\$ 168,316,000	\$ 234,355,000	\$ 66,039,000	71.8%	\$ 23,530,488	280.7%
10/1/2003	134,868,154	208,995,375	74,127,221	64.5%	23,954,023	309.5%
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	81,680,000	93,080,000	11,400,000	87.8%	20,958,000	54.4%
10/1/1999	68,869,000	79,095,000	10,226,000	87.1%	19,493,000	52.5%
10/1/1998	58,718,000	64,162,000	5,444,000	91.5%	17,676,000	30.8%

**City of Pembroke Pines, Florida**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended September 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$58,291,120	\$58,563,386	\$59,050,185	\$486,799
Licenses and permits	6,668,940	6,668,940	7,229,357	560,417
Intergovernmental revenue	11,100,100	11,479,560	13,808,256	2,328,696
Charges for services	23,504,173	23,754,535	23,672,960	(81,575)
Fines and forfeits	918,500	918,500	764,841	(153,659)
Miscellaneous revenues	14,513,409	14,602,734	15,321,175	718,441
Total revenues	<u>114,996,242</u>	<u>115,987,655</u>	<u>119,846,774</u>	<u>3,859,119</u>
<b>Expenditures</b>				
General government services				
Administrative services	3,765,484	3,765,484	3,165,270	600,214
Advisory boards	30,231	30,231	21,407	8,824
City attorney	715,150	715,550	715,272	278
City clerk	1,069,192	1,099,846	860,010	239,836
City manager	774,142	773,992	763,349	10,643
Finance	2,134,880	2,134,880	2,039,797	95,083
Human resources	1,212,321	1,212,321	976,405	235,916
Mayor & commission	459,855	460,005	419,122	40,883
Non-departmental	6,078,867	5,066,455	4,528,603	537,852
Public services	7,455,261	7,455,261	7,047,849	407,412
Total general government services	<u>23,695,383</u>	<u>22,714,025</u>	<u>20,537,084</u>	<u>2,176,941</u>
Public safety				
Administrative services	858,364	858,364	807,879	50,485
Emergency & disaster relief services	-	-	1,589,313	(1,589,313)
Fire	33,191,786	33,960,383	33,365,948	594,435
Police	31,367,018	32,280,490	32,252,083	28,407
Total public safety	<u>65,417,168</u>	<u>67,099,237</u>	<u>68,015,223</u>	<u>(915,986)</u>

(continued)

See notes to budgetary comparison schedule.

**City of Pembroke Pines, Florida**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended September 30, 2005**  
(continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
Physical environment				
Public services	\$4,381,499	\$4,681,499	\$3,531,434	\$1,150,065
Total physical environment	<u>4,381,499</u>	<u>4,681,499</u>	<u>3,531,434</u>	<u>1,150,065</u>
Economic environment				
Community services	1,681,516	1,605,371	1,481,395	123,976
Total economic environment	<u>1,681,516</u>	<u>1,605,371</u>	<u>1,481,395</u>	<u>123,976</u>
Human services				
Community services	2,071,553	2,149,765	2,112,052	37,713
Education	4,111,677	4,134,668	3,779,246	355,422
Total human services	<u>6,183,230</u>	<u>6,284,433</u>	<u>5,891,298</u>	<u>393,135</u>
Culture/recreation				
Parks & recreation	16,927,871	17,414,555	16,043,072	1,371,483
Total culture/recreation	<u>16,927,871</u>	<u>17,414,555</u>	<u>16,043,072</u>	<u>1,371,483</u>
Total expenditures	<u>118,286,667</u>	<u>119,799,120</u>	<u>115,499,506</u>	<u>4,299,614</u>
Excess (deficiency) of revenues over expenditures	<u>(3,290,425)</u>	<u>(3,811,465)</u>	<u>4,347,268</u>	<u>8,158,733</u>
<b>Other financing sources (uses):</b>				
Transfers out	(578,157)	(603,707)	(540,661)	63,046
Transfers in	150,000	150,000	150,000	-
Total other financing sources (uses)	<u>(428,157)</u>	<u>(453,707)</u>	<u>(390,661)</u>	<u>63,046</u>
Net change in fund balances	(3,718,582)	(4,265,172)	3,956,607	8,221,779
Fund balances, beginning	28,562,230	28,562,230	28,562,230	-
Fund balances, ending	<u>\$24,843,648</u>	<u>\$24,297,058</u>	<u>\$32,518,837</u>	<u>\$8,221,779</u>

See notes to budgetary comparison schedule.

# City of Pembroke Pines, Florida

## Notes to Budgetary Comparison Schedule

Fiscal Year Ended September 30, 2005

### **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 ninety 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 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 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 it is done, this requires the adoption of an amended budget ordinance.
5. The final budget includes budget transfers and supplemental appropriations, which have the effect of adjusting the original adopted budget. General Fund supplemental appropriations amounted to \$1,538,003 for the fiscal year ended September 30, 2005 and consist primarily of carryover of funds related to encumbered capital items totaling \$1,362,905. Revenues were adjusted upward by \$991,413 mainly due to the following:

# City of Pembroke Pines, Florida

## Notes to Budgetary Comparison Schedule

Fiscal Year Ended September 30, 2005

- a. \$272,000 of increases in state contributions to the Firefighters and Police Officers Pension Fund.
- b. \$172,000 reimbursement from the Federal Emergency Management Agency for hurricanes
- c. \$95,000 reimbursement for use of City property (ex: uniforms, radios, & vehicles) by police officers performing security services for private entities while off duty.

### **NOTE 2. BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS**

The only General Fund budgetary expenditures that were in excess of appropriations for the fiscal year ended September 30, 2005 relate to the expenditures in connection with hurricanes. These expenditures amounting to \$1.6 million were unanticipated and as such were not budgeted. Hurricane Katrina accounted for 86.9 % of the total expenditure. It is expected that the federal and state emergency management agencies will reimburse the City a portion of these expenditures in 2005-06.

# Combining and Individual Fund Statements and Schedules



# NONMAJOR GOVERNMENTAL FUNDS

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## **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 receipt and disbursement of funds earmarked for construction and maintenance of roads, bridges, sidewalks, and streetlights.

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

1. Minor home repairs/weatherization.
2. Homeowner counseling.
3. Roof replacement program.
4. Emergency repair program.
5. Administration.
6. Homebuyer assistance.
7. Public facilities.

**Community Development Block Grant Fund** - To account for Federal funds received from the U.S. Department of Housing and Urban Development (HUD). These funds are used to provide the following:

1. Home repairs/weatherization.
2. Arch Barrier removal.
3. Public facilities.
4. Commercial revitalization.
5. Administration.
6. Senior Center transportation.

**Law Enforcement Grant Fund** – To account for the Federal funded program: Victim's Advocate (Victims of Crime Act)

1. One (1) part time Clerk Specialist and one (1) part time intern.
2. Overtime.
3. Benefits.
4. Operating expenses.
5. Office equipment.

# **NONMAJOR GOVERNMENTAL FUNDS**

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## **Special Revenue Funds (continued):**

**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 to run this program.

**Police Community Service Grant** - To account for the Federal funded program:

Block Grant:

1. Operating expenses.
2. Office equipment.

**COPS Grants** - To account for the Federal funded programs:

Cops in School:

1. Three (3) full time officers.
2. Benefits.

**Community Bus Program** - To account for funds received from the Broward County Transit Grant and the South Broward Hospital District Grant to provided subsidized transportation to local residents.

**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.

**Schools chartered by Florida State University** – To account for funds received from Florida State University for the operation of elementary and middle schools owned and operated by the City. The schools have a fiscal year end of June 30<sup>th</sup>.

# **NONMAJOR GOVERNMENTAL FUNDS**

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## **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 Area-wide Agency on Aging. These funds are used to provide the following:

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

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

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

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

## **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, 2005**

	Special Revenue							
	State	Community	Law	ADA	Police	COPS	Community	
	Road and Bridge	Housing Initiative Program	Development Block Grant	Enforcement Grant	Paratransit Program	Service Grant	Grants	Bus Program
<b>Assets</b>								
Pooled cash and cash equivalents	\$ 5,010,295	\$ 3,005,159	\$ -	\$ -	\$ -	\$ 2,162	\$ -	\$ -
Receivables:								
Franchise fees and taxes	460,560	-	-	-	-	-	-	-
Other	413	1,464	653	-	-	-	-	-
Total receivables	460,973	1,464	653	-	-	-	-	-
Commodities inventory	-	-	-	-	-	-	-	-
Due from other governments	12,702	-	45,803	2,926	-	-	31,748	-
Prepaid costs	-	-	54,125	-	-	-	-	-
Restricted pooled cash and investments	-	-	-	-	-	-	-	-
Total assets	<u>\$ 5,483,970</u>	<u>\$ 3,006,623</u>	<u>\$ 99,928</u>	<u>\$ 3,579</u>	<u>\$ -</u>	<u>\$ 2,162</u>	<u>\$ 31,748</u>	<u>\$ -</u>
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts payable	\$ 24,006	\$ -	\$ -	\$ 2,610	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-	-	-
Due to other funds	-	-	99,928	969	-	-	29,777	-
Deposits	-	-	-	-	-	-	-	-
Deferred revenue	-	3,006,623	-	-	-	2,162	-	-
Total liabilities	<u>24,006</u>	<u>3,006,623</u>	<u>99,928</u>	<u>3,579</u>	<u>-</u>	<u>2,162</u>	<u>29,777</u>	<u>-</u>
Fund balances:								
Reserved for:								
Subsequent years' expenditures	-	-	-	-	-	-	-	-
Wetland mitigation	-	-	-	-	-	-	-	-
Prepaid costs	-	-	54,125	-	-	-	-	-
Encumbrances	160,195	66,130	-	-	-	-	-	-
Commodities inventory	-	-	-	-	-	-	-	-
Unreserved:								
Designated for rent payments	-	-	-	-	-	-	-	-
Undesignated (deficit)	5,299,769	(66,130)	(54,125)	-	-	-	1,971	-
Total fund balances	<u>5,459,964</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,971</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 5,483,970</u>	<u>\$ 3,006,623</u>	<u>\$ 99,928</u>	<u>\$ 3,579</u>	<u>\$ -</u>	<u>\$ 2,162</u>	<u>\$ 31,748</u>	<u>\$ -</u>

(continued)



**City of Pembroke Pines, Florida**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Fiscal Year Ended September 30, 2005**

	Special Revenue Funds							
	State	Community	Law	ADA	Police	COPS	Community	Community
	Road	Housing	Enforcement	Paratransit	Community	Grants	Service	Bus
	and	Initiative	Grant	Program	Block	Program	Grant	Program
	Bridge	Program	Grant	Program	Grant	Program	Grant	Program
<b>Revenues:</b>								
Taxes	\$ 2,858,951	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,015,553	897,761	24,513	278,132	25,094	105,007	-	316,266
Charges for services	225,000	-	-	10,650	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	104,075	-	-	20	-	-	-	-
Contributions	257,406	-	6,750	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-
Other	80,871	-	-	-	-	-	-	-
Total revenues	<u>5,541,856</u>	<u>897,761</u>	<u>31,263</u>	<u>288,802</u>	<u>25,094</u>	<u>105,007</u>	<u>-</u>	<u>316,266</u>
<b>Expenditures:</b>								
General government	-	-	-	-	-	-	-	-
Public safety	11,891	-	31,263	-	27,882	187,068	-	-
Transportation	4,220,309	-	-	312,515	-	-	-	424,954
Economic environment	-	897,761	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Total expenditures	<u>4,232,200</u>	<u>897,761</u>	<u>31,263</u>	<u>312,515</u>	<u>27,882</u>	<u>187,068</u>	<u>-</u>	<u>424,954</u>
Excess (deficiency) of revenues over expenditures	<u>1,309,656</u>	<u>-</u>	<u>-</u>	<u>(23,713)</u>	<u>(2,788)</u>	<u>(82,061)</u>	<u>-</u>	<u>(108,688)</u>
<b>Other financing sources (uses):</b>								
Transfers in	-	-	-	223,964	2,788	84,032	-	211,231
Transfers out	(435,195)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(435,195)</u>	<u>-</u>	<u>-</u>	<u>223,964</u>	<u>2,788</u>	<u>84,032</u>	<u>-</u>	<u>211,231</u>
Net change in fund balances	874,461	-	-	200,251	-	1,971	-	102,543
Fund balances, beginning	4,585,503	-	-	(200,251)	-	-	-	(102,543)
Fund balances, ending	<u>\$ 5,459,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,971</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

**City of Pembroke Pines, Florida**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Fiscal Year Ended September 30, 2005**  
(continued)

	Special Revenue Funds							Fund	
	Schools Chartered by * Broward County School Board	Florida State University	Older Americans Act	Confiscated Treasury	Confiscated Justice	\$2 Police Assessment	FDLE	Wetland Mitigation Trust Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,858,951
Intergovernmental	26,778,191	4,813,530	835,852	-	-	-	-	-	36,892,642
Charges for services	861,806	218,722	-	-	-	-	-	-	1,316,178
Fines and forfeitures	-	-	-	13,246	-	39,368	141,171	-	193,785
Investment income	83,730	-	1,605	3,416	6,178	4,066	39,986	16,152	259,228
Contributions	537,306	34	89,071	-	-	-	-	-	890,567
Rental revenue	1,271,580	43,650	-	-	-	-	-	-	1,315,230
Other	1,046,871	115,006	-	-	-	-	660	-	1,243,408
Total revenues	30,579,484	5,190,942	926,528	16,662	6,178	43,434	181,817	16,152	44,969,989
<b>Expenditures:</b>									
General government	-	-	-	-	-	-	-	1,460	1,460
Public safety	-	-	-	-	4,075	51,431	453,378	-	766,988
Transportation	-	-	-	-	-	-	-	-	5,130,550
Economic environment	-	-	-	-	-	-	-	-	1,527,732
Human services	32,382,829	5,179,365	989,532	-	-	-	-	-	38,551,726
Total expenditures	32,382,829	5,179,365	989,532	-	4,075	51,431	453,378	1,460	45,978,456
Excess (deficiency) of revenues over expenditures	(1,803,345)	11,577	(63,004)	16,662	2,103	(7,997)	(271,561)	14,692	(1,008,467)
<b>Other financing sources (uses):</b>									
Transfers in	864,767	-	-	-	-	-	-	-	1,386,782
Transfers out	(410,926)	-	(150,000)	-	-	-	-	-	(996,121)
Total other financing sources (uses)	453,841	-	(150,000)	-	-	-	-	-	390,661
Net change in fund balances	(1,349,504)	11,577	(213,004)	16,662	2,103	(7,997)	(271,561)	14,692	(617,806)
Fund balances, beginning	3,961,276	(262,723)	251,415	120,536	226,692	150,018	1,604,598	583,181	10,917,702
Fund balances, ending	\$ 2,611,772	\$ (251,146)	\$ 38,411	\$ 137,198	\$ 228,795	\$ 142,021	\$ 1,333,037	\$ 597,873	\$ 10,299,896

\* As of June 30, 2005

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

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- **Debt Service Fund**
  
- **Nonmajor Governmental Funds:**
  - Road and Bridge Fund
  - State Housing Initiative Program
  - Community Development Block Grant
  - Law Enforcement Grant
  - ADA Paratransit Program
  - Police Community Service Grant
  - COPS Grants
  - Community Bus Program
  - Schools chartered by Broward County School Board
  - School chartered by Florida State University
  - Older Americans Act
  - Confiscated - Treasury
  - Confiscated - Justice
  - \$2 Police Assessment
  - FDLE
  - 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, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes:				
Franchise fees	\$ 516,508	\$ 516,508	\$ 508,874	\$ (7,634)
Utility taxes	1,749,476	1,749,476	1,741,613	(7,863)
Communication services tax	3,584,248	3,584,248	3,529,288	(54,960)
Investment income	162,000	162,000	328,608	166,608
Rental revenue	8,300,708	8,315,293	8,217,168	(98,125)
Total revenues	<u>14,312,940</u>	<u>14,327,525</u>	<u>14,325,551</u>	<u>(1,974)</u>
<b>Expenditures</b>				
Debt service:				
Principal	3,855,000	3,855,000	3,855,000	-
Interest	13,115,215	13,113,876	13,119,051	(5,175)
Other debt service costs	4,625	1,328,430	897,238	431,192
Total expenditures	<u>16,974,840</u>	<u>18,297,306</u>	<u>17,871,289</u>	<u>426,017</u>
Excess (deficiency) of revenues over expenditures	<u>(2,661,900)</u>	<u>(3,969,781)</u>	<u>(3,545,738)</u>	<u>424,043</u>
<b>Other financing sources:</b>				
Bonds issued	-	7,251,605	6,822,439	(429,166)
Discount on bonds	-	(358,853)	(358,853)	-
Total other financing sources (uses)	<u>-</u>	<u>6,892,752</u>	<u>6,463,586</u>	<u>(429,166)</u>
Net change in fund balances	(2,661,900)	2,922,971	2,917,848	(5,123)
Fund balances, beginning	<u>17,112,562</u>	<u>17,112,562</u>	<u>17,112,562</u>	<u>-</u>
Fund balances, ending	<u>\$ 14,450,662</u>	<u>\$ 20,035,533</u>	<u>\$ 20,030,410</u>	<u>\$ (5,123)</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, 2005**

	Special Revenue Funds									
	Road and Bridge Fund					State Housing Initiative Program				
	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)		
<b>Revenues:</b>										
Taxes	\$ -	\$ 2,871,000	\$ 2,858,951	\$ (12,049)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	2,307,121	2,015,553	(291,568)	-	3,889,923	897,761	(2,992,162)	-	-
Charges for services	-	225,000	225,000	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-
Investment income	-	45,351	104,075	58,724	-	21,081	-	(21,081)	-	-
Contributions	72,091	257,406	257,406	-	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-	-	-
Other	61,866	80,871	80,871	-	-	-	-	-	-	-
Total revenues	133,957	5,786,749	5,541,856	(244,893)	-	3,911,004	897,761	(3,013,243)	-	-
<b>Expenditures:</b>										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	11,891	(11,891)	-	-	-	-	-	-
Transportation	5,227,124	4,578,082	4,220,309	357,773	-	-	-	-	-	-
Economic environment	-	-	-	-	2,226,796	3,889,923	897,761	2,992,162	-	-
Human services	-	-	-	-	-	-	-	-	-	-
Total expenditures	5,227,124	4,578,082	4,232,200	345,882	2,226,796	3,889,923	897,761	2,992,162	-	-
Excess (deficiency) of revenues over expenditures	(5,093,167)	1,208,667	1,309,656	100,989	(2,226,796)	21,081	-	(21,081)	-	-
<b>Other financing sources (uses):</b>										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(435,195)	(435,195)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(435,195)	(435,195)	-	-	-	-	-	-
Net change in fund balances	(5,093,167)	1,208,667	874,461	(334,206)	(2,226,796)	21,081	-	(21,081)	-	-
Fund balances, beginning	4,585,503	4,585,503	4,585,503	-	-	-	-	-	-	-
Fund balances, ending	\$ (507,664)	\$ 5,794,170	\$ 5,459,964	\$ (334,206)	\$ (2,226,796)	\$ 21,081	\$ -	\$ (21,081)	\$ -	\$ -

(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, 2005  
(continued)**

	Special Revenue Funds									
	COPS Grants					Community Bus Program				
	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-	-	-	-
Intergovernmental	86,349	108,795	105,007	(3,788)	346,724	346,724	316,266	(30,458)	316,266	(30,458)
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	188	188	-	(188)	-	(188)
Contributions	-	-	-	-	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total revenues	86,349	108,795	105,007	(3,788)	346,912	346,912	316,266	(30,646)	316,266	(30,646)
<b>Expenditures:</b>										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	143,915	189,119	187,068	2,051	-	-	-	-	-	-
Transportation	-	-	-	-	475,809	475,809	424,954	50,855	424,954	50,855
Economic environment	-	-	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-	-	-
Total expenditures	143,915	189,119	187,068	2,051	475,809	475,809	424,954	50,855	424,954	50,855
Excess (deficiency) of revenues over expenditures	(57,566)	(80,324)	(82,061)	(1,737)	(128,897)	(128,897)	(108,688)	20,209	(108,688)	20,209
<b>Other financing sources (uses):</b>										
Transfers in	57,566	80,324	84,032	3,708	-	-	211,231	211,231	211,231	211,231
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	57,566	80,324	84,032	3,708	-	-	211,231	211,231	211,231	211,231
Net change in fund balances	-	-	1,971	1,971	(128,897)	(128,897)	102,543	231,440	102,543	231,440
Fund balances, beginning	-	-	-	-	(102,543)	(102,543)	(102,543)	-	(102,543)	-
Fund balances, ending	\$ -	\$ -	\$ 1,971	\$ 1,971	\$ (231,440)	\$ (231,440)	\$ -	\$ 231,440	\$ -	\$ 231,440

(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, 2005  
(continued)**

	Special Revenue Funds						Variance with Final Budget Positive (Negative)
	Schools Chartered by Broward County School Board*			School Chartered by Florida State University*			
	Budgeted Amounts Original	Actual Amounts	Final Budget Positive (Negative)	Budgeted Amounts Original	Actual Amounts	Final Budget Positive (Negative)	
<b>Revenues:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Intergovernmental	27,820,537	27,749,118	(970,927)	4,400,144	4,813,581	4,813,530	(326,051)
Charges for services	871,636	886,429	(24,623)	253,606	218,722	218,722	(34,884)
Fines and forfeitures	-	-	-	-	-	-	-
Investment income	80,000	84,893	(1,163)	-	-	-	-
Contributions	500,000	572,160	(34,854)	-	34	34	-
Rental revenue	1,457,550	1,414,993	(143,413)	71,600	63,788	43,650	(20,138)
Other	1,205,038	1,180,871	(134,000)	88,000	112,167	115,006	2,839
Total revenues	31,934,761	31,888,464	(1,308,980)	4,813,350	5,569,176	5,190,942	(378,234)
<b>Expenditures:</b>							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-
Human services	32,791,662	32,848,665	465,836	4,353,788	5,243,202	5,179,365	63,837
Total expenditures	32,791,662	32,848,665	465,836	4,353,788	5,243,202	5,179,365	63,837
Excess (deficiency) of revenues over expenditures	(856,901)	(960,201)	(843,144)	459,562	325,974	11,577	(314,397)
<b>Other financing sources (uses):</b>							
Transfers in	988,719	864,767	(123,952)	-	-	-	-
Transfers out	(471,132)	(471,132)	60,206	-	-	-	-
Total other financing sources (uses)	517,587	453,841	(63,746)	-	-	-	-
Net change in fund balances	(339,314)	(442,614)	(906,890)	459,562	325,974	11,577	(314,397)
Fund balances, beginning	3,961,276	3,961,276	-	(262,723)	(262,723)	(262,723)	-
Fund balances, ending	\$ 3,621,962	\$ 3,518,662	\$ (906,890)	\$ 196,839	\$ 63,251	\$ (251,146)	\$ (314,397)

\* As of June 30, 2005

(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, 2005  
(continued)**

	Special Revenue Funds									
	Older Americans Act					Confiscated - Treasury				
	Budgeted Amounts Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-	-	-	-
Intergovernmental	827,002	827,002	835,852	8,850	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	13,246	13,246	-	13,246	-
Investment income	2,904	2,904	1,605	(1,299)	1,620	1,620	3,416	1,796	3,416	1,796
Contributions	80,000	80,000	89,071	9,071	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total revenues	909,906	909,906	926,528	16,622	1,620	14,866	16,662	1,796	16,662	1,796
<b>Expenditures:</b>										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	29,327	119,315	-	119,315	-	119,315
Transportation	-	-	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-	-	-
Human services	952,324	1,013,620	989,532	24,088	-	-	-	-	-	-
Total expenditures	952,324	1,013,620	989,532	24,088	29,327	119,315	-	119,315	-	119,315
Excess (deficiency) of revenues over expenditures	(42,418)	(103,714)	(63,004)	40,710	(27,707)	(104,449)	16,662	121,111	16,662	121,111
<b>Other financing sources (uses):</b>										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	(42,418)	(103,714)	(63,004)	40,710	(27,707)	(104,449)	16,662	121,111	16,662	121,111
Fund balances, beginning	251,415	251,415	251,415	-	120,536	120,536	120,536	-	120,536	-
Fund balances, ending	\$ 208,997	\$ 147,701	\$ 188,411	\$ 40,710	\$ 92,829	\$ 16,087	\$ 137,198	\$ 121,111	\$ 137,198	\$ 121,111

(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, 2005  
(continued)**

	Special Revenue Funds						Variance with Final Budget Positive (Negative)
	Confiscated - Justice			S2 Police Assessment			
	Budgeted Amounts Original	Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts Original	Actual Amounts	Variance with Final Budget Positive (Negative)	
<b>Revenues:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Investment income	5,541	6,178	637	37,154	2,904	39,368	36,464
Contributions	-	-	-	1,993	80,000	4,066	(75,934)
Rental revenue	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	5,541	6,178	637	39,147	82,904	43,434	(39,470)
<b>Expenditures:</b>							
General government	-	-	-	-	-	-	-
Public safety	19,530	223,063	4,075	37,154	85,150	51,431	33,719
Transportation	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-
Total expenditures	19,530	223,063	4,075	37,154	85,150	51,431	33,719
Excess (deficiency) of revenues over expenditures	(13,989)	(217,522)	2,103	1,993	(2,246)	(7,997)	(5,751)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balances	(13,989)	(217,522)	2,103	1,993	(2,246)	(7,997)	(5,751)
Fund balances, beginning	226,692	226,692	226,692	150,018	150,018	150,018	-
Fund balances, ending	\$ 212,703	\$ 9,170	\$ 228,795	\$ 152,011	\$ 147,772	\$ 142,021	\$ (5,751)

(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, 2005  
(continued)**

	Special Revenue Funds				Wetland Mitigation Trust Fund				Variance with Final Budget Positive (Negative)
	FDLE				Permanent Fund				
	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)	
<b>Revenues:</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	141,170	141,171	1	-	-	-	-	-
Investment income	26,687	26,687	39,986	13,299	8,700	8,700	16,152	7,452	
Contributions	-	-	-	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-	-
Other	-	660	660	-	-	-	-	-	-
Total revenues	26,687	168,517	181,817	13,300	8,700	8,700	16,152	7,452	
<b>Expenditures:</b>									
General government	-	-	-	-	1,500	1,500	1,460	40	
Public safety	156,558	1,474,593	453,378	1,021,215	-	-	-	-	
Transportation	-	-	-	-	-	-	-	-	
Economic environment	-	-	-	-	-	-	-	-	
Human services	-	-	-	-	-	-	-	-	
Total expenditures	156,558	1,474,593	453,378	1,021,215	1,500	1,500	1,460	40	
Excess (deficiency) of revenues over expenditures	(129,871)	(1,306,076)	(271,561)	1,034,515	7,200	7,200	14,692	7,492	
<b>Other financing sources (uses):</b>									
Transfers in	-	-	-	-	-	-	-	-	
Transfers out	-	-	-	-	-	-	-	-	
Total other financing sources (uses)	-	-	-	-	-	-	-	-	
Net change in fund balances	(129,871)	(1,306,076)	(271,561)	1,034,515	7,200	7,200	14,692	7,492	
Fund balances, beginning	1,604,598	1,604,598	1,604,598	-	583,181	583,181	583,181	-	
Fund balances, ending	\$ 1,474,727	\$ 298,522	\$ 1,333,037	\$ 1,034,515	\$ 590,381	\$ 590,381	\$ 597,873	\$ 7,492	

## **FIDUCIARY FUND TYPES**

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- PENSION TRUST FUNDS
- AGENCY FUNDS

## **PENSION TRUST FUNDS**

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**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.

**City of Pembroke Pines, Florida**  
**Combining Statement of Fiduciary Net Assets**  
**Pension Trust Funds**  
**September 30, 2005**

	<b>General Employees Pension Fund</b>	<b>Firefighters and Police Officers Pension Fund</b>	<b>Totals</b>
<b>Assets</b>			
Cash and short-term investments	\$ -	\$ 5,629,546	\$ 5,629,546
Receivables			
Accrued interest and dividends	-	845,678	845,678
Contributions	-	3,143,622	3,143,622
Other	131,107	1,099,396	1,230,503
Total receivables	<u>131,107</u>	<u>5,088,696</u>	<u>5,219,803</u>
Investments, at fair value			
U.S. Government securities	-	26,620,678	26,620,678
Corporate Bonds	-	36,613,826	36,613,826
Common Stocks	-	101,048,983	101,048,983
Foreign bonds	-	1,080,000	1,080,000
Mutual funds	96,316,080	35,766,485	132,082,565
Total investments	<u>96,316,080</u>	<u>201,129,972</u>	<u>297,446,052</u>
Total assets	<u>96,447,187</u>	<u>211,848,214</u>	<u>308,295,401</u>
<b>Liabilities</b>			
DROP participants payable	-	24,611,000	24,611,000
Accounts payable	-	961,928	961,928
Total liabilities	<u>-</u>	<u>25,572,928</u>	<u>25,572,928</u>
<b>Net Assets</b>			
Net assets held in trust for pension benefits	<u>\$ 96,447,187</u>	<u>\$ 186,275,286</u>	<u>\$ 282,722,473</u>

**City of Pembroke Pines, Florida**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Pension Trust Funds**  
**Fiscal Year Ended September 30, 2005**

	<u>General Employees Pension Fund</u>	<u>Firefighters and Police Officers Pension Fund</u>	<u>Totals</u>
<b>Additions</b>			
Contributions:			
Plan members	\$ 1,987,877	\$ 2,816,172	\$ 4,804,049
Employee buyback	-	1,225,485	1,225,485
Employer:			
Required contribution	6,152,234	6,461,387	12,613,621
State/County	-	1,861,332	1,861,332
Total contributions	<u>8,140,111</u>	<u>12,364,376</u>	<u>20,504,487</u>
Investment income:			
Investment earnings and appreciation	9,657,364	21,661,972	31,319,336
Less investment expenses	<u>39,428</u>	<u>1,202,472</u>	<u>1,241,900</u>
Net investment income	<u>9,617,936</u>	<u>20,459,500</u>	<u>30,077,436</u>
Total additions	<u>17,758,047</u>	<u>32,823,876</u>	<u>50,581,923</u>
<b>Deductions</b>			
Pension benefits	3,466,624	7,943,457	11,410,081
Refunds of contributions	(109,485)	12,911	(96,574)
Administrative expenses	<u>61,390</u>	<u>346,802</u>	<u>408,192</u>
Total deductions	<u>3,418,529</u>	<u>8,303,170</u>	<u>11,721,699</u>
Change in net assets	14,339,518	24,520,706	38,860,224
Net assets, beginning	<u>82,107,669</u>	<u>161,754,580</u>	<u>243,862,249</u>
Net assets, ending	<u>\$ 96,447,187</u>	<u>\$ 186,275,286</u>	<u>\$ 282,722,473</u>

## **AGENCY FUNDS**

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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, 2005**

	<u>Balance</u> <u>September 30,</u> <u>2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2005</u>
<b>General Trust Fund</b>				
Assets:				
Pooled cash and cash equivalents	\$ 2,565,890	\$ 88,198,934	\$ 88,618,154	\$ 2,146,670
Total assets	<u>\$ 2,565,890</u>	<u>\$ 88,198,934</u>	<u>\$ 88,618,154</u>	<u>\$ 2,146,670</u>
Liabilities:				
Accrued liabilities	\$ 2,565,890	\$ 83,374,184	\$ 83,857,782	\$ 2,082,292
Due to other funds	-	4,828,340	4,763,962	64,378
Total liabilities	<u>\$ 2,565,890</u>	<u>\$ 88,202,524</u>	<u>\$ 88,621,744</u>	<u>\$ 2,146,670</u>
<b>Sanitation Fund</b>				
Assets:				
Pooled cash and cash equivalents	\$ -	\$ 21,266,942	\$ 21,266,942	\$ -
Customer accounts receivable	1,149,338	16,799,654	16,759,427	1,189,565
Total assets	<u>\$ 1,149,338</u>	<u>\$ 38,066,596</u>	<u>\$ 38,026,369</u>	<u>\$ 1,189,565</u>
Liabilities:				
Accounts payable	1,149,338	17,194,726	17,154,499	1,189,565
Total liabilities	<u>\$ 1,149,338</u>	<u>\$ 17,194,726</u>	<u>\$ 17,154,499</u>	<u>\$ 1,189,565</u>
<b>Total - All Agency Funds</b>				
Assets:				
Pooled cash and cash equivalents	\$ 2,565,890	\$ 109,465,876	\$ 109,885,096	\$ 2,146,670
Customer accounts receivable	1,149,338	16,799,654	16,759,427	1,189,565
Total assets	<u>\$ 3,715,228</u>	<u>\$ 126,265,530</u>	<u>\$ 126,644,523</u>	<u>\$ 3,336,235</u>
Liabilities:				
Accounts payable	\$ 1,149,338	\$ 17,194,726	\$ 17,154,499	\$ 1,189,565
Accrued liabilities	2,565,890	83,374,184	83,857,782	2,082,292
Due to other funds	-	4,828,340	4,763,962	64,378
Total liabilities	<u>\$ 3,715,228</u>	<u>\$ 105,397,250</u>	<u>\$ 105,776,243</u>	<u>\$ 3,336,235</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 government's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the readers understand how the government's financial performance and well-being have changed over time.</i>	117
Revenue Capacity <i>These schedules contain information to help the readers assess the government's most significant local revenue source, the property tax.</i>	124
Debt Capacity <i>These schedules present information to help the readers assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.</i>	128
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the readers understand the environment within which the government's financial activities take place.</i>	133
Operating Information <i>These schedules contain service and infrastructure data to help the readers understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	135
Other Information <i>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.</i>	137

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 Four Fiscal Years**  
**(accrual basis of accounting)**

	<b>Fiscal Year</b>			
	<u><b>2002</b></u>	<u><b>2003</b></u>	<u><b>2004</b></u>	<u><b>2005</b></u>
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 116,772,277	\$ 112,598,736	\$ 114,619,737	\$ 108,374,146
Restricted	18,913,070	18,890,606	25,397,569	18,819,948
Unrestricted	7,431,859	14,649,585	2,836,562	1,504,644
<b>Total governmental activities net assets</b>	<u><u>\$ 143,117,206</u></u>	<u><u>\$ 146,138,927</u></u>	<u><u>\$ 142,853,868</u></u>	<u><u>\$ 128,698,738</u></u>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ 153,811,331	\$ 154,941,053	\$ 152,461,927	\$ 148,774,481
Restricted	51,957,510	51,827,542	53,576,118	907,755
Unrestricted	27,837,878	30,189,532	31,831,624	82,775,425
<b>Total business-type activities net assets</b>	<u><u>\$ 233,606,719</u></u>	<u><u>\$ 236,958,127</u></u>	<u><u>\$ 237,869,669</u></u>	<u><u>\$ 232,457,661</u></u>
<b>Primary government</b>				
Invested in capital assets, net of related debt	\$ 270,583,608	\$ 267,539,789	\$ 267,081,664	\$ 257,148,627
Restricted	70,870,580	70,718,148	78,973,687	19,727,703
Unrestricted	35,269,737	44,839,117	34,668,186	84,280,069
<b>Total primary government net assets</b>	<u><u>\$ 376,723,925</u></u>	<u><u>\$ 383,097,054</u></u>	<u><u>\$ 380,723,537</u></u>	<u><u>\$ 361,156,399</u></u>

## City of Pembroke Pines, Florida

### Changes in Net Assets

#### Last Four Fiscal Years

(accrual basis of accounting)

Expenses	Fiscal Year			
	2002	2003	2004	2005
Governmental activities:				
General government	\$ 20,085,237	\$ 19,804,913	\$ 21,245,245	\$ 21,438,009
Public safety	54,363,115	59,919,473	64,769,067	75,037,886 (1)
Physical environment	3,184,132	3,740,853	3,788,410	3,612,466
Transportation	5,785,707	5,486,631	5,725,790	12,013,824 (2)
Economic environment	2,154,679	2,754,664	2,774,502	3,064,478
Human services (3)	24,138,249	36,142,870	43,531,313	49,160,396
Culture/Recreation	14,640,884	15,269,764	16,875,139	18,447,037
Interest on long-term debt	6,722,426	7,694,630	11,349,415	13,765,458
Total governmental activities expenses	131,074,429	150,813,798	170,058,881	196,539,554
Business-type activities:				
Public safety	-	-	19,241	48,130
Water utility services	3,843,161	3,917,274	4,050,643	4,421,132
Sewer/wastewater services	8,590,253	8,974,311	8,873,928	9,600,254
Water-sewer combined services	17,112,758	19,865,795	22,821,895	22,917,382
Total business-type activities expenses	29,546,172	32,757,380	35,765,707	36,986,898
Total primary government expenses	\$ 160,620,601	\$ 183,571,178	\$ 205,824,588	\$ 233,526,452
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 17,347,281	\$ 17,439,253	\$ 17,950,136	\$ 18,793,806
Public safety	17,614,392	15,535,883	14,630,803	16,612,089
Physical environment	1,625	2,413	2,593	560
Transportation	3,075,107	1,223,166	1,220,800	235,650
Economic environment	1,288,795	1,321,006	1,328,939	1,996,031
Human services (3)	18,950,247	28,432,894	36,713,012	38,929,127
Culture/Recreation	3,799,282	4,030,889	3,854,108	4,112,009
Interest on long-term debt	3,456,284	6,081,203	8,328,253	8,217,168
Operating grants and contributions	3,630,457	3,222,313	4,866,288	6,803,875
Capital grants and contributions	4,120,865	2,978,244	512,573	1,109,677
Total governmental activities program revenues	73,284,335	80,267,264	89,407,505	96,809,992
Business-type activities:				
Charges for services:				
Water utility services	16,608,411	16,652,440	15,756,755	14,682,479
Sewer/wastewater services	18,013,567	17,722,748	19,702,803	14,921,988 (4)
Water-sewer combined services	108,908	87,145	83,197	71,475
Operating grants and contributions	-	114,859	19,241	42,113
Total business-type activities program revenues	34,730,886	34,577,192	35,561,996	29,718,055
Total primary government program revenues	\$ 108,015,221	\$ 114,844,456	\$ 124,969,501	\$ 126,528,047

(1) The increase from the prior period was caused by increases in salaries and benefits.

(2) The increase from the prior period was caused by expenditures for major roadwork improvements.

(3) The increase in each period was caused by the opening of additional Charter Schools.

(4) The decrease from the prior period was a result of a one-time settlement recorded in the prior period.

**City of Pembroke Pines, Florida**

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

	Fiscal Year			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Net (expense)/revenue				
Governmental activities	\$ (57,790,094)	\$ (70,546,534)	\$ (80,651,376)	\$ (99,729,562)
Business-type activities	5,184,714	1,819,812	(203,711)	(7,268,843)
Total primary government net expense	<u>\$ (52,605,380)</u>	<u>\$ (68,726,722)</u>	<u>\$ (80,855,087)</u>	<u>\$ (106,998,405)</u>
 <b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 25,230,301	\$ 28,460,430	\$ 32,372,655	\$ 35,586,353
Franchise fees on gross receipts	8,272,014	10,681,172	11,437,462	12,946,625
Utility taxes	8,530,503	9,044,100	9,116,958	9,461,819
Communication service tax	7,094,762	7,574,837	6,497,257 (5)	6,729,782
Other taxes	3,832,539	4,135,964	4,514,900	4,720,283
Intergovernmental revenue - unrestricted	10,560,558	11,347,886	11,795,659	13,439,226
Miscellaneous revenues	61,950	400,358	211,184	282,531
Investment earnings not restricted	2,516,513	1,856,974	1,070,666	2,407,813
Gain on sale of capital assets	-	66,534	122,097	-
Total governmental activities	<u>66,099,140</u>	<u>73,568,255</u>	<u>77,138,838</u>	<u>85,574,432</u>
Business-type activities:				
Miscellaneous revenues	-	6	-	142
Investment earnings not restricted	4,029,199	1,526,367	1,113,253	1,856,224
Gain on sale of capital assets	510	5,223	2,000	469
Total business-type activities	<u>4,029,709</u>	<u>1,531,596</u>	<u>1,115,253</u>	<u>1,856,835</u>
Total primary government	<u>\$ 70,128,849</u>	<u>\$ 75,099,851</u>	<u>\$ 78,254,091</u>	<u>\$ 87,431,267</u>
 <b>Change in Net Assets</b>				
Governmental activities	\$ 8,309,046	\$ 3,021,721	\$ (3,512,538)	\$ (14,155,130)
Business-type activities	9,214,423	3,351,408	911,542	(5,412,008)
Total primary government	<u>\$ 17,523,469</u>	<u>\$ 6,373,129</u>	<u>\$ (2,600,996)</u>	<u>\$ (19,567,138)</u>

(5) The decrease from the period period is a result of pledged revenues recorded in the Debt Service Fund.

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

<b><u>Fiscal Year</u></b>	<b><u>Property Tax</u></b>	<b><u>Franchise Fees</u></b>	<b><u>Utility Taxes</u></b>	<b><u>Communications Services Tax</u></b>	<b><u>Other Taxes</u></b>	<b><u>Total</u></b>
2002	\$25,230,301	\$8,272,014	\$8,530,503	\$7,094,762	\$3,832,538	\$52,960,118
2003	28,460,430	10,681,172	9,044,100	7,574,837	4,135,965	59,896,504
2004	32,372,655	11,437,462	9,116,958	6,497,257	4,514,900	63,939,232
2005	35,586,353	12,946,625	9,461,819	6,729,782	4,720,283	69,444,862

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

	<b>Fiscal Year</b>			
	<u><b>2002(1)</b></u>	<u><b>2003</b></u>	<u><b>2004</b></u>	<u><b>2005</b></u>
General fund				
Reserved	\$ 1,703,458	\$ 962,277	\$ 2,887,984	\$ 1,075,843
Unreserved	<u>22,425,709</u>	<u>26,288,290</u>	<u>25,674,246</u>	<u>31,442,994</u>
Total general fund	<u><u>\$24,129,167</u></u>	<u><u>\$27,250,567</u></u>	<u><u>\$28,562,230</u></u>	<u><u>\$32,518,837</u></u>
All other governmental funds				
Reserved	\$17,549,497	\$ 12,975,753	\$42,851,529	\$61,155,573 (2)
Unreserved, reported in:				
Special revenue funds	9,021,693	10,267,333	9,071,583	9,214,679
Capital projects fund	<u>(6,192,792)</u>	<u>(15,144,540)</u>	<u>(19,443,097)</u>	<u>(15,397,753)</u>
Total all other governmental funds	<u><u>\$20,378,398</u></u>	<u><u>\$ 8,098,546</u></u>	<u><u>\$32,480,015</u></u>	<u><u>\$54,972,499</u></u>

(1) Fund balances have been restated for a prior period adjustment.

(2) The increase in reserved fund balance in FY 2004 and FY 2005 is mainly due to unspent bond proceeds.

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

	<b>Fiscal Year</b>			
	<u>2002 *</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Revenues</b>				
Taxes	\$ 52,960,118	\$ 59,896,504	\$ 63,939,232	\$ 69,444,862
Special assessments	8,465,016	8,099,749	7,998,798	8,194,372
Licenses and permits	9,141,666	6,879,770	5,924,673	7,229,357
Intergovernmental	32,960,088	40,117,149	46,663,998	50,899,822
Charges for services	20,485,835	22,584,114	23,259,471	24,989,138
Fines and forfeitures	1,280,456	1,248,016	882,780	958,626
Investment income	2,207,098	1,719,456	1,018,094	2,223,782
Contributions	1,186,811	241,082	236,906	1,773,367
Rental revenue	7,589,890	10,736,905	14,183,345	15,345,787
Other	195,282	1,556,028	1,473,464	1,338,585
Total revenues	<u>136,472,260</u>	<u>153,078,773</u>	<u>165,580,761</u>	<u>182,397,698</u>
<b>Expenditures</b>				
General government	18,608,139	19,455,762	25,858,854	26,862,617
Public safety	56,771,446	59,672,849	133,594,581	69,464,940
Physical environment	3,141,703	3,918,738	4,373,793	3,531,434
Transportation	4,093,821	3,736,102	4,608,285	10,365,168
Economic environment	2,295,339	2,740,721	20,264,192	18,235,896
Human services	50,933,680	45,622,226	42,221,480	45,094,806
Culture and recreation	16,606,921	15,826,371	19,228,390	18,611,509
Debt service:				
Principal	4,325,353	3,958,424	3,971,425	3,855,000
Interest	5,360,537	7,066,243	8,012,377	13,581,146
Other debt service costs	1,477,904	239,789	2,716,813	897,238
Total expenditures	<u>163,614,843</u>	<u>162,237,225</u>	<u>264,850,190</u>	<u>210,499,754</u>
Deficiency of revenues over expenditures	(27,142,583)	(9,158,452)	(99,269,429)	(28,102,056)
<b>Other financing sources (uses)</b>				
Transfers in	1,576,893	542,117	4,469,516	1,536,782
Transfers out	(1,576,893)	(542,117)	(4,469,516)	(1,536,782)
Bonds issued	71,570,000	-	124,736,467	54,910,000
Discount on bonds	(363,592)	-	-	(358,853)
Current refunding of Certificates of Indebtedness	(19,792,421)	-	-	-
Total other financing sources (uses)	<u>51,413,987</u>	<u>-</u>	<u>124,736,467</u>	<u>54,551,147</u>
Net change in fund balances	<u>\$ 24,271,404</u>	<u>\$ (9,158,452)</u>	<u>\$ 25,467,038</u>	<u>\$ 26,449,091</u>
Debt service as a percentage of noncapital expenditures	9.0%	7.8%	6.1%	8.7%

\* Restated for prior period adjustment of \$852,555.

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

<b><u>Fiscal Year</u></b>	<b><u>Property Taxes</u></b>	<b><u>Franchise Fees</u></b>	<b><u>Utility Taxes</u></b>	<b><u>Communications Services Tax</u></b>	<b><u>Other Taxes</u></b>	<b><u>Total</u></b>
2002	\$25,230,301	\$8,272,014	\$8,530,503	\$7,094,762	\$3,832,539	\$52,960,119
2003	28,460,430	10,681,172	9,044,100	7,574,837	4,135,964	59,896,503
2004	32,372,655	11,437,462	9,116,958	6,497,257	4,514,900	63,939,232
2005	35,586,353	12,946,625	9,461,819	6,729,782	4,720,283	69,444,862

**City of Pembroke Pines**  
**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	Estimated Actual Taxable Value	Assessed Value(5) 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)				
1996	\$ 3,745,358,890	\$ 280,976,266	\$ 217,016,891	\$ 697,878,930	\$ 58,837,620	\$ 40,973,432	\$ 3,011,628,283	4.0882	\$ 4,026,335,156	100.00%
1997	4,304,216,400	233,884,528	217,406,671	756,639,620	104,901,740	11,111,252	3,448,041,645	3.9034	4,538,100,928	100.00%
1998	4,912,997,040	234,211,078	258,443,649	817,619,450	104,040,970	14,140,327	3,952,963,722	3.9034	5,147,208,118	100.00%
1999	5,470,069,790	256,398,819	279,179,649	867,240,210	124,980,180	24,821,302	4,430,247,268	3.9034	5,726,468,609	100.00%
2000	6,007,465,480	282,503,273	281,580,840	918,649,190	108,756,020	23,004,493	4,957,978,210	3.9034	6,289,968,753	100.00%
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%

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, and additional \$25,000 homestead age 65 and older.
- (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.
- (4) Final adjustments to assessed value made by the Value Adjustment Board (VAB) of Broward County per Florida Statute 194.011 & BCPA.
- (5) Includes tax-exempt property.

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

Fiscal Year	City of Pembroke Pines			Broward County			School District			Everglades Construction Project	Children's Council	Special Districts	Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage				
1996	4.0882	-	4.0882	7.3311	0.7854	8.1165	9.4670	0.5807	10.0477	2.7002	-	0.1000	25.0526
1997	3.9034	-	3.9034	7.0254	0.7270	7.7524	9.3820	0.5580	9.9400	2.7232	-	0.1000	24.4190
1998	3.9034	-	3.9034	7.1487	0.6893	7.8380	9.4460	0.5285	9.9745	2.7852	-	0.1000	24.6011
1999	3.9034	-	3.9034	6.9145	0.6565	7.5710	9.2390	0.4866	9.7256	2.7822	-	0.1000	24.0822
2000	3.9034	-	3.9034	6.8947	0.6763	7.5710	8.6740	0.4543	9.1283	2.8241	-	0.1000	23.5268
2001	3.9034	-	3.9034	6.8903	0.6347	7.5250	8.5410	0.4143	8.9553	2.7319	-	0.1000	23.2156
2002	4.4597	-	4.4597	6.6677	0.7328	7.4005	8.3590	0.3951	8.7541	2.6049	0.3055	-	23.5247
2003	4.5990	-	4.5990	6.6685	0.6965	7.3650	8.5410	0.3415	8.8825	2.4691	0.3316	-	23.6472
2004	4.5990	-	4.5990	6.6065	0.5815	7.1880	8.1240	0.2936	8.4176	2.4691	0.3920	-	23.0657
2005	4.5990	-	4.5990	6.4831	0.5399	7.0230	8.0140	0.2555	8.2695	2.3116	0.4231	-	22.6262

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's property owners whose property is located within the geographic boundaries of the special district).

## City of Pembroke Pines, Florida

### Principal Property Taxpayers, Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>2005 Collection Year</u>			<u>1996 Collection Year</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Pasadena Place Associates PH I, II & III	\$ 118,252,210	1	1.48%	\$ 52,828,160	1	1.73%
Pembroke Lakes Mall LTD	109,790,130	2	1.37%	51,896,120	2	1.70%
Prudential Insurance Co. of America	51,508,150	3	0.64%	-	-	-
Taplin Falls Ltd.	39,053,790	4	0.49%	-	-	-
CCMSC 2000-1 Broward Plaza LLC	38,102,550	5	0.48%	-	-	-
Marquesa Apt Corp.	37,800,020	6	0.47%	-	-	-
Jefferson Pembroke LP	37,680,720	7	0.47%	-	-	-
WRI/Pembroke Ltd.	34,318,870	8	0.43%	-	-	-
Cole Boulevard Square Holdings	32,755,230	9	0.41%	-	-	-
KLS Flamingo Land Trust	32,145,750	10	0.40%	-	-	-
City National Bank of Miami Trs.	-	-	-	20,149,440	3	0.66%
Mc Vay W Cassidy P Pratt C Trs.	-	-	-	18,005,100	4	0.59%
Maroone	-	-	-	16,041,930	5	0.53%
Humana Hospital	-	-	-	15,995,770	6	0.52%
Reuter Recycling of Fl	-	-	-	15,755,230	7	0.52%
Portofino Place, Inc.	-	-	-	14,499,660	8	0.47%
Pennsylvania Real Estate Investment	-	-	-	14,329,260	9	0.47%
Streicker J. M. Tr of Trinet Tr.	-	-	-	13,236,880	10	0.43%
Totals	<u>\$ 531,407,420</u>		<u>6.64%</u>	<u>\$ 232,737,550</u>		<u>7.62%</u>

Source: Broward County Property Appraiser's Tax Roll.

**City of Pembroke Pines, Florida**

**Property Tax Levies and Collections  
Last Two Fiscal Years**

<u>Fiscal Year Ended September 30</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2004	\$ 33,348,014	\$ 32,255,971	96.7%	\$ 51,309	\$ 32,307,280	96.9%
2005	36,845,948	34,827,244	94.5%	-	34,827,244	94.5%

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

<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>			
1996	\$ -	\$ 36,035,000	\$ 23,721,998	\$ 1,745,118	\$ 61,502,116	2.53%	\$ 685
1997	-	35,255,000	20,057,349	942,008	56,254,357	1.96%	540
1998	-	56,870,000	14,409,829	10,495,870	81,775,699	2.54%	726
1999	-	88,840,000	7,838,906	9,687,070	106,365,976	3.01%	886
2000	-	85,665,000	7,586,607	9,359,507	102,611,114	2.54%	747
2001	-	81,780,000	-	19,016,628	100,796,628	2.32%	712
2002	-	149,425,000	-	-	149,425,000	3.25%	1,032
2003	-	145,750,000	-	-	145,750,000	2.99%	983
2004	-	267,985,000	-	-	267,985,000	*	1,781
2005	47,000,000	272,040,000	-	-	319,040,000	*	2,112

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 133 for personal income and population data.

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

\* 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>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value(1) of Property</u>	<u>Per Capita(2)</u>
1996	\$ -	\$ -	\$ -	0.00%	\$ -
1997	-	-	-	0.00%	-
1998	-	-	-	0.00%	-
1999	-	-	-	0.00%	-
2000	-	-	-	0.00%	-
2001	-	-	-	0.00%	-
2002	-	-	-	0.00%	-
2003	-	-	-	0.00%	-
2004	-	-	-	0.00%	-
2005	47,000,000	-	47,000,000	0.40%	\$ 311

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 Value of Taxable Property on page 124 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 133.

## City of Pembroke Pines, Florida

### Direct and Overlapping Governmental Activities Debt As of September 30, 2005

<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	\$ 611,605,000	7.03%	\$ 42,995,832
School Board of Broward County	79,088,067	7.03%	5,559,891
South Florida Water Management District	6,177,393	7.03%	434,271
Other debt			
Broward County	343,372,000	7.03%	24,139,052
School Board of Broward County	1,329,664,658	7.03%	93,475,425
South Florida Water Management District	37,753,164	7.03%	2,654,047
South Broward Hospital District	388,519,971	7.03%	27,312,954
Subtotal, overlapping debt			196,571,472
City of Pembroke Pines, direct debt			319,040,000
Total direct and overlapping debt (2)			\$ 515,611,472

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>	
<b>Revenue Bonds Secured by Electric Franchise Fees (2)</b>				
1996	\$ 3,885,515	\$ 475,000	\$ 820,705	3.00
1997	4,560,358	500,000	1,120,728	2.81
1998	4,531,246	525,000	1,097,561	2.79
1999	4,850,760	545,000	1,072,023	3.00
2000	4,883,095	575,000	2,823,689	1.44
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
<b>Revenue Bonds Secured by Electric Public Service Tax (3)</b>				
1996	5,547,070	1,765,000	785,220	2.18
1997	5,984,413	685,012	703,559	4.31
1998	6,541,977	1,915,000	639,931	2.56
1999	6,760,447	2,485,000	1,141,116	1.86
2000	6,703,083	2,600,000	1,573,319	1.61
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
<b>Revenue Bonds Secure by Rentals &amp; Fees (4)</b>				
1996	-	-	-	-
1997	-	-	-	-
1998	-	-	-	-
1999	-	-	-	-
2000	-	-	-	-
2001	-	-	-	-
2002	6,294,213	-	1,083,207	5.81
2003	9,157,753	175,000	2,489,047	3.44
2004	11,667,579	1,115,000	2,483,796	3.24
2005	12,075,622	1,145,000	2,452,147	3.36

**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 <b>Communications Services Tax and Water Public Service Tax (5)</b>				
1996	\$ -	\$ -	\$ -	\$ -
1997	-	-	-	-
1998	-	-	-	-
1999	-	-	-	-
2000	-	-	-	-
2001	-	-	-	-
2002	-	-	-	-
2003	-	-	-	-
2004	7,787,772	-	1,086,099	7.17
2005	8,040,474	-	4,832,776	1.66

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 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) **Rentals & Fees** are rentals collected from the City's Charter Schools, and the Academic Village Campus Shared-Use Facility, and rentals and fees from the City's Early Development Centers.
- (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

<u>Fiscal Year</u>	<u>Population(1)</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income(2)</u>	<u>Median Age(3)</u>	<u>Percent with a bachelor's degree or higher(3)</u>	<u>School Enrollment(4)</u>	<u>Unemployment Rate(5)</u>
1996	89,753	\$ 2,434,909	\$ 27,129	*	*	13,710	3.6%
1997	104,143	2,867,057	27,530	*	*	16,668	3.2%
1998	112,692	3,216,906	28,546	*	*	19,209	3.1%
1999	120,091	3,535,719	29,442	37.9	28.6%	21,814	2.7%
2000	137,427	4,041,591	29,409	36.5	28.7%	23,489	2.4%
2001	141,659	4,349,215	30,702	39.4	28.8%	25,084	2.6%
2002	144,792	4,602,214	31,785	35.8	29.8%	24,523	3.9%
2003	148,280	4,870,108	32,844	38.1	32.2%	23,212	3.7%
2004	150,435	*	*	37.8	32.2%	24,270	3.1%
2005	151,045	*	*	*	*	24,744	3.4%

Data sources:

- (1) Year 2000 is from the U.S. Census. All other years are estimates from the University of Florida's Statistical Abstract.
  - (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, Broward County School Board.
  - (5) Florida Department of Labor, Bureau of Labor Market Information.
- \* Information not available.

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

<u>Employer</u>	<u>2005</u>			<u>1996</u>		
	<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total City Employment (2)</u>	<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total City Employment (2)</u>
Memorial Health Systems	2,954	1	2.92%	633	2	1.05%
Pembroke Lakes Mall (3)	2,250	2	2.23%	N/A	-	-
City of Pembroke Pines	1,974	3	1.95%	959	1	1.60%
Wal Mart	583	4	0.58%	N/A	-	-
Winn Dixie	300	5	0.30%	N/A	-	-
World Ford	235	6	0.23%	N/A	-	-
Cintas Corporation	218	7	0.22%	N/A	-	-
Target	201	8	0.20%	N/A	-	-
Gator Freightways, Inc.	174	9	0.17%	N/A	-	-
Claire's Corporation	150	10	0.15%	N/A	-	-

- (1) Source - City of Pembroke Pines Economic Development Division & Corporate Human Resources Departments. Includes full-time and part-time employees.
- (2) Source - 2004 American Community Survey, Data Profile, percent in labor force (population 16 years and over).
- (3) Includes all employees at this location which encompasses many individual employers.

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

<b>Function</b>	<b><u>Full-time Equivalent Employees as of September 30</u></b>			
	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>
General government services	137	136	135	134
Public safety				
Police				
Sworn	223	242	242	246
Non-sworn and grant positions	69	72	72	81
Fire and rescue	248	248	248	248
Building	74	74	61	61
Code enforcement	12	12	12	12
Physical environment	28	27	27	26
Transportation	27	24	25	24
Economic environment	2	2	2	4
Human services				
Early development centers	71	68	72	68
Community services	20	21	21	21
SW multipurpose center	14	14	14	15
Charter schools	201	296	360	342
Culture and recreation	142	140	138	141
Water-sewer combined service	<u>132</u>	<u>123</u>	<u>123</u>	<u>124</u>
Total	<u>1,400</u>	<u>1,499</u>	<u>1,552</u>	<u>1,547</u>

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

<b>Function</b>	<b>Fiscal Year</b>			
	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>
<b>Public safety</b>				
<b>Police</b>				
Number of calls answered	103,242	97,297	106,772	78,376
Felony arrests	2,875	4,171	2,064	1,564
Traffic accidents	4,222	4,803	4,980	5,192
Traffic/parking citations	31,269	26,692	28,346	38,268
<b>Fire/ambulance rescue</b>				
Number of EMS calls answered	15,896	17,159	17,528	18,204
Number of fire calls answered	314	288	318	288
Building permits issued	10,140	9,171	9,457	10,991
<b>Physical environment</b>				
Maintained rights of ways (miles)	510	520	550	575
Landscaping and irrigation (miles)	112	120	140	155
<b>Transportation</b>				
Traffic guardrails installed (linear feet)	4,000	200	200	-
Sidewalks replaced (linear feet)	14,440	4,000	4,500	2,000
Curbing installed (linear feet)	5,000	5,000	1,000	500
Number of trips - Community Bus program	26,945	41,299	131,205	182,518
<b>Human services</b>				
<b>Charter schools</b>				
Average student class size	25	25	25	25
Number of students enrolled	2,700	4,250	5,206	5,210
<b>Culture/recreation</b>				
Number of sports leagues	38	43	49	43
Number of tennis memberships	213	215	217	217
<b>Water-sewer combined service</b>				
Number of water accounts	43,977	44,785	44,036	44,161
Sewer mains rehabilitated (linear feet)	12,000	27,300	11,500	9,802
Average daily consumption (millions of gallons)	11.92	12.93	13.02	12.39

# City of Pembroke Pines, Florida

## Property Assessed Value, Outstanding Debt, Legal Debt Limit & Covenants

September 30, 2005

Estimated Actual Taxable Value	\$11,606,680,186
Less: Tax Exempt Properties	(556,966,799)
Personal Exemptions	(1,152,257,400)
Capped Differential*	(1,831,872,990)
Value Adjustment Board Adjustments	<u>(53,852,583)</u>
Total Taxable Assessed Value	<u>\$ 8,011,730,414</u>

\* 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 Consumer Price Index.

Amount of debt outstanding:	
Capital Improvement Revenue Bonds, Series 1993	\$ 6,185,000
Public Improvement Revenue Bonds, Series 1998	22,480,000
Capital Improvement Revenue Bonds, Series 1999	41,695,000
Public Improvement Revenue Bonds, Series 2001	18,275,000
Charter School Revenue Bonds, Series 2001A	30,695,000
Charter School Revenue Bonds, Series 2001B	18,840,000
Taxable Communications Services Tax Revenue Bonds, Series 2003A	39,935,000
Taxable Communications Services Tax Revenue Bonds, Series 2004	49,910,000
Public Improvement Revenue Bonds, Series 2004A	20,140,000
Public Improvement Revenue Bonds, Series 2004B	15,975,000
Variable Rate Capital Improvement Revenue Bonds, Series 2005	7,910,000
General Obligation Bonds, Series 2005	<u>47,000,000</u>
Total outstanding debt	319,040,000
Less: Reserve for debt service (Principal)	<u>(13,376,633)</u>
Net amount of debt outstanding	<u>\$305,663,367</u>

# City of Pembroke Pines, Florida

## Property Assessed Value, Outstanding Debt, Legal Debt Limit & Covenants

September 30, 2005

(continued)

### **Legal Debt Limit:**

Neither the State of Florida Constitution or Statutes, nor the City of Pembroke Pines' City Charter or Code of Ordinances limit the amount of debt the City can issue.

However, on March 8, 2005, the voters of City of Pembroke Pines approved the issuance of \$100,000,000 General Obligation Bonds, of which \$47,000,000 was issued in 2005 as General Obligation Bonds, Series 2005. Currently, City's General Obligation Bonds limit is \$100,000,000, and any General Obligation Bonds in addition to this limit will need voters' further approval.

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:

### ***Capital Improvement Revenue Bonds, Series 1993***

Additional parity bonds payable from the pledged revenues may be issued only for acquisition 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.

### ***Public Improvement Revenue Bonds, Series 1998***

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 preceding fiscal year equal at least 125% of the maximum bond debt service requirement on all existing and proposed parity bonds.

### ***Capital Improvement Revenue Bonds, Series 1999***

Additional parity 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 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 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.

# **City of Pembroke Pines, Florida**

## **Property Assessed Value, Outstanding Debt, Legal Debt Limit & Covenants**

**September 30, 2005**

**(continued)**

### ***Charter School Revenue Bonds, Series 2001A and Charter School Revenue Bonds, Series 2001B***

Additional parity bonds payable from the pledged revenues may be issued for acquisition or construction of additional educational facilities and related facilities for Charter Schools, 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.

### ***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.

### ***Variable Rate Capital Improvement Revenue Bonds, Series 2005***

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.

## City of Pembroke Pines, Florida

### Debt Service Coverage

Electric Public Service Tax Revenue Certificate of 1991,  
Public Improvement Revenue Bonds, Series 1993,  
Public Improvement Revenue Bonds, Series 1998,  
Public Improvement Revenue Bonds, Series 2001  
Public Improvement Revenue Bonds, Series 2004A, and  
Public Improvement Revenue Bonds, Series 2004B

### Debt Service Requirements (1)

Fiscal Year	Pledged Revenues (2)	% Change	1991		1993		1998		2001		2004A		2004B		Total	Coverage
			Electric Public Service Tax Certificate	Public Improvement Revenue Bonds (3)	Public Improvement Revenue Bonds (4)	Public Improvement Revenue Bonds (5)	Public Improvement Revenue Bonds (6)	Public Improvement Revenue Bonds (7)	Public Improvement Revenue Bonds (8)							
1996	\$ 5,547,070	9.9%	\$ 1,861,349	\$ 688,871	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,550,220	2.18	
1997	5,984,413	7.9%	425,020	963,551	-	-	-	-	-	-	-	-	-	1,388,571	4.31	
1998	6,541,977	9.3%	-	2,554,931	-	-	-	-	-	-	-	-	-	2,554,931	2.56	
1999	6,760,447	3.3%	-	3,033,825	-	-	592,291	-	-	-	-	-	-	3,626,116	1.86	
2000	6,703,083	-0.8%	-	3,039,144	-	-	1,134,175	-	-	-	-	-	-	4,173,319	1.61	
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	

### Coverage of Estimated Combined Maximum Annual Debt Service

Electric Public Service Tax - Most Recent Fiscal Year  
Combined Maximum Annual Debt Service (9)  
Coverage

\$7,931,137  
5,933,713  
1.34

- (1) Exclude bank 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) This bond issue was paid off on October 1, 2002 with available funds.
- (5) No statistics are available prior to fiscal year 1999 since the bonds were issued on September 23, 1998.
- (6) No statistics are available prior to fiscal year 2002 since the bonds were issued on October 12, 2001.
- (7) No statistics are available prior to fiscal year 2004 since the bonds were issued on May 6, 2004.
- (8) No statistics are available prior to fiscal year 2004 since the bonds were issued on July 14, 2004.
- (9) 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

Public Improvement Refunding Revenue Bonds, Series 1992,  
 Capital Improvement Revenue Bonds, Series 1993,  
 Capital Improvement Revenue Bonds, Series 1995, and  
 Capital Improvement Revenue Bonds, Series 1999

#### Debt Service Requirements (1)

Fiscal Year	Pledged Revenues (2)	%	Change (3)	1992		1993		1995		1999		2005		Total	Coverage
				Public Improvement Refunding Revenue Bonds	Capital Improvement Revenue Bonds	Variable Rate Capital Imp. Revenue Bonds									
1996	\$ 3,885,515	14.5%	\$	507,700	\$ 525,405	\$ 262,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,295,705	3.00
1997	4,560,358	17.4%		511,240	525,933	583,555	-	-	-	-	-	-	-	1,620,728	2.81
1998	4,531,246	-0.6%		513,100	525,906	583,555	-	-	-	-	-	-	-	1,622,561	2.79
1999	4,850,760	7.1%		508,133	525,335	583,555	-	-	-	-	-	-	-	1,617,023	3.00
2000	4,883,095	0.7%		511,115	524,310	-	2,363,264	-	-	-	-	-	-	3,398,689	1.44
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	-	-	-	-	-	-	3,732,603	2.00

#### Coverage of Estimated Combined Maximum Annual Debt Service:

Electric Franchise Fees - Most Recent Fiscal Year	\$ 7,448,243
Combined Maximum Annual Debt Service (6)	4,186,318
Coverage	1.78

(1) Exclude bank paying agent fees and variable rate bond fees (Remarketing fee, liquidity provider fee, and rating agency monitoring fee).

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

(3) This bond issue was paid off on December 1, 2002 with available funds.

(4) No statistics are available prior to fiscal year 1996 since the bonds were issued on October 19, 1995. The 1995 Capital Improvement Revenue Bonds were defeased by the 1999 Capital Improvement Revenue Bonds.

(5) No statistics are available prior to fiscal year 2000 since the bonds were issued on April 27, 1999.

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

(7) 2005 debt service payment is actual.

Debt service for years 2006-2010 debt service is based on the Weekly Rate in effect at the financial statement date per GASB No 38. Debt service for years 2011 through maturity is based on the assumption that the outstanding bonds will be converted to fixed rate bonds of 5.17%.

# City of Pembroke Pines, Florida

## Debt Service Coverage

Charter School Revenue Bonds, Series 2001A, and  
Charter School Revenue Bonds, Series 2001B

### Debt Service Requirements (1)

<u>Fiscal Year</u>	<u>Pledged Revenues (2)</u>	<u>% Change</u>	<u>2001A Charter School Revenue Bonds (3)</u>	<u>2001B Charter School Revenue Bonds (4)</u>	<u>Total</u>	<u>Coverage</u>
2002	\$6,294,213	-1.5%	\$ 852,544	\$ 230,663	\$ 1,083,207	5.81
2003	9,157,753	45.5%	1,534,579	1,129,468	2,664,047	3.44
2004	11,667,579	27.4%	2,134,579	1,464,217	3,598,796	3.24
2005	12,075,622	3.5%	2,133,379	1,463,768	3,597,147	3.36

Coverage of Estimated Combined Maximum Annual Debt Service:

Rentals from the Charter Schools, the Early Development Centers, and the Academic Village Campus Shared-Use Facility - Most Recent Fiscal Year	\$12,075,622
Combined Maximum Annual Debt Service (5)	3,605,591
Coverage	3.35

(1) Exclude bank paying agent fees.

(2) Pledged revenues consist of the rentals from the Charter Schools, the Early Development Centers, and the Academic Village Campus Shared-Use Facility on an even parity for both issues.

(3) No statistics are available prior to fiscal year 2002 since the bonds were issued on December 11, 2001.

(4) No statistics are available prior to fiscal year 2002 since the bonds were issued on April 4, 2002.

(5) 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

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

### Debt Service Requirements (1)

<u>Fiscal Year</u>	<u>Pledged Revenues (2)</u>	<u>% Change</u>	<u>2003A Taxable Communications Services Tax Revenue Bonds (3)</u>	<u>2004 Taxable Communications Services Tax Revenue Bonds (4)</u>	<u>Total</u>	<u>Coverage</u>
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

Coverage of Estimated Combined Maximum Annual Debt Service:

Communications Services Tax and Water Public Service Tax - Most Recent Fiscal Year	\$8,040,474
Combined Maximum Annual Debt Service (5)	6,428,133
Coverage	1.25

- (1) Exclude bank 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.
- (3) No statistics are available prior to fiscal year 2004 since the bonds were issued on October 17, 2003.
- (4) No statistics are available prior to fiscal year 2004 since the bonds were issued on April 1, 2004.
- (5) 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, 2005

Revenue Bonds:	Southwest Focal Point Senior Center		Charter Mid School & Academic Village		Charter High School & Other Capital Proj		Police Annex, Park & Other Improv		Charter School Central Campus		Charter School Facility & Buses		Firefighters Pension		Police Officers & Gen Employees Pension		Senior Housing Project Tower 1		Senior Housing Project Tower 2		Susan B. Anthony Center		Various Capital Projects & Refunding	
	Series 1993	Series 1998	Series 1999	Series 2000I	Series 2001A	Series 2001B	Series 2003A	Series 2004	Series 2004A	Series 2004B	Series 2005	Series 2005	Series 2005	Series 2005	Series 2005	Series 2005	Series 2005	Series 2005	Series 2005	Series 2005	Series 2005	Series 2005	Series 2005	Series 2005
2006	\$ 522,295	\$ 1,890,245	\$ 3,093,400	\$ 1,539,962	\$ 2,134,314	\$ 1,471,277	\$ 2,384,120	\$ 2,448,656	\$ 928,873	\$ 757,915	\$ 215,943	\$ 2,798,722	\$ 20,185,722											
2007	522,170	1,890,710	3,095,942	1,540,200	2,132,724	1,466,298	2,384,120	2,849,100	928,873	757,915	215,943	2,797,198	20,581,193											
2008	521,420	1,883,750	3,095,605	1,544,475	2,134,144	1,469,067	2,995,314	2,848,838	928,873	757,915	215,943	2,794,897	21,190,241											
2009	520,055	1,884,415	3,097,195	1,540,850	2,131,944	1,464,673	2,991,658	3,436,475	928,873	757,915	215,943	2,796,848	21,766,844											
2010	518,070	1,888,027	3,100,410	1,534,350	2,133,743	1,468,535	2,990,764	3,436,269	928,873	757,915	215,943	2,797,897	21,770,796											
2011	520,256	1,883,787	3,094,651	1,536,650	2,133,609	1,465,477	2,992,332	3,432,188	1,396,747	1,116,527	215,943	2,797,053	22,585,220											
2012	516,606	1,881,383	3,099,391	1,537,115	2,131,478	1,465,663	2,991,214	3,428,956	1,391,741	1,113,343	215,943	2,794,252	22,567,085											
2013	517,300	1,880,720	3,100,379	1,535,275	2,132,294	1,208,812	2,987,409	3,426,181	1,390,110	1,114,136	215,943	2,794,438	22,302,997											
2014	517,206	1,881,200	3,102,376	1,531,060	2,132,681	1,211,725	2,985,768	3,423,431	1,391,610	1,113,879	215,943	2,797,377	22,304,256											
2015	516,131	1,877,250	3,099,628	1,523,900	2,130,650	1,212,975	2,983,994	3,426,731	1,391,397	1,112,423	215,943	2,797,828	22,290,850											
2016	518,931	1,874,250	3,097,065	1,528,350	2,131,200	1,212,513	2,982,936	3,420,763	1,389,735	1,109,678	215,943	2,795,707	22,277,071											
2017	515,791	1,878,000	3,099,426	1,519,775	2,134,062	1,210,012	2,981,445	3,420,331	1,391,835	1,110,760	215,943	2,798,583	22,275,963											
2018	516,709	1,873,375	3,101,665	1,521,050	2,130,250	1,211,263	2,981,222	3,416,813	1,387,732	1,110,587	215,943	2,798,557	22,265,166											
2019	516,553	1,870,375	3,102,962	1,519,025	2,131,500	1,211,012	2,977,120	3,415,088	1,386,942	1,109,059	215,943	2,796,158	22,251,737											
2020	515,322	1,868,750	3,103,463	1,523,750	2,135,000	1,209,263	2,978,838	3,414,919	1,389,365	1,110,701	215,943	2,796,757	22,262,071											
2021	513,016	1,863,375	3,106,025	1,523,125	2,130,500	1,211,012	2,976,078	3,412,881	1,384,762	1,105,656	215,943	2,795,158	22,237,531											
2022	514,500	1,864,000	3,105,131	1,519,250	2,133,250	1,211,013	2,973,692	3,408,578	1,383,263	1,109,294	215,943	2,794,520	22,232,434											
2023	514,641	1,860,375	3,103,069	1,517,000	2,132,750	1,209,262	2,971,381	3,404,791	1,384,831	1,106,253	215,943	2,794,495	22,214,791											
2024	513,438	-	3,104,444	-	2,134,000	1,210,763	2,963,995	3,406,134	1,383,844	1,106,125	215,943	2,796,707	18,835,393											
2025	-	-	3,590,737	-	2,131,750	1,210,262	2,966,087	3,397,481	1,380,725	1,104,125	215,943	2,795,945	18,793,055											
2026	-	-	3,590,900	-	2,131,000	1,207,763	2,962,209	3,397,212	1,379,750	1,105,500	215,943	2,797,208	18,787,485											
2027	-	-	3,591,875	-	2,131,500	1,208,262	2,957,212	3,389,875	1,380,625	1,105,125	215,943	2,795,282	18,775,699											
2028	-	-	-	-	2,133,000	1,209,175	2,955,648	3,386,500	1,379,250	1,103,000	215,943	2,795,170	15,177,686											
2029	-	-	-	-	2,130,250	1,212,463	2,952,069	3,386,563	1,375,625	1,099,125	215,943	2,796,745	15,168,783											
2030	-	-	-	-	2,133,250	1,212,862	2,946,177	3,384,669	1,374,625	1,098,375	215,943	2,799,270	15,165,171											
2031	-	-	-	-	2,131,500	1,210,375	2,942,523	3,380,556	1,376,000	1,100,500	215,943	2,797,520	15,154,917											
2032	-	-	-	-	-	-	2,935,662	3,378,831	1,374,625	1,095,500	215,943	2,796,495	11,797,056											
2033	-	-	-	-	-	-	2,934,994	3,374,100	1,370,500	1,098,250	215,943	2,795,825	11,789,612											
2034	-	-	-	-	-	-	2,929,923	3,366,100	1,368,500	1,093,625	215,943	2,795,575	11,769,666											
2035	-	-	-	-	-	-	-	-	1,368,375	1,091,625	7,924,791	2,795,375	13,180,166											
Total debt service	\$ 9,830,410	\$ 33,793,987	\$ 69,675,739	\$ 27,535,162	\$ 55,442,343	\$ 33,271,777	\$ 84,957,904	\$ 96,719,010	\$ 39,216,879	\$ 31,432,746	\$ 14,187,138	\$ 83,893,562	\$ 579,956,657											
Principal outstanding	\$ 6,185,000	\$ 22,480,000	\$ 41,695,000	\$ 18,275,000	\$ 30,695,000	\$ 18,840,000	\$ 39,935,000	\$ 49,910,000	\$ 20,140,000	\$ 15,975,000	\$ 7,910,000	\$ 47,000,000	\$ 319,040,000											

\* This is the rate in effect at the financial statement date per GASB Statement No. 38, paragraph 10.

# City of Pembroke Pines, Florida

## Schedule of Insurance in Force

Fiscal Year Ended September 30, 2005

Company	Policy Number	Effective Date	Coverage	Limits	Annual Premium/Fees
Hartford Life Insurance Company	ETB-12917	10/1/04-9/30/05	Police & Fire Accidental Death	\$52,376 in the line of duty/pursuit, \$157,127 unlawful & intentional death	\$16,277
Hartford Steam Boiler Insp.& Ins. Co.	FBP4910539	10/1/04-9/30/05	Equipment Breakdown	\$50,000,000 limit; \$1,000 deductible	20,438
Hartford Steam Boiler Insp.& Ins. Co.	FBP4910538	10/1/04-9/30/05	Equipment Breakdown W.C. Young Human Resource Center	\$50,000,000 limit; \$1,000 deductible	1,734
Princeton Excess Surplus Lines Ins.Co.	G1-A3-EX-0000024-00	10/1/04-9/30/05	Comprehensive General Liability - 3rd Party Liab.;Auto Liab.; Work.Comp.; Empl. Benefits Liab.-Claims Made	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; \$1,850,000 annual aggregate	595,264
Florida Division of Workers' Comp.	-	10/1/04-9/30/05	Workers' Compensation	State Self-Insurer Annual Assessment	204,534
Florida Municipal Insurance Trust	FMIT # 0470	10/1/04-9/30/05	Buildings and Personal Property Automobiles - 811 vehicles covered	\$25,000 deduct. \$204.2MM bldg; \$14.6MM pers. Stoploss \$890,807 on property & \$84,587 autos	988,074 111,235
Gallagher Bassett Services & affiliates	-	10/1/04-9/30/05	Service and Consulting Fees	Service fees- \$134,149; Consulting fees- \$31,500	165,649
AIG/National Union Fire Insurance Co.	004907694	4/1/05-3/31/06	MuniPro Public Officials Liability	\$2MM aggregate; \$50M to \$100M deductible. Also covers four independent contractor.	280,977
Western World Insurance Company	NPP909671	10/1/04-9/30/05	Ambulance / EMT liability	\$1MM per occurrence & annual aggregate	38,927
Continental Casualty Company	W-128588908	10/1/04-9/30/05	Excess Workers' Compensation and Employers Liability Indemnity	\$1,000,000 each accident;\$1,000,000 empl. liab.& \$500K-\$600K retention each occurrence; \$1,000,000 annual maximum limit of indemnity	324,956
Travelers Casualty & Surety Company	104317755	10/1/04-9/30/05	Public Employees Dishonesty including Faithful Performance	\$2,400,000 Limit per Loss,Excess \$100,000 Ded. (\$75,000 Excess, \$25,000 Self Insured Retention)	6,698
The Hartford Insurance Co.of the SE	21BSBCK4619	12/10/04-12/9/05	Public Officials Bond	\$100,000 Limit - Covers Finance Director	400
American Bankers Insurance Co.	Various	Various	Flood - 83 different City locations	Limits/premiums vary per location-\$500 ded.	46,013
National Fire & Marine Insurance Co.	72LPE696886	10/1/04-9/30/05	Liability - City facilities rented out	\$1MM per occurrence/aggregate-\$500 ded.	15,365
Benesight, Inc.	Group No. 100001	10/1/04-9/30/05	Administrative fees / stop loss broker		673,060
Benesight, Inc.	Group No. 100001	10/1/04-9/30/05	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	332,588
Medical Life Insurance Company	MG12351	10/1/04-9/30/05	Employees life insurance and AD&D	1 x base annual salary-maximum \$100,000	306,374
Commerce and Industry Insurance Co.	FPL8084644#2	11/26/04-11/25/05	12 Storage Tanks- Third-Party Liability	\$1MM each / \$2MM aggregate; \$5,000 ded.	3,651
RLI Insurance Company	LFB 001039-3	3/01/05-2/28/06	Business Auto Policy for Buses	\$1,000,000 Combined Single Limit	176,300
James River Insurance Company	00010514-0	6/25/05-6/24/06	General Liability-Walter C. Young Center and SW Regional Library	\$2,000,000 General Aggregate Per Location; \$1,000,000 each occurrence; \$1,000 ded.ca.claim	13,250

## City of Pembroke Pines, Florida School Enrollment

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>Community College: (1)</b>										
Broward Community College	-	-	-	-	666	801	1,188	1,288	1,350	1,701
Pines Center -Academic Village										
South Campus (1)	7,332	7,603	7,726	7,427	7,701	7,806	8,290	8,913	8,854	9,068
Total BCC Enrollment	7,332	7,603	7,726	7,427	8,367	8,607	9,478	10,201	10,204	10,769
<b>High School: (2)</b>										
Pembroke Pines Charter High School	-	-	-	-	570	1,032	1,214	1,608	1,578	1,591
Flanagan	2,248	3,311	4,158	4,857	4,925	5,480	5,401	3,701	3,267	3,146
Somerset Academy Charter High School	-	-	-	-	-	-	-	-	305	477
Total High School Enrollment	2,248	3,311	4,158	4,857	5,495	6,512	6,615	5,309	5,150	5,214
<b>Middle Schools (2):</b>										
Pines Middle School	1,598	1,646	1,665	1,606	1,658	1,837	1,423	1,452	1,487	1,463
Silver Trail Middle	-	1,881	2,085	1,873	1,926	2,354	2,329	2,423	1,555	1,695
Walter C. Young	2,006	1,772	1,897	2,554	2,044	2,072	1,487	1,841	1,885	1,899
Somerset Academy Charter Middle Sch	-	-	-	-	-	-	-	-	620	661
Pembroke Pines Charter Middle School	-	-	-	-	672	672	1,189	1,192	1,099	1,204
Total Middle School Enrollment	3,604	5,299	5,647	6,033	6,300	6,935	6,428	6,908	6,646	6,922
<b>Elementary Schools (2):</b>										
Pembroke Pines	949	918	893	843	896	873	844	850	816	803
Pembroke Lakes	1,043	1,009	935	899	942	896	858	841	861	854
Pines Lakes	810	969	814	843	1,011	1,111	965	1,020	1,058	965
Pasadena Lakes	899	876	907	924	899	948	914	881	843	837
Palm Cove	1,065	1,134	1,114	1,149	1,215	1,223	1,087	1,124	1,136	1,154
Chapel Trail	1,498	1,602	1,311	1,365	1,436	1,436	1,410	1,309	1,270	1,231
Silver Palms	1,594	1,550	1,010	1,379	1,422	1,506	1,434	1,169	1,081	1,067
Panther Run	-	-	986	1,335	1,360	1,432	986	952	982	940
Lakeside	-	-	730	1,187	1,513	1,112	1,196	1,049	1,057	1,024
Somerset Academy Charter Elem	-	-	-	-	-	-	-	-	875	932
Pembroke Pines Charter Elem (East/West/Central)	-	-	704	1,000	1,000	1,100	1,786	1,800	1,895	1,799
Pembroke Pines/FSU Charter Elem	-	-	-	-	-	-	-	-	600	600
Dolphin Bay Elementary	-	-	-	-	-	-	-	-	-	402
Total Elementary School Enrollment	7,858	8,058	9,404	10,924	11,694	11,637	11,480	10,995	12,474	12,608

Source: (1) Broward Community College - Registrar's Office

(2) Broward County School Board, 2005-2006 Twentieth Day Enrollment Report