

Comprehensive Annual Financial Report

City Of
Pompano Beach,
Florida

Fiscal Year Ended September 30, 2016

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CITY OF POMPANO BEACH, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED SEPTEMBER 30, 2016

TABLE OF CONTENTS

PAGE

| | |
|---|-----|
| I. INTRODUCTORY SECTION (Unaudited) | |
| List of Elected and Appointed Officials | iv |
| Letter of Transmittal | v |
| City Organizational Chart | xv |
| Certificate of Achievement for Excellence in Financial Reporting | xvi |
| II. FINANCIAL SECTION | |
| Independent Auditors' Report | 1 |
| A. MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (required supplementary information) | 4 |
| B. BASIC FINANCIAL STATEMENTS | |
| Government-wide Financial Statements | |
| Statement of Net Position | 20 |
| Statement of Activities | 22 |
| Fund Financial Statements | |
| Governmental Fund Financial Statements | |
| Balance Sheet | 24 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 26 |
| Statement of Revenues, Expenditures and Changes in Fund Balances | 27 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 29 |
| Proprietary Fund Financial Statements | |
| Statement of Net Position | 30 |
| Reconciliation of the Enterprise Funds Statement of Net Position to the Governmentwide Statement of Net Position | 32 |
| Statement of Revenues, Expenditures and Changes in Net Position | 33 |
| Reconciliation of the Statement of Revenues, Expenses and Changes in Net Position of Enterprise Funds to the Statement of Activities | 34 |
| Statement of Cash Flows | 35 |
| Fiduciary Fund Financial Statements | |
| Statement of Fiduciary Net Position | 37 |
| Statement of Changes in Fiduciary Net Position | 38 |
| Notes to the Financial Statements | 40 |
| C. REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) | |
| Police and Firefighters' Retirement System | |
| Schedule of Changes in the City's Net Pension Liability and Related Ratios | 114 |
| Schedule of City Contributions | 115 |
| General Employees' Retirement System | |
| Schedule of Changes in the City's Net Pension Liability and Related Ratios | 116 |
| Schedule of City Contributions | 117 |
| Other Post Employment Benefits | |
| Schedule of Funding Progress | 118 |

CITY OF POMPANO BEACH, FLORIDA
TABLE OF CONTENTS
(Continued)

| | PAGE |
|--|-------------|
| Budgetary Comparison Schedules | |
| General Fund | 119 |
| Northwest Community Redevelopment District Fund | 120 |
| East Community Redevelopment District Fund | 121 |
| Emergency Medical Services Fund | 122 |
| Notes to the Required Supplementary Information | |
| Budgetary Information | 123 |
| D. COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES | |
| Nonmajor Governmental Funds: | |
| Nonmajor Governmental Funds | 125 |
| Combining Balance Sheet | 126 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | 128 |
| Building Permit Fund: Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 130 |
| SHIP Fund: Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 131 |
| Other Grants Fund: Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 132 |
| Cemetery Fund: Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 133 |
| Nonmajor Enterprise Funds: | |
| Nonmajor Enterprise Funds | 134 |
| Combining Statement of Net Position | 135 |
| Combining Statement of Revenues, Expenses and Changes in Net Position | 137 |
| Combining Statement of Cash Flows | 139 |
| Internal Service Funds | |
| Internal Service Funds | 143 |
| Combining Statement of Net Position | 144 |
| Combining Statement of Revenues, Expenditures and Changes in Net Position | 146 |
| Combining Statement of Cash Flows | 148 |
| Fiduciary Funds | |
| Fiduciary Funds | 150 |
| Combining Statement of Fiduciary Net Position (Pension Trust Funds) | 151 |
| Combining Statement of Changes in Fiduciary Net Position (Pension Trust Funds) | 152 |
| Schedule of Changes in Assets and Liabilities (General Agency Fund) | 153 |
| III. STATISTICAL SECTION (Unaudited) | |
| Statistical Section Summary | |
| 1 Net Position by Component, Last Ten Fiscal Years | 155 |
| 2 Changes in Net Position, Last Ten Fiscal Years | 157 |
| 3 Fund Balances, Governmental Funds, Last Ten Fiscal Years | 159 |
| 4 Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years | 160 |
| 5 Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years | 161 |
| 6 Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years | 163 |
| 7 Principal Property Taxpayers, Current Year and Nine Years Ago | 165 |

CITY OF POMPANO BEACH, FLORIDA
TABLE OF CONTENTS
(Continued)

| | PAGE |
|---|-------------|
| 8 Property Tax Levies and Collections, Last Ten Fiscal Years | 166 |
| 9 Ratios of Outstanding Debt by Type, Last Ten Fiscal Years | 168 |
| 10 Ratios of General Bonded Debt Outstanding, Last Ten Fiscal Years | 169 |
| 11 Direct and Overlapping Governmental Activities Debt | 170 |
| 12 Legal Debt Margin Information, Last Ten Fiscal Years | 171 |
| 13 Utility Pledged Revenue Bond Coverage, Last Ten Fiscal Years | 172 |
| 14 Demographic and Economic Statistics, Last Ten Calendar Years | 173 |
| 15 Principal Employers, Current Year and Nine Years Ago | 174 |
| 16 Full-Time Equivalent City Employees by Function/Program, Last Ten Fiscal Years | 175 |
| 17 Operating Indicators by Function/Program, Last Ten Fiscal Years | 176 |
| 18 Capital Asset Statistics by Function/Program, Last Ten Fiscal Years | 177 |

CITY OF POMPANO BEACH, FLORIDA

Commission-Manager Form of Government

CITY COMMISSION

Lamar Fisher
Charlotte Burrie
Michael Sobel
Rex Hardin
Beverly Perkins
Barry Moss

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

APPOINTED OFFICIALS

Greg Harrison
Mark Berman
Asceleta Hammond
Deusdedit "DC" Kiyemba

City Manager
City Attorney
City Clerk
Interim Internal Auditor

March 22, 2017

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

Dear Honorable Mayor, City Commissioners and Residents:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Pompano Beach, Florida (the City), for the fiscal year ended September 30, 2016. This report, presented in conformity with accounting principles generally accepted in the United States of America (GAAP), was prepared by the City's Finance Department and audited by an independent firm of certified public accountants, Marcum LLP, as mandated by Florida Statutes, Chapter 218.39, Annual Financial Audit Reports. The audit was conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, and the Rules of the Auditor General of the State of Florida, promulgated pursuant to Florida Statute, Chapter 11.45. The independent auditor has issued an unmodified opinion that this CAFR fairly presents the financial position of the City and complies with applicable reporting standards.

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

As a recipient of federal, state and county financial assistance, the City is also responsible for the establishment of an adequate internal control structure to help ensure compliance with applicable laws and regulations related to those programs. The City is required to undergo an annual single audit performed under the provisions of the U.S. Office of Management and Budget Uniform Guidance and Chapter 10.550, *Rules of the Auditor General of the State of Florida*. The information related to the Single Audit, including the schedule of expenditure of federal awards and state financial assistance, findings and recommendations, and auditors' reports on the internal control and compliance with applicable laws and regulations are included in a separate report, under separate cover.

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

PROFILE OF THE CITY

The City was incorporated in 1947 and covers an area of approximately 24.59 square miles. The legal authority by which the City was created and is governed is its charter, which was derived from Chapter 57-1754, Special Acts 1957, as amended. The City is governed by an elected five member district commission and a mayor at large. In addition to general government services, the City also provides community planning and redevelopment, public safety, public works and culture and recreation services to its residents. Furthermore, the City's water and sewer, stormwater, sanitation, golf, pier, airport and parking operations are reported as enterprise funds.

Located in Broward County, Florida, the City is centrally located between Palm Beach and Miami-Dade Counties, and is the year round home to approximately 107,000 residents. During the peak season (September through March), this number increases to nearly 150,000. As the name implies (Pompano - a species of in-shore tropical game fish) the City is famous for some of the world's best sport fishing and is locally known as the "dive capital" of Broward County. Once a thriving agricultural community, the City has evolved into a warehouse/distribution hub for a wide range of companies that service the over 5 million residents of the South Florida market. The Pompano Beach Air Park is also home to the famous Goodyear Blimp.

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

Due to its tremendous transportation links, the City is now home to over 28 million square feet of industrial/warehouse/distribution space, which includes regional headquarters for companies such as, Aquathin, Associated Grocers, FedEx Ground, Point Blank Enterprises and Stimpson Co. The City provides access to both the Florida Turnpike and Interstate 95 and also provides access to both the CSX and FEC railroads.

THE REPORTING ENTITY

The accompanying CAFR includes the financial activities of the City, the primary government, and its component units, which are the Pompano Beach Emergency Medical Services District (EMS), the Herb Skolnick Cultural Arts Foundation, Inc. (the CAF), and the Pompano Beach Community Redevelopment Agency, which includes the Northwest and the East Districts (the Districts). Financial information for the City and these component units is accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board (GASB). A component unit is an entity for which the City is considered to be financially accountable. The City is financially accountable if the City Commission appoints a voting majority of an entity's governing body and the City is able to impose its will on that entity, or the City has a financial benefit/burden relationship with the entity. Blended component units are, in substance, part of the City's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the City.

EMS is a dependent special district created to provide emergency medical care and transportation to the residents of the City. EMS has been presented as a blended component unit because it is governed by the City Commission and there is a financial benefit or burden relationship between the City and EMS. The EMS fund is reported as a special revenue fund.

The CAF and the Districts have also been presented as blended component units because they are governed by the City Commission and management of the City has operational responsibility for them. The CAF and the Districts are reported as special revenue funds.

PBFC is a not-for-profit Florida corporation. PBFC has been presented as a blended component unit because it was formed solely for the purpose of facilitating lease purchase arrangements for the benefit of the City and it is governed by the City Commission. The balances and transactions of PBFC are accounted for within the Parking fund.

FACTORS IMPACTING ECONOMIC AND FINANCIAL CONDITION

Broward County has continued to be a leader in South Florida and the State of Florida in employment over the past 48 months. Broward County's year ending unemployment rate of 4.4% is again among the lowest in the State of Florida and lowest among counties with labor forces over 400,000. It continues to best the rates of our neighboring counties of Palm Beach and Miami-Dade at 4.7% and 5.3%, respectively, as well as, the State's rate of 4.9%. The Fort Lauderdale-Pompano Beach-Deerfield Beach metropolitan statistical area (MSA) ranked third in job growth behind the Tampa and Orlando MSAs. "The entire year was fairly solid in terms of job growth and reduction in unemployment," said PNC Bank economist, Mekael Teshome. The Sun-Sentinel reported that Teshome expects that unemployment decline "has run its course. We're getting back to normal."

While most economists believe that increased infrastructure spending, tax cuts and decreased regulations will help spur the economy, some, like Orlando-based economist Hank Fishkind are expressing caution. "I think the fiscal policies and reduction in regulation will accelerate growth; I think also those same policies will cause debt to grow and deficit spending to increase." Fishkind said. "By 2019, I think there's a high probability of a recession." "For Fishkind, the idea of launching a big spending plan on infrastructure right now is counter to good economic policy...When you're approaching full employment levels like the U.S. is now, and seeing regular growth, that's not the time for stimulus spending."

The Broward MSA ranked third in job growth behind the Tampa and Orlando metro areas in December. Broward's nonagricultural employment added 28,100 jobs over the past year, which easily outpaced our neighbors in Palm Beach and Miami-Dade. "Our job growth rate in seven major categories is a good indicator of the strength of our economy and of our success in working to diversify our economy," said Greater Ft. Lauderdale Alliance President and CEO Bob Swindell. The Broward metro area had significant job creation in trade, transportation and utilities, and was second for professional and business services; government; and manufacturing.

According to Ken Krasnow, Executive Managing Director of Colliers International's South Florida region, "A lot of people do feel we've had a good, long run here – six or seven years of pretty strong employment and job growth – so it does feel a little like we're a little late in the cycle, but...when you break down the economics and what's going on in the market, we still foresee over the next couple of years this market outperforming and outpacing a lot of the nation." This observation was echoed by the NAIOP Economic Outlook 2017 panel discussion.

Industrial Market

"...it will surely be the roar of South Florida's industrial real estate boom that will come to best symbolize the rebound out of the 2008 financial crisis.", reported South Florida Business & Wealth's Darcie Lunsford. "Companies continue to grow and are in need of additional warehouse space. E-commerce is playing a large roll," says George Pino, president of State Street Realty.

According to the Cushman Wakefield MarketBeat report for the 4th Quarter 2016, the Pompano Beach industrial submarket includes approximately 443 buildings totaling 21,919,611 square feet, which makes up 24-25% of the Broward County industrial market and remains the Broward County's largest submarket. According to the Marketbeat report - the Pompano Beach submarkets vacancy rate dropped from 2.9% to 1.7% over the course of the year. That is a phenomenal statistic considering the amount of space and that the historical average for Broward County is 8.4%. (The Cushman Wakefield report only tracks buildings 10,000+ square feet). The vacancy rate for Broward County hit a 10 –year low of 4.4%.

Another concern for the industrial market is president-elect Trump's comments regarding possibly eliminating the North American Free Trade Agreement (NAFTA) and potentially others. Mr. Trump referred to NAFTA as “the worst trade deal in history.” At the recent NAIOP Chapter meeting, Tony Villamil, Washington Economics Group, who was on President George H.W. Bush's staff and helped craft elements of the agreement, admitted that while certain elements of the agreement need to be updated (the agreement being 20+ years old), he cautioned that such a move could “destabilize Mexico and lead to a flood of immigration into the southwest United States.” He also cautioned that supply chains, particularly in the automobile industry, would be affected and prices would likely rise on those imported goods. Of particular interest to Pompano Beach would be the effect on imported vegetables, where as a number of local companies, including two of the City's top employers, Associated Grocers and Freshpoint Produce & Dairy, are vegetable distributors. Considering much of Pompano Beach's industrial sector is distribution, the ripple effect could be significant.

The Cushman Wakefield Marketbeat Q4 2016 report Outlook concluded - “Based on the number of deals and activity in the market, solid growth in key statistics and continued positive absorption, Cushman and Wakefield predicts a rise in occupancy, especially in core submarkets. Higher occupancies will push new development to the forefront as tenant demand more quality space in Broward County that meets their current needs.”

The overriding concern for the Pompano Beach submarket continues to be the diminishing available land for industrial development. At some point the submarket will run out of developable land and industry experts are expecting the inevitable slow down; however, well positioned redevelopment opportunities still exist.

North Andrews Extension continuation: The missing segment of N. Andrews Ave Extension between N.W. 18th Street and Atlantic Boulevard was completed and opened for traffic in December 2008. This road continues to improve transportation options for hundreds of acres of industrial property, west of I-95. The final two phases of the project were completed in 2016.

- The widening to four (4) lanes from N.W. 18th Street to Copans Road.
- Construction has also been completed for the widening of Andrews Avenue from Atlantic Boulevard to S.W. 3rd Street to four lanes.

Aviation:

- The Pompano Beach Air Park's most visible company completed a project:
- The Goodyear Blimp completed its 7,776 sf blimp base expansion for its new airship, Wingfoot One. The airships property was also expanded by .65 acres.

Other industrial development projects include:

- Alsco has expanded an existing facility at 2631 N.W. 17th Lane to 59,387 sf.
- Duke finished construction at the *Premier Turnpike Park*. The final phase of the development consisted of 2 buildings totaling 178,992 sf at 3021 N.W. 27th Avenue.
- My Storage Bin, LLC is constructing a 97,000 sf self-storage facility at 51 N.E. 10th Street.
- Great Eastern Acquisition/FlexSol Packaging gained approvals to construct a 65,000 sf addition to their facility and a 7,200 sf 2-story office building at 1531 N.W. 12th Ave.

- Industrial Developments International (IDI) gained approvals to construct the Rock Lake Business Center, a 4 building 495,000 sf distribution complex at 3300 N.W. 31st Avenue.

Commercial – Retail Market

“Ultimately, positive job growth not only translates into improving commercial real estate fundamentals but also into an increasingly robust environment for consumers...”, states Cushman & Wakefield’s U.S. Macro Forecast, while pointing out that wage growth has also accelerated. “This reinforces our view that consumer confidence will build over the next two years and that year-over-year growth in retail sales will accelerate.” All evidence points to eCommerce’s continued growth, while brick-and-mortar stores continuing to decline, aside from those newer stores in ‘lifestyle’ developments where a mix of uses are offered.

E-commerce continues to influence the industrial and retail market sectors as companies, in an effort to locate distribution hubs closer to their customer base, have focused on industrial properties in those urban center markets and keeping less and less inventory on shelves in retail stores. Experts expect this trend to keep evolving. As evidence, retail giant Amazon recently filed a patent for using blimps as huge delivery warehouses (the patent describes them as ‘airborne fulfillment centers’) and a network of drones to deliver packages to their customers.

“The retail industry is already taking a major hit this year, with several retailers announcing massive closures and layoffs within the first few weeks of the year. The closures are leaving behind a glut of empty space that is exacerbating problems for developers and investors in the retail real estate game,” according to the website bisnow.com (national and commercial real estate news). The Limited announced that it has closed all of its 250 stores nationwide as of January 8, 2017. Further, Sears/KMart and the Finish Line have announced they will be closing 150 stores each and Macy’s has announced the closure of 65 stores, citing a sizeable drop in foot traffic.

“Although consumer spending growth will remain strong – with a larger share of that spending going to eCommerce – industrial real estate will continue to benefit more from this growth than traditional bricks-and-mortar stores. A number of major retail categories will be in contraction mode, while other sectors that have been in growth mode will increasingly face issues of market saturation that will slow expansion...On the whole, neighborhood/community and power centers will perform best with the least exposure to contraction,” reports Cushman & Wakefield’s U.S. Macro Forecast.

Commercial development projects completed or underway in the City include:

- SPIH Pompano Beach, LLC is constructing a 112 unit *Residence Inn* hotel at 2880 Centerport Circle. The new hotel is expected to open in the spring 2017.
- A 6-story 102 room *Hampton Inn* is under construction at 900 S. Federal Highway.
- Racetrac has been approved to construct a 2,822 sf gas station on 1.17 acres at 2851 W. Atlantic Blvd.
- Racetrac has opened a 5,928 sf gas station at 3299 N. Federal Hwy.
- First Class Kids Academy has recently finished construction of its new 4,940 sf day care at 1465 S. Cypress Road.
- DTS Properties is approved for a 26,185 sf Shopping Center at 1150 N. Federal Hwy.
- Pompano Pet Lodge has gained approvals to expand to 11,000 sf at a site adjacent to their current location at 930 N.W. 31st Avenue.
- Mi Vami is in the process of retrofitting an old McDonald’s into a new fusion food concept at 1350 N.W. 31st Ave. The expansion will add 601 sf to the existing structure.
- O’Reilly Auto Parts constructed a 15,540 sf retail store at 506 S. Dixie Highway.
- WaWa is opening its first store in the City at the N.W. corner of US1 and Sample Rd. The site will feature a 5,636 sf store on 1.617 acres.

- The Pompano Beach CRA and New Urban Communities have partnered on a commercial development on the old pier parking lot site. The approximately 6 acre site is to have 48,500 sf of restaurant and retail development; including two restaurants, Pompano Beach House and Oceanic, directly north of the pier.

Commercial – Office Market

According to the Cushman Wakefield Marketbeat Q4 2016 report, the Pompano Beach office market includes approximately 784,296 square feet of space with a total vacancy rate of 11.4%. Unlike the magnitude of Pompano Beach's industrial product, this makes up a mere 2% of the Broward County office market and includes no Class A space.

The Marketbeat Q4 report added, "Activity in the CBD (downtown Ft. Lauderdale) submarket slowed as some tenants were priced out of the market upon renewal as rental rates increased significantly compared to their original lease rates from three to five years ago...Recently, we have seen many tenants opting out of the CBD to core suburban submarkets to benefit from lower rents, more space options and still be close to business centers and population clusters...The office market in Broward County continued to experience growth both in suburban and CBD submarkets on decreasing available options. New construction is now being proposed as tenant demand strengthens in the office-using sector."

Once again, these factors substantiate Pompano Beach's investment in its future 'downtown' area, currently known as the "Innovation District" [formerly known by its zoning designation: the Downtown Pompano Beach Overlay District (DPOD)]. Currently, the City does not have the Class A office product to offer potential headquarter operations; however, recent efforts by the City and its Northwest CRA (NWCRA) redevelopment team have been setting the stage for such future investment and development. The painstaking tasks of assembling land and obtaining the appropriate land use and zoning for the area; as well as, tearing up roadways, dealing with drainage issues, diverting traffic and upgrading the infrastructure to support such development are well underway.

The fact of the matter is people keep moving to South Florida and Pompano Beach is strategically positioned in the center of it. There are not very many places in America that have the constraints of the South Florida peninsula. Over time densities cannot help but to increase and the City has been acting progressively to help identify those areas where it wants to see those densities increase. Transit oriented development(s) and (re)development along the City's primary transit corridors makes complete sense and is encouraged by City leaders. The Innovation District is strategically positioned at the convergence of five transit corridors, six including the Florida East Coast railroad (Henry Flagler's railroad that connects all of Florida's east coast municipalities). These strategies will help to guide the City's growth and allow the City to choose how and where that development occurs.

Recently, the Brightline (fka All Aboard Florida) project has begun development of its three (3) south Florida stations and double tracking the FEC lines. Currently, Pompano Beach is not included in the station locations; however, the City is positioned properly for a future station. The Brightline project is a significant initial step in the development of passenger rail in the State. When the time comes for a full service passenger rail line on the FEC, that area will be the primary welcoming point for the City, just as it was when the City was founded over one hundred years ago.

Office development projects include:

- The South Florida Regional Transit Authority (SFRTA)/Tri-Rail is constructing a new 79,000 sf Operations Center w/adjacent parking garage at 3301 N.W. 8th Avenue in order to provide better service at its primary transit station.

Residential Market

A recent study by Capital One and the NYU Furman Center that analyzed rental affordability across the country from 2006 to 2014, focusing on the nation's eleven (11) largest metro areas identified South Florida as the least affordable place in the nation for renters. According to the study, "Metros with higher rents generally had higher incomes, and areas with lower rents had lower incomes. But South Florida 'pops out as a troubling exception – a high-cost [area] without high incomes...the share of 'severely rent burdened' renters in South Florida increased from 32 percent in 2006 to 35 percent in 2014...In both years, the percentages were the highest in all metro areas.", reported the Sun Sentinel.

The same article cited a similar report from the Harvard Joint Center for Housing Studies, which determined South Florida had the heaviest rent burden in the country. During the housing boom, South Florida lost thousands of apartments when developers converted units into condos. A lack of new construction in the Great Recession and increasing demand since then have put landlords firmly in control of the market." The Furman Center study added "Over the same timeframe, the renting population in South Florida rose by 29 percent." In Pompano Beach, 13.54 percent of residents spend at least half of their monthly income on rent or mortgage payments, which is 41st on a listing of 167 cities, according to the U.S. Census Bureau's American Community Survey. Only five South Florida municipalities ranked higher: Miami, Pembroke Pines, Ft. Lauderdale, Hialeah and Hollywood.

The South Florida tri-county region continued to outperform the nation with home prices increasing 6.1% from a year earlier, reported the Sun Sentinel. "Palm Beach, Broward and Miami-Dade counties have had some of the nation's largest price increases for more than two years. The three counties last topped the index (the S&P CoreLogic Case-Shiller index, which tracks 20 metro areas nationwide) in August and September 2014...South Florida's housing market has slowed over the past year, but a persistent shortage of mid-priced single-family homes for sale has kept pushing prices higher."

"Further gains in personal income and employment may increase the demand for housing and add to price pressures when home prices are already rising about twice as fast as inflation," stated David M. Blitzer, chairman of the index committee.

"Broward County's housing inventory remains especially tight, with fewer active listings than a year earlier. Michael Citron, a broker at RE/Max ParkCreek in northwest Broward, said move-up and downsizing buyers are hesitant to list their homes for sale. "They see the low inventory and are afraid their homes will sell fast and they won't have the right home to move to," Citron said. "They're totally nervous and don't know what to do, so a lot of them are saying, 'Maybe we should just stay put.'", reported the Sun Sentinel.

In recent years, Pompano Beach has seen little development on the single family product front; however, Phase 3 of the former Palm Aire North golf course is planning to add 150 single family homes to the inventory. The majority of new projects are multi-family product and are mostly infill. Current projects, such as KOI (500 block of East Atlantic Blvd) and the Residences at Palm Aire and Atlantico at Palm Aire are adding a combined total of 950+ units along different sections of Atlantic Boulevard. The City's primary transit corridors have added well over 1,000 units in the past few years.

Residential projects completed or underway in the City include:

- The Myelin Group is well underway with the construction on *KOI*, a 350 unit mixed use development on 8.8 acres along East Atlantic Blvd. The project includes 7,500 square feet of commercial space, a community center and a 48 slip marina.
- The *New Covenant Homes* 108 townhome unit development at 3311 N. Andrews Avenue is under construction on 6.87 acres.
- John Knox Village has completed construction on a 7 story, 144 bed "Green House" development on 3.33 acres of the 68+ acre complex. The \$34 million development project is a state-of-the-art

skilled nursing care center and includes a spa and bistro.

- WH Pompano, LLC obtained a land use plan amendment on 6.4 acres at 1350 S. Ocean Blvd. in order to construct a 303 unit condominium development on the east side of A1A.
- 1380 S. Ocean Blvd. FL, LLC obtained site plan approval to construct 134 residential units and 98 apartment/hotel units on 4.3228 acres at 1380 S. Ocean Blvd.
- Palm Aire Associates LP is in the process of constructing 907 dwelling units on 84.881 acres on a vacant golf course on the north side of West Atlantic Blvd. Phase 1 of this development, the *Residences at Palm Aire*, is a 404 multifamily unit complex on 26.77 acres. Phase 2, *Atlantico at Palm Aire* is a 210 unit complex on 9.987 acres. Phase 3 is 150 single family units on 36.2962 acres.
- The Chrome Group, Inc. has obtained approvals for a 22 unit townhome project called *Pompano Golf Townhomes* at 700 Cypress Grove Drive in Palm Aire.
- Sabbia Beach is a Fernbrook Florida, LLLP 73 unit condo development at 730 N. Ocean Blvd.
- A 147 unit apartment development was approved on US1 at 225 N. Federal Highway.
- City Vista recently broke ground on a 111 unit multi-family building at 501 Dr. MLK Jr. Blvd.
- CG Hillsboro Shores LLC gained a LUPA and rezoning to construct a 121 residential development at 2629 N. Riverside Drive, just SW of the Hillsboro Inlet bridge.
- 1116 N. Ocean LLC gained development approval for a 130 unit condo development on A1A.
- Mount Vernon Property Holdings gained approvals to construct a 27 unit condo tower at 1508 N. Ocean Blvd (A1A).
- Habitat for Humanity of Broward gained approvals to construct a 78 unit single family development at the SW corner of Blanche Ely Blvd (NW 6th Ave) and NW 15th Street.

Major City Initiatives

The City commenced/completed a number of significant improvements and programs during the year to meet the needs of the community. The most significant programs/ improvements for the fiscal year ending September 30, 2016 were as follows:

- A new library and cultural center is under construction adjacent to City Hall in the Civic Campus location. The project includes 47,816 sf on 4.58 acres. The facility is expected to open in the spring of 2017.
- The City opened a new 5-story 218,804 sf, 609 parking space beach parking garage at the southwest corner of A1A and N.E. 3rd Street. The structure includes 6,200 sf of retail space and a new tourism/welcome center.
- A new fire station (#103) was constructed in the Highlands at 3721 N.E. 12th Ave. The 13,204 sf project has an estimated cost of \$4.6 million on 0.964 acres.
- FDOT transferred control of a segment of Atlantic Blvd. (east of I-95) and the entire stretch of Dixie Highway (through the city) to the City.
- The City is upgrading the western segment of Dr. MLK Jr. Blvd, west of Powerline Road to the Turnpike (a 1 mile stretch) for \$4.32 million. The project is expected to be completed by the summer of 2017.
- The City is planning on making streetscape improvements to Riverside Drive from Atlantic Boulevard to N.E. 14 Street.
- The City continues to construct reclaimed water distribution lines in the residential area between the Intracoastal Waterway and Federal Highway, as well as to schools within the Old Pompano neighborhood. The City continues to budget \$300,000 annually for the project and apply for available grants. The reclaimed water will be used for irrigation of landscaped areas, thus saving our drinking water supplies for household use. In July of 2011, the City launched the IcanWater

program. This program has already been successful in adding 850 residential reuse water customers.

FINANCIAL POLICIES AND PLANNING

Financial Policies:

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

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

Fund Balance/Net Position Policy – The City Commission has formally adopted a fund balance/net position policy (the "Policy") for the City's General Fund and its Water and Sewer and Stormwater Funds. The objective of the Policy to insure against unanticipated events that would adversely affect the financial condition of the City and jeopardize the continuation of necessary public services. More specifically, the Policy ensures that the City maintains adequate fund balance/net position reserves to provide the capacity to: (1) provide sufficient cash flow for daily financial needs, (2) offset significant economic downturns and revenue shortfalls, (3) maintain stable tax/fee rates (4) provide funds for unforeseen expenditures related to emergencies, (5) provide for renewal and replacement of long-lived assets and (6) secure and maintain investment grade bond ratings.

Debt Management Policy – The City Commission has formally adopted a debt management policy (the "Debt Policy") to assist in improving the quality of the City's decisions governing debt issuance. More specifically, the Debt Policy establishes parameters for issuing debt and managing a debt portfolio that encompass existing legal, economic, financial and capital market conditions, the City's capital improvement needs, and its ability to repay financial obligations as they become due. The policy:

- Assists the City in maintenance, acquisition and replacement of appropriate capital assets for present and future needs;
- Guides the City in policy and debt issuance decisions;
- Provides a framework within which each potential issuance can be evaluated;
- Assists in controlling the types and levels of outstanding obligations;
- Outlines a mechanism to ensure ongoing compliance requirements governing outstanding obligations;
- Ensures that the costs of debt issuance are borne equitably by each generation of taxpayers, rate payers, users, and other beneficiaries; and promotes sound financial management.

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

REPORTING ACHIEVEMENT AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the year ended September 30, 2015. The City has received the GFOA's prestigious Certificate of Achievement for Excellence in Financial Reporting award for thirty-four years. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of only one year. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

This report, which conforms to all the latest effective standards of local government financial reporting, could not have been prepared without the extraordinary devotion of the Finance Department team. Their dedication merits special attention. Special thanks to the City's Economic Development Manager, for his contributions in providing a comprehensive profile of the City, as well as providing readers with a summary of economic conditions and major initiatives impacting the City and to the City's Budget Officer for providing insight into economic factors likely to have an impact on the City's fiscal year 2017 budget.

For further information, please refer to the Management's Discussion and Analysis section (Page 4) of this report.

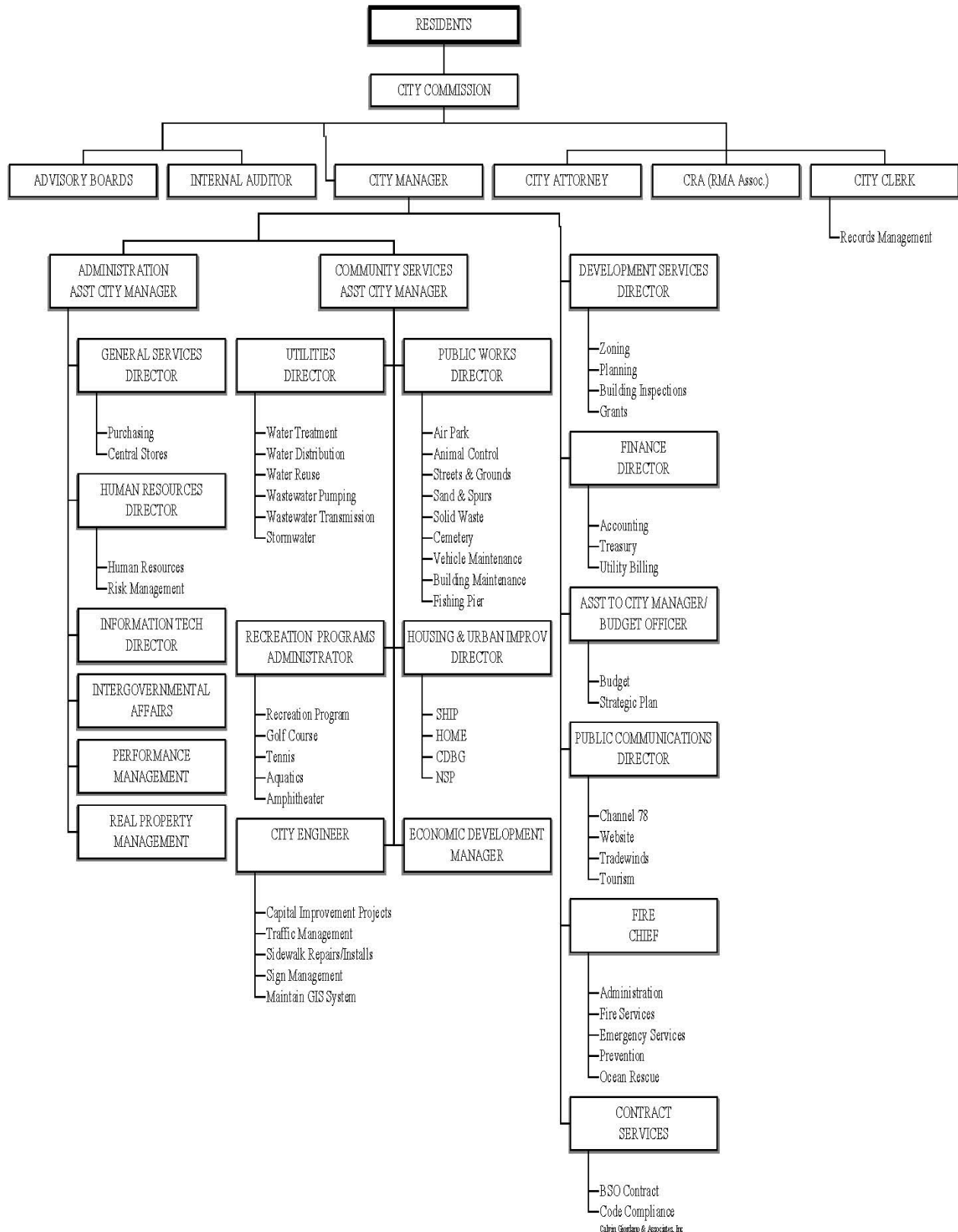
Sincerely,

Suzette Sibble
Finance Director

Greg Harrison
City Manager

City of Pompano Beach

Organizational Chart 2015 – 2016





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Pompano Beach
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style with a prominent 'J' and 'E'.

Executive Director/CEO

INDEPENDENT AUDITORS' REPORT

Honorable Mayor, City Commission and City Manager
City of Pompano Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Pompano Beach, Florida (the City), as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Pompano Beach General Employees' Retirement System, which represent 34%, 35% and 24%, respectively, of the assets, net position/fund balance and revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Pompano Beach General Employees' Retirement System 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 19, the schedules of changes in the city's net pension liability and related ratios, the schedules of city contributions, the other post-employment benefits schedule of funding progress, and budgetary comparison schedules for the general fund and major special revenue funds on pages 114 through 122 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedure performed as described above, and the report of the other auditors, and the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March XX, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Fort Lauderdale, FL
March XX, 2017

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2016
(Unaudited)

The City of Pompano Beach, Florida (the "City") offers readers of its financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v through xiv of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS

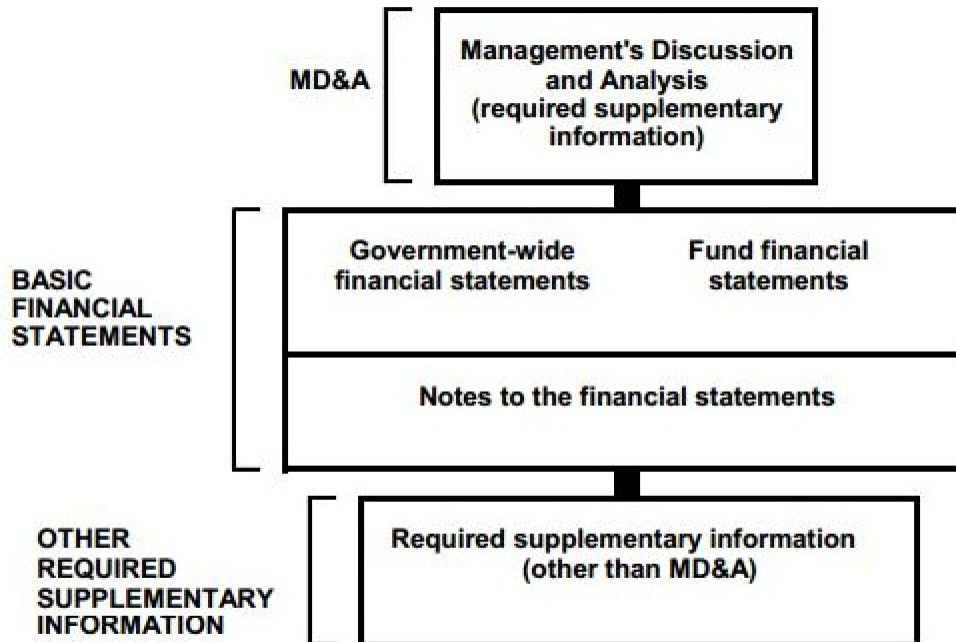
This annual report follows a format consisting of four parts – Management's Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information, and an additional section that presents combining statements for non-major governmental funds, non-major enterprise funds,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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
- The governmental fund statements tell how general government services like public safety were financed in the short-term, as well as what remains for future spending.
- Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the water and sewer utility.
- Fiduciary fund statements provide information about the financial relationships – such as the retirement plans for the City's employees, in which the City acts solely as trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of Required Supplementary Information that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another.

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2016
(Unaudited)

FIGURE 1



FINANCIAL HIGHLIGHTS

The assets and deferred outflows of the City exceeded its liabilities at the close of the fiscal year by \$485.4 million. Of this amount, \$52.9 million (unrestricted net position) may be used to meet the government's on-going obligations to citizens and creditors in accordance with the City's fiscal policies. The City's total net position increased by \$28.2 million, primarily as a result of the net effect of the City entering into a transfer agreement with the Florida Department of Transportation (FDOT) to accept designated portions of Atlantic Boulevard from East of NW 6th Avenue to S.R. A1A, along with a portion of Dixie Highway from McNab Road to Sample Road (resulted in the City recording the roadway assets on its books at a value of approximately \$34 million) and an increase in pension expense of approximately \$12 million related to the Police and Firefighters' pension plan. Pension expense for this pension plan increased as a result of a statutorily mandated change in assumption governing a requirement to measure pension liabilities utilizing the Florida Retirement's System mortality tables.

At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$148.5 million, representing a decrease of \$4.9 million from the previous fiscal year. The decrease noted was primarily due to the net effect of the following activity:

- building permit revenues in the Building Permit Fund received in excess of budget of approximately \$2.0 million due to increased activity in the City;
- a decrease of \$1.1 million in the Pompano Beach Community Redevelopment Agency's Northwest District Fund (NW CRA District Fund) balance as a result of increased project capital outlays during the fiscal year, from funds previously committed for those purposes, primarily related to Downtown Pompano; and

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2016
(Unaudited)

- a decrease in the Capital Projects Fund balance of \$4.8 million due to an increase in capital project activity for funds previously committed for those purposes. These projects primarily related to the Library/Cultural Center and Civic Campus, Bridge Replacement and Repairs, MLK Blvd. Reconstruction and Briny Avenue Streetscape Improvements.

At the close of the current fiscal year the City's enterprise funds reported combined ending net position of \$167.5 million. This represents an increase of \$1.4 million from the prior fiscal year, primarily due to water, wastewater and reuse water revenues receipts coming in above budget for the fiscal year.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the City's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, transportation, physical environment, and culture and recreation. The business-type activities of the City include utilities, stormwater, sanitation, golf, parking, airport and pier activities.

The government-wide financial statements includes not only the City itself (the primary government), but also its blended component units, as discussed in the notes to the financial statements. In addition, the City has two defined benefit pension plans and a defined contribution pension plan established for the exclusive benefit of its employees and beneficiaries. The defined benefit pension plans are reported as fiduciary funds in the fund financial statements of this report, but are not included in the government-wide statements. The government-wide financial statements can be found on pages 20 through 23 of this report.

FUND FINANCIAL STATEMENTS

The Fund Financial Statements include statements for each of the three fund types- governmental, proprietary and fiduciary. The governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The proprietary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Reconciliations of the Governmental Fund Financial Statements to the Government-wide Financial Statements are provided in the Basic Financial Statements (pages 26 and 29) to explain the differences between the governmental fund

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2016
(Unaudited)

financial statements and the government-wide financial statements.

REPORTING THE CITY AS A WHOLE

Governmental-wide Financial Analysis - Net position may serve over time as a useful indicator of the government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$485.4 million at September 30, 2016. The City's net position increased by \$28.2 million during the current fiscal year. The largest portion of the City's net position, 79.3%, reflects its net investment in capital assets. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. The City utilizes these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves will not be used to liquidate those liabilities. Approximately 9.8% or \$47.7 million of net position is subject to external restrictions for various purposes (e.g. building permitting function, capital projects etc.).

TABLE 1
SUMMARY OF NET POSITION
SEPTEMBER 30, 2016 and 2015

| | Governmental Activities | | Business-Type Activities | | Totals | |
|--------------------------------|------------------------------------|-----------------------|-------------------------------------|-----------------------|-----------------------|-----------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Current and other assets | \$ 192,533,342 | \$ 196,748,495 | \$ 74,794,605 | \$ 90,188,461 | \$ 267,327,947 | \$ 286,936,956 |
| Capital assets | 293,049,995 | 249,332,164 | 153,993,339 | 139,530,224 | 447,043,334 | 388,862,388 |
| Total assets | <u>485,583,337</u> | <u>446,080,659</u> | <u>228,787,944</u> | <u>229,718,685</u> | <u>714,371,281</u> | <u>675,799,344</u> |
| Deferred outflows of resources | 47,889,205 | 23,581,294 | 4,330,888 | 1,998,682 | 52,220,093 | 25,579,976 |
| Long-term liabilities | 200,710,725 | 166,402,752 | 59,159,071 | 60,023,197 | 259,869,796 | 226,425,949 |
| Other liabilities | 13,323,320 | 10,448,621 | 7,248,346 | 6,408,540 | 20,571,666 | 16,857,161 |
| Total liabilities | <u>214,034,045</u> | <u>176,851,373</u> | <u>66,407,417</u> | <u>66,431,737</u> | <u>280,441,462</u> | <u>243,283,110</u> |
| Deferred inflows of resources | <u>737,884</u> | <u>642,816</u> | <u>-</u> | <u>208,835</u> | <u>737,884</u> | <u>851,651</u> |
| Net position: | | | | | | |
| Net investment in capital | | | | | | |
| assets | 270,890,727 | 225,969,080 | 113,914,818 | 113,532,397 | 384,805,545 | 339,501,477 |
| Restricted | 42,731,241 | 40,980,733 | 4,943,714 | 3,843,804 | 47,674,955 | 44,824,537 |
| Unrestricted | 5,078,645 | 25,217,951 | 47,852,883 | 47,700,594 | 52,931,528 | 72,918,545 |
| Total net position | <u>\$ 318,700,613</u> | <u>\$ 292,167,764</u> | <u>\$ 166,711,415</u> | <u>\$ 165,076,795</u> | <u>\$ 485,412,028</u> | <u>\$ 457,244,559</u> |

At September 30, 2016, the City is able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate categories-governmental and business-type activities.

Governmental Activities – There was a decrease of \$4.2 million in current and other assets for governmental activities, primarily as a result of current year operations, as discussed in detail starting on page 10. There was an increase of \$43.7 million in capital assets. The increase noted was primarily

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2016
(Unaudited)

due to the net effect of the City entering into a transfer agreement with FDOT to accept designated portions of Atlantic Boulevard from East of NW 6th Avenue to S.R. A1A, along with a portion of Dixie Highway from McNab Road to Sample Road, which resulted in the City recording the roadway assets on its books at a value of approximately \$34 million, as well as the net effect of current fiscal year construction activity (as discussed in more detail on page 16) and the recognition of current fiscal year depreciation expense.

The increase of \$34.3 million in long-term liabilities is primarily the result of the increase in the Net Pension Liability in the current fiscal year related to the City's General Employees and Police and Firefighters Pension Plans. Net pension liability is calculated by actuaries engaged by both pension plans. The net pension liability is a function of various factors, inclusive of investment income and changes in assumptions between fiscal years. The Police and Firefighters Plan, as a result of utilizing a September 30, 2016 measurement date for calculating net pension liability, implemented a Florida legislative change impacting the current fiscal year's net pension liability calculation, which mandated that local governments utilize the State of Florida's mortality tables to measure pension liabilities. The General Employee's Retirement Plan's actuary utilized a September 30, 2015 measurement date for its current fiscal year calculation of net pension liability, which is allowable under Governmental Accounting Standards Board requirements. As such the impact of this new legislative mandate has not yet been factored into the net pension liability calculation for that Plan as of September 30, 2016. Refer to Note (III)(C) and Note (III)(G) for additional information.

The increase of \$24.3 million in deferred outflows of resources resulted from the recognition of a Net Pension Liability in the current fiscal year related to the City's General Employees and Police and Firefighters Pension Plans (as discussed earlier). Deferred outflows of resources represents consumption of net position applicable to future periods that will not be recognized as expenditures until the future period to which it applies (i.e. employer contributions made subsequent to the measurement date or projected earnings exceeding actual earnings on pension plan investments). Refer to Note (III)(C) and Note (III)(G) for additional information.

The increase of \$2.9 million in other liabilities is primarily the result of the timing of vendor payments accrued at fiscal year end compared to prior fiscal year end.

Business-type Activities – The decrease of \$15.4 million in current and other assets is primarily the result of the spend down of proceeds derived from the City's issuance of Certificates of Participation (COPs) to fund the design and construction of the Pier Parking Garage.

The increase of \$14.5 million in capital assets is primarily due to construction activity related to the Pier Parking Garage and the net effect of machinery and equipment acquisitions and dispositions and recognition of current fiscal year depreciation expense (as discussed in more detail on page 17).

The increase of \$2.3 in deferred outflows of resources primarily resulted from the recognition of a Net Pension Liability in the current fiscal year related to the City's General Employees Pension Plan, partially related to the difference between projected and actual investment earnings for the Plan, which necessitated the deferral of outflows. Refer to Note (III)(C) and Note (III)(G) for additional information.

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2016
(Unaudited)

Analysis of the City's Operations

The following table provides a summary of the City's changes in net position for the fiscal year ended September 30, 2016.

TABLE 2
SUMMARY OF CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2016 and 2015

| | Governmental Activities | | Business-Type Activities | | Totals | |
|--|--------------------------------|-----------------------|---------------------------------|-----------------------|-----------------------|-----------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 42,451,150 | \$ 40,059,870 | \$ 57,267,963 | \$ 57,420,940 | \$ 99,719,113 | \$ 97,480,810 |
| Operating grants & contribs. | 2,950,496 | 3,699,270 | 27,639 | - | 2,978,135 | 3,699,270 |
| Capital grants and contribs. | 40,830,735 | 6,046,134 | 256,261 | 1,139,355 | 41,086,996 | 7,185,489 |
| General Revenues | | | | | | |
| Taxes | 84,190,183 | 76,674,054 | - | - | 84,190,183 | 76,674,054 |
| Pari mutuel | 2,428,142 | 2,520,242 | - | - | 2,428,142 | 2,520,242 |
| Franchise fees | 8,112,380 | 8,164,658 | - | - | 8,112,380 | 8,164,658 |
| State revenue sharing | 10,504,444 | 9,852,996 | - | - | 10,504,444 | 9,852,996 |
| Gain from sale of capital assets | 164,726 | 107,077 | 133,890 | 54,796 | 298,616 | 161,873 |
| Investment earnings | 1,660,595 | 1,339,969 | 767,787 | 530,059 | 2,428,382 | 1,870,028 |
| Miscellaneous | 800,824 | 800,707 | 529,968 | 37,307 | 1,330,792 | 838,014 |
| Total revenues | <u>194,093,675</u> | <u>149,264,977</u> | <u>58,983,508</u> | <u>59,182,457</u> | <u>253,077,183</u> | <u>208,447,434</u> |
| Expenses | | | | | | |
| General government | 33,406,774 | 29,660,009 | - | - | 33,406,774 | 29,660,009 |
| Public safety | 96,143,601 | 81,641,409 | - | - | 96,143,601 | 81,641,409 |
| Physical environment | 16,674,345 | 14,989,037 | - | - | 16,674,345 | 14,989,037 |
| Transportation | 3,935,837 | 3,876,869 | - | - | 3,935,837 | 3,876,869 |
| Economic environment | 7,442,683 | 6,473,263 | - | - | 7,442,683 | 6,473,263 |
| Culture and recreation | 9,772,473 | 9,378,496 | - | - | 9,772,473 | 9,378,496 |
| Interest costs | 866,593 | 908,278 | - | - | 866,593 | 908,278 |
| Utility | - | - | 41,282,490 | 39,253,188 | 41,282,490 | 39,253,188 |
| Sanitation | - | - | 4,645,492 | 4,225,411 | 4,645,492 | 4,225,411 |
| Stormwater | - | - | 2,305,273 | 2,108,833 | 2,305,273 | 2,108,833 |
| Pier | - | - | 238,055 | 273,574 | 238,055 | 273,574 |
| Airpark | - | - | 2,206,241 | 2,211,600 | 2,206,241 | 2,211,600 |
| Golf course | - | - | 4,030,947 | 4,750,326 | 4,030,947 | 4,750,326 |
| Parking | - | - | 1,958,910 | 1,640,739 | 1,958,910 | 1,640,739 |
| Total expenses | <u>168,242,306</u> | <u>146,927,361</u> | <u>56,667,408</u> | <u>54,463,671</u> | <u>224,909,714</u> | <u>201,391,032</u> |
| Increase (decrease) in net position before transfers | 25,851,369 | 2,337,616 | 2,316,100 | 4,718,786 | 28,167,469 | 7,056,402 |
| Transfers | 681,480 | (42,796) | (681,480) | 42,796 | - | - |
| Increase (decrease) in net position | 26,532,849 | 2,294,820 | 1,634,620 | 4,761,582 | 28,167,469 | 7,056,402 |
| Net position - beginning | 292,167,764 | 289,872,944 | 165,076,795 | 160,315,213 | 457,244,559 | 450,188,157 |
| Net position - ending | <u>\$ 318,700,613</u> | <u>\$ 292,167,764</u> | <u>\$ 166,711,415</u> | <u>\$ 165,076,795</u> | <u>\$ 485,412,028</u> | <u>\$ 457,244,559</u> |

Governmental Activities – Governmental activities increased the City's net position by \$26.5 million.

Charges for services increased by \$2.4 million primarily due to an increase in engineering fees assessed City projects and administrative fees assessed the building permit function for fire prevention new construction plan review services, as well as other City support services.

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2016
(Unaudited)

Operating grants and contributions decreased by approximately \$0.7 million, primarily due to a decrease in U.S. Department of Justice COPs grant funds received and the sale by the City of a voluntary cleanup tax credit certificate received from the Florida Department of Environmental Protection in the prior fiscal year, as a result of remediation work performed at the Library/Civic Campus site across from City Hall.

Capital Grants and Contributions increased by approximately \$34.8 million, primarily due to the City entering into a transfer agreement with FDOT to accept designated portions of Atlantic Boulevard from East of NW 6th Avenue to S.R. A1A, along with a portion of Dixie Highway from McNab Road to Sample Road, which resulted in the City recording the roadway assets on its books at a value of approximately \$34 million.

Taxes revenue increased by \$7.5 million primarily due to an increase in ad valorem revenue, electric utility taxes and tax increment revenues. Ad valorem revenue is a function of assessed property values, new construction, changes in personal incomes and the City's operating millage rate. The City assesses a 10% electric utility tax on electric usage in the City, which is billed and collected by the service provider. The amount collected and remitted to the City is a function of number of customers, usage patterns and provider rates. Tax increment revenues is a function of the increase in the assessed values of properties within the CRA Districts above the base year valuation amounts, as well as the operating millage rate of each taxing district that contributes.

State revenue sharing revenue increased by \$0.7 million, primarily as a result of an increase in the half cent sales tax revenue. This was primarily the result of the City recording an adjustment in the current year to recognize these revenues when collected by retailers, as opposed to when received by the State of Florida.

General government expenses increased by \$3.7 million, primarily as a result of an increase in water and sewer expenditures related to the City's municipal golf courses, an increase in tax increment payments to the Northwest and East Community Redevelopment Districts (a function of the increase in the assessed values within those districts from the base year formation of the districts and the City's operating millage rate), rental and lease payments due to a contractual adjustment in one of the City's land lease arrangements and an increase in amounts related to the net pension liability for the City's pension plans, as determined by actuaries for both pension plans.

Public safety expenses increased by \$14.5 million primarily due to an increase in adjustments related to the net pension liability for the Police and Firefighter's Pension Plan. The Plan's actuary implemented a change in assumption that was mandated by the Florida legislature requiring that mortality tables utilized by the Florida Retirement System for calculating pension liabilities, also be utilized by local government public pension plans.

Physical environment expenses increased by \$1.7 million primarily as a result of an increase in risk management charges for the Public Works Department, as well as the reclassification of administrative expenditures to this function during the current fiscal year for City project managers.

Economic environment expenses increased by \$1.0 million primarily as a result of disposal activity for assets held for resale for the Northwest Community Redevelopment Agency Northwest District.

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2016
(Unaudited)

Business-type Activities - Business-type activities increased the City's net position by \$1.6 million primarily related to the net activity of the Utility Fund, which accounted for \$1.6 million of the increase, the Parking Fund (positive change of \$.5 million) and the Airpark Fund, which reported a negative change in position of \$1.0 million.

The overall increase noted in the Utility Fund was primarily the result of water, wastewater and reuse revenues coming in above budget for the fiscal year. The Parking Fund increase noted is primarily attributable to the capitalization of interest related to the construction of the Pier Parking Garage.

Capital grants and contributions decreased by \$0.9 million, primarily due to the Airpark Fund reporting capital contributions from tenants at the City's Airpark in the form of leasehold improvements in the prior fiscal year. These tenants had met their lessee obligations in this respect at September 30, 2015.

Utility operating expenses increased by \$2.1 million primarily as a result of pension expense adjustments related to the General Employees Retirement Plan (adjustments are booked based on an annual actuarial study performed by the Plan's consultant) and an increase in wastewater treatment charges from Broward County.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law, accounting regulations and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental Funds

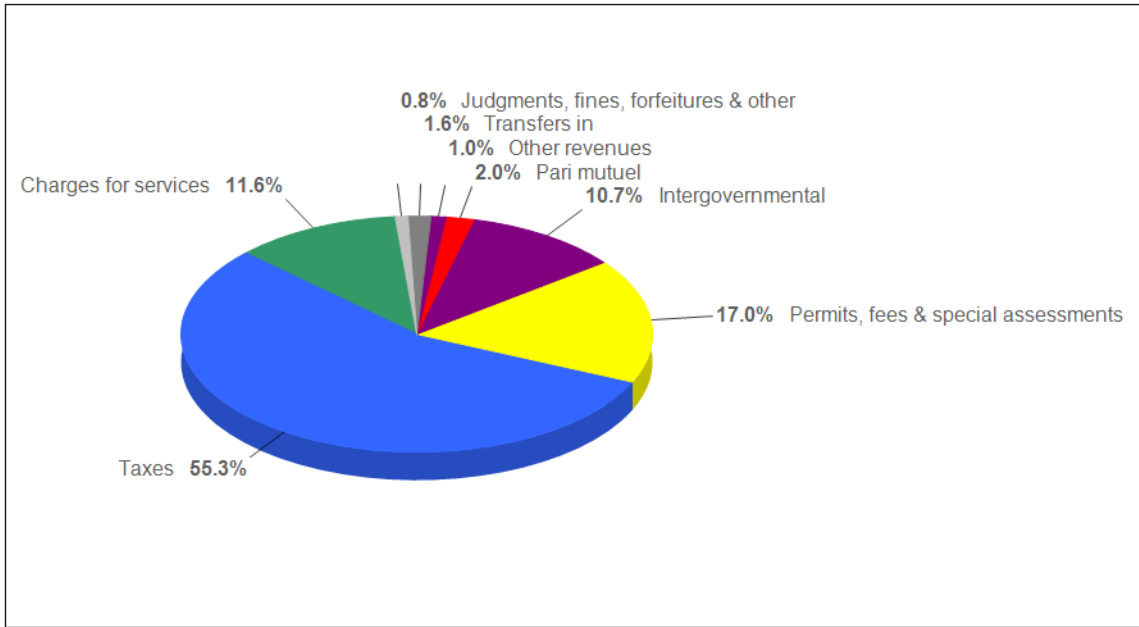
Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those of the governmental activities of the Government-wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2016
(Unaudited)

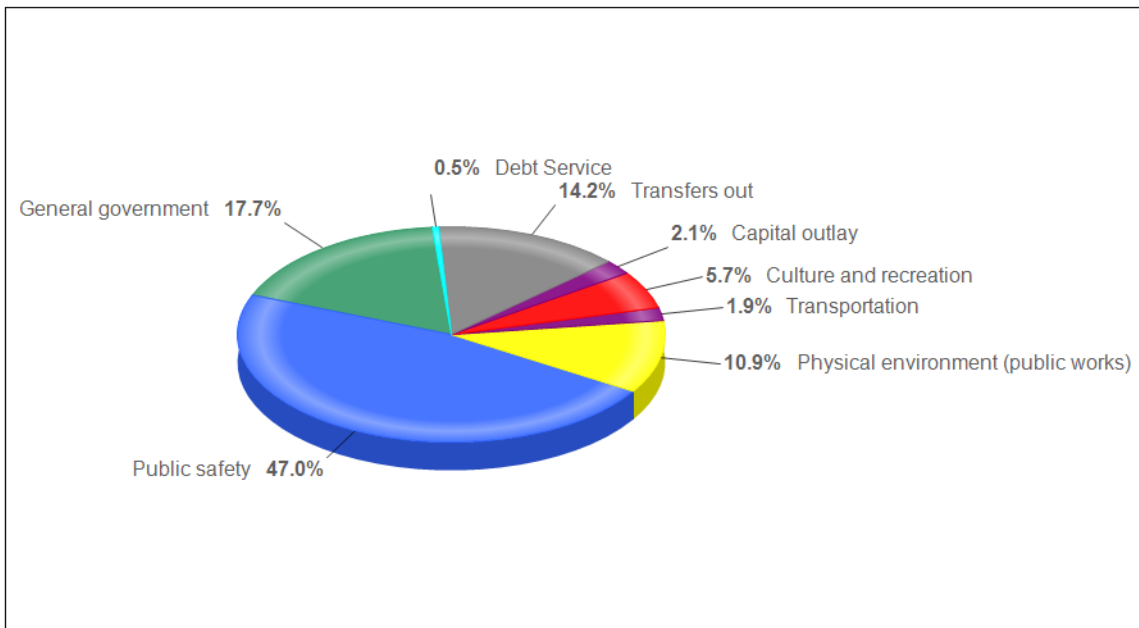
The General Fund

The General Fund is the chief operating fund of the City. The following pie charts depict the breakdown of actual receipts by revenue source and expenditures by function, for the fiscal year ended September 30, 2016:

Revenues Received by Source



Actual Expenditures By Function



City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2016
(Unaudited)

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$49.7 million, while total fund balance was \$55.1 million. The fund balance for the City's General Fund decreased by \$6.7 million during the current fiscal year. This was primarily the result of the reclass of building permit function activity from the General Fund to a new special revenue fund effective October 1, 2015.

Compared to the prior fiscal year, there was an increase of \$5.8 million in taxes revenue, primarily as a result of an increase in ad valorem and electric utility taxes receipts, compared to prior fiscal year. Ad valorem revenue is a function of assessed property values, new construction, changes in personal incomes and the City's operating millage rates. The City assesses a 10% electric utility tax on electric usage in the City, which is billed and collected by the service provider.

The decrease of \$9.9 million in permits, fees and special assessments is primarily due to the reclass of building permit function activity from the General Fund to a new special revenue fund effective October 1, 2015.

The increase of \$1.1 million in charges for services revenue is primarily due to administrative fees assessed the building permit function for fire prevention new construction plan review services, as well as other City support services.

The increase of \$2.3 million in proceeds from capital lease is the result of the City entering into an equipment lease during the current fiscal year to finance vehicles and equipment for the Fire, Public Works, Code Compliance and Parks, Recreation and Cultural Arts Functions.

The decrease of \$5.5 million in transfers-in is primarily due to a decrease in expenditures from the Pompano Beach Community Redevelopment Agency related to improvements made to City owned infrastructure.

The increase of \$2.2 million in general government expenditures is primarily the result of an increase in water and sewer expenditures related to the City's municipal golf courses, an increase in tax increment payments to the Northwest and East Community Redevelopment Districts (a function of the increase in the assessed values within those districts from the base year formation of the districts and each contributing taxing district's operating millage rates) and rental and lease payments due to a contractual adjustment in one of the City's land lease arrangements.

The decrease of \$1.6 million in public safety expenditures is primarily the result of the reclass of the Building Permit Function activity from the General Fund to a new special revenue fund, effective October 1, 2015.

The increase of \$0.8 million in physical environment expenditures is primarily the result of the reclass of project management staff to a newly created Capital Projects Administrative Fund to allow for a centralized means of accumulating these costs for allocating to City projects.

The \$4.5 million increase in capital outlay expenditures is primarily the result of less transfers of expenditures from the Pompano Beach Community Redevelopment Agency Northwest and East Districts in the current fiscal year related to improvements to City owned infrastructure.

The increase of \$2.7 million in transfers out is primarily due to less transfers from the General Fund

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2016
(Unaudited)

accumulated reserves to the Capital Project and Golf Funds compared to prior fiscal year, as well as the transfer of fund balances related to the Building Permit Function to a newly created special revenue fund effective October 1, 2015.

The Northwest Community Redevelopment Agency Northwest District Fund

The fund balance of the Northwest CRA District Fund decreased by \$1.6 million during the current fiscal year. This is primarily the result of increased project outlays during the fiscal year from funds previously committed for these purposes, primarily related to Downtown Pompano.

The East Community Redevelopment Agency East District Fund

The fund balance of the East CRA District Fund increased by \$0.5 million primarily due to minimal capital projects activity in the current fiscal year.

Emergency Management Service Fund

The fund balance for the EMS Fund decreased by \$0.6 million. This was primarily the result of the use of accumulated fund balance reserves to fund operations in the current fiscal year, as opposed to increased transfers from the General Fund.

Capital Projects Fund

The fund balance of the Capital Projects Fund decreased by \$4.5 million during the current fiscal year primarily due to the net effect of project activity during the current fiscal year and transfers from the General Fund, committed for future projects, as discussed in more detail at Note (II)(E).

Proprietary Funds

When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The City maintains internal service funds to report activities that provide services for the City's other programs and activities – such as the City's Risk Management Fund. Residual balances for internal service funds are reported with governmental activities in the Government-wide financial statements.

Utility Fund operating revenues decreased by \$1.0 million, primarily due to a decrease in utility capital recovery fees in the current year, which is a function of development in the City. Utility operating expenses increased by \$2.1 million primarily as a result of pension expense adjustments related to the General Employees Retirement Plan (adjustments are booked based on an annual actuarial study performed by the Plan's consultant) and an increase in wastewater treatment charges from Broward County.

Capital grants and contributions decreased by \$0.9 million, primarily due to the Airpark Fund reporting capital contributions from tenants at the City's Airpark in the form of leasehold improvements in the prior fiscal year. These tenants had met their lessee obligations in this respect at September 30, 2015.

General Fund Budgetary Highlights

Original budget compared to final budget – The City made revisions to the original appropriations approved by the City Commission. Overall these changes resulted in an increase from the original budget of \$17.1 million.

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2016
(Unaudited)

The increase of \$0.3 million in the Development Services expenditure budget is primarily related to funds being appropriated for credit card fees for the Building Permit Function, the Planning & Zoning Divisions (consulting services for the development of a transformation plan for the Highway A1A Corridor) and Code Compliance for a new contractual position added in the current fiscal year.

The increase of \$0.9 million in the Police expenditure budget was the result of establishing the fiscal year 2016 budget for grant funds to cover the costs for additional officers under the City's police services contract with the Broward Sheriff's Office (BSO), funded with a COPs Grant. The funds supported the School Resource Officers Program.

The increase of \$0.8 million in the Public Works expenditure budget is primarily due to additional funds required for repair and maintenance of City facilities and to cover disposal services in the Public Works Sanitation Division.

The increase of \$1.4 million in the Non-departmental expenditure budget is primarily due to the rolling of funds previously committed for special services in the prior fiscal year, as well as a contractual adjustment to one of the City's land leases. Other increases were for professional services related to real estate management services, plan and design services related to City projects and consultant services related to the City's update of its Strategic Management Plan.

The increase of \$2.7 million in the capital outlay budget is primarily to reflect the budgeting of the proceeds received from a vehicle/equipment lease for the purchase of vehicles and equipment for the Fire, Public Works, Code Compliance and Parks, Recreation and Cultural Arts functions.

The transfers-out budget increased by approximately \$10.4 million primarily related to a transfer of the Building Permit Function accumulated fund balances to a newly created special revenue fund, effective October 1, 2015, as well as the transfer of General Fund unassigned fund balances to the Capital Projects Fund, primarily related to the Briny Avenue Streetscape Project.

Final budget compared to actual – Taxes revenue was approximately \$1.4 million higher than the final budget primarily due to greater than anticipated collections for the electric utility tax (the City assesses a 10% electric utility tax on the distributing, supplying, furnishing, selling, transmitting, or delivering of electricity for use or consumption (and not for resale) within its corporate limits, which is assessed by the provider on each customers electric bill).

Permits, fees and special assessments revenue was approximately \$0.9 million higher than the final budget primarily as a result of greater than anticipated collections for electric franchise fees. The City assesses a 6% electric franchise fee for the electric provider's right to use the City's public right of way. The fee is a pass through to City residents on their electric bills.

Charges for services revenue was \$0.6 million higher than the final budget primarily as a result of greater than anticipated receipts for engineering service, zoning and annual fire inspection fees.

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2016
(Unaudited)

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2016, amounts to \$447.0 million, net of accumulated depreciation. This investment in capital assets includes land, building, equipment, improvements, infrastructure and construction in progress.

TABLE 3
CAPITAL ASSETS
(NET OF ACCUMULATED DEPRECIATION)
September 30, 2016

| | Governmental Activities | | Business-Type Activities | | Totals | |
|--------------------------|------------------------------------|-----------------------|-------------------------------------|-----------------------|-----------------------|-----------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Land | \$ 61,206,197 | \$ 61,369,255 | \$ 528,717 | \$ 277,365 | \$ 61,734,914 | \$ 61,646,620 |
| Construction in Progress | 22,356,347 | 31,993,767 | 3,211,205 | 8,290,991 | 25,567,552 | 40,284,758 |
| Buildings | 24,370,577 | 17,404,563 | 50,192,880 | 26,587,436 | 74,563,457 | 43,991,999 |
| Infrastructure | 97,051,107 | 68,803,520 | 55,126,400 | 58,816,652 | 152,177,507 | 127,620,172 |
| Improvements | 80,088,008 | 62,427,219 | 39,360,855 | 38,927,672 | 119,448,863 | 101,354,891 |
| Machinery & Equipment | 7,973,580 | 7,333,840 | 5,573,282 | 6,630,108 | 13,546,862 | 13,963,948 |
| Art Work | 4,179 | - | - | - | 4,179 | - |
| TOTALS | \$ 293,049,995 | \$ 249,332,164 | \$ 153,993,339 | \$ 139,530,224 | \$ 447,043,334 | \$ 388,862,388 |

Major capital assets events during the fiscal year included:

- Capital projects under construction in governmental activities had a net decrease of \$9.6 million, primarily as a result of major activity related to several projects in the current fiscal year, such as Rebuilding Fire Station 11, Fire Station 103, Overhead Utilities Conversion (Pompano Beach Blvd.), Public Library/Cultural Center, Public Safety Complex Improvements, Briny Avenue Streetscape, MLK Blvd. Reconstruction and Bridge Replacement and Maintenance.
- Buildings for governmental activities increased by \$7.0 million as a result of the net effect of the capitalization of costs associated with Fire Station 103 and Fire Station 11 and the recognition of current fiscal year depreciation expense.
- Infrastructure for governmental activities increased by \$28.2 million, primarily due to the net effect of the recognition of current fiscal year depreciation expense and the capitalization of costs related to the City entering into a transfer agreement with FDOT to accept designated portions of Atlantic Boulevard from East of NW 6th Avenue to S.R. A1A, along with a portion of Dixie Highway from McNab Road to Sample Road (resulted in the City recording the roadway assets on its books at a value of approximately \$34 million).
- Improvements for governmental activities increased by \$17.7 million primarily due to the net effect of the recognition of current fiscal year depreciation expense and the completion and capitalization of costs related to Downtown Pompano Streetscape and the Public Safety Complex Improvements.

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2016
(Unaudited)

- Machinery and Equipment increased by \$0.6 million primarily due to the net effect of the recognition of current fiscal year depreciation expense, the disposal of equipment during the fiscal year and the purchase of machinery and equipment by several City departments (primarily Fire Operations, Public Works, Parks, Recreation and Cultural Arts and EMS).
- Capital projects in business-type activities decreased by \$5.1 million due to the net effect of activity for several projects, including Golf Dune Repairs, Water Treatment Plant Maintenance, Water Treatment Plant Electrical Plant Rehab., Replacement of Utilities Field Operations Building, the Pier Parking Garage and the recognition of current fiscal year depreciation expense.
- Buildings for business-type activities increased by \$23.6 million. This is primarily the result of the capitalization of costs associated with the Pier Parking Garage and the recognition of current fiscal year depreciation expense.
- Infrastructure for business-type activities decreased by \$3.7 million primarily due to the recognition of current fiscal year depreciation expense.
- The decrease of approximately \$1.1 million in machinery and equipment is primarily due to the net effect of the recognition of current fiscal year depreciation expense, the disposal of equipment during the fiscal year and the purchase of equipment and vehicles for the Utility and Stormwater Funds.

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

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2016
(Unaudited)

Outstanding Debt

At the end of the current fiscal year the City had total debt (bonds and notes) of \$64,900,941 outstanding compared to \$69,407,171 last year, a 6% decrease.

TABLE 4 - OUTSTANDING DEBT
September 30, 2016

| | Governmental Activities | | Business-Type Activities | | Totals | |
|-------------------------------|------------------------------------|----------------------|-------------------------------------|----------------------|----------------------|----------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Revenue Bonds | \$ - | \$ - | \$ 11,650,000 | \$ 14,440,000 | \$ 11,650,000 | \$ 14,440,000 |
| Certificates of Participation | - | - | 23,875,000 | 23,875,000 | 23,875,000 | 23,875,000 |
| Tax increment bonds | 17,039,866 | 19,867,028 | - | - | 17,039,866 | 19,867,028 |
| Notes payable | 2,243,948 | 2,093,489 | 6,719,769 | 7,579,826 | 8,963,717 | 9,673,315 |
| Capital lease payable | 3,297,179 | 1,402,567 | 75,179 | 149,261 | 3,372,358 | 1,551,828 |
| Total | <u>\$ 22,580,993</u> | <u>\$ 23,363,084</u> | <u>\$ 42,319,948</u> | <u>\$ 46,044,087</u> | <u>\$ 64,900,941</u> | <u>\$ 69,407,171</u> |

At September 30, 2016, the City's Certificates of Participation maintained a credit rating of AA- from Standard and Poor's and A-1 from Moody's. None of the City's other long term obligations were required to carry a credit rating at fiscal year end.

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET RATES

The City's fiscal year runs from October 1st to September 30th. The City begins its budget cycle in January. From January to May, workshops and meetings are held with department heads to determine the upcoming fiscal needs of the City while ensuring adherence to the City's policies. Upon establishing a fiscal blueprint for the upcoming fiscal year, the City Manager presents the recommended budget to the City Commission and the public in May, as required by the City Charter, and then a second workshop is held in July. If necessary, resources and/or policies are modified by the Commission and subsequently adopted at the final public budget hearing in September.

As one of the largest cities in the Miami-Fort Lauderdale-Pompano Beach Metropolitan area, the City of Pompano Beach has a significant impact on Florida's economic growth rate trends, which according to the Florida Office of Economic and Demographic Research, the trends are generally returning to more typical levels and continue to show progress. By the close of the fiscal year 2015-2016, most measures of Florida's economy had returned to or surpassed their prior peaks.

Property values are one of the most important key economic factors affecting local government's finances. From January 2, 2015 to January 2, 2016, the City experienced a 9.02% increase in its assessed taxable value, its fourth increase since the 2007 assessment. For fiscal year 2017, the City experienced a \$107,622,530 increase in new construction compared to \$46,052,220 for fiscal year 2016.

City of Pompano Beach, Florida
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2016
(Unaudited)

While Florida's construction and real estate activity is continuing its path to recovery, *realtytrac.com* reported that as of September 2016, there are currently 3,278 properties in Pompano Beach that are in some stage of foreclosure (pre-foreclosure, auction or bank owned). Even though this represents an improvement over prior year, similar to Broward County and the State of Florida, the foreclosure rates for the City remain high. As of August 2016, 1 in every 838 housing units received foreclosure filings in Pompano Beach, though the number was 12% lower than the previous month and 34% lower than the same time last year.

The City's adopted budget for fiscal year 2017 is \$256.3 million, which is 8.05% or \$19.1 million higher than the fiscal year 2016 adopted budget of \$237.2 million. A new Solid Waste Special Service Fund was established for fiscal year 2017. The fund is associated with the \$0.95 per yard special service fee the Commission passed in fiscal year 2016. This fee was created to target specific issues and enhance the overall visual appearance of the City. Other factors which contributed to the increase were the addition of 15 firefighter positions for the Emergency Medical Services function and the programming of funds in the City's Capital Projects Fund related to the transfer of property from the Florida Department of Transportation to the City, as discussed in more detail earlier. The General Fund's adopted budget for FY 2017 is \$124.9 million. The General Fund's adopted millage rate for fiscal year 2017 was 4.8252, which represents a 3.23% decrease from the previous fiscal year millage rate of 4.9865.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

| | Governmental Activities | Business- type Activities | Total |
|--|------------------------------------|--|--------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 14,119,210 | \$ 7,557,233 | \$ 21,676,443 |
| Unrestricted investments | 118,502,836 | 52,576,014 | 171,078,850 |
| Restricted cash and cash equivalents | 4,228,075 | 4,801,391 | 9,029,466 |
| Restricted investments | 2,336,194 | 4,775,805 | 7,111,999 |
| Interest receivable | 319,788 | 149,301 | 469,089 |
| Accounts receivables (net) | 6,666,421 | 5,082,572 | 11,748,993 |
| Notes Receivable | - | 218,528 | 218,528 |
| Internal balances | 1,100,466 | (1,100,466) | - |
| Due from other governments | 6,815,091 | 418,341 | 7,233,432 |
| Inventories | 1,250,167 | 313,196 | 1,563,363 |
| Prepays | 293,426 | 2,690 | 296,116 |
| Other assets | 79,056 | - | 79,056 |
| Assets held for resale and redevelopment | 36,822,612 | - | 36,822,612 |
| Capital assets: | | | |
| Land and construction in progress | 83,562,544 | 3,739,922 | 87,302,466 |
| Other capital assets net of accumulated depreciation | 209,487,451 | 150,253,417 | 359,740,868 |
| Total capital assets net of accumulated depreciation | <u>293,049,995</u> | <u>153,993,339</u> | <u>447,043,334</u> |
| Total assets | <u>485,583,337</u> | <u>228,787,944</u> | <u>714,371,281</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred charge on refunding | - | 222,139 | 222,139 |
| Deferred outflows related to pensions | 47,889,205 | 4,108,749 | 51,997,954 |
| Total deferred outflows of resources | <u>47,889,205</u> | <u>4,330,888</u> | <u>52,220,093</u> |

The accompanying notes are an integral part of the financial statements.

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

| | Governmental Activities | Business- type Activities | Total |
|---|------------------------------------|--|-----------------------|
| LIABILITIES | | | |
| Accounts payable | \$ 6,768,869 | \$ 2,560,240 | \$ 9,329,109 |
| Accrued expenses | 2,092,830 | 411,950 | 2,504,780 |
| Accrued interest payable | 115,320 | 382,360 | 497,680 |
| Due to other governments | 643,748 | 122,542 | 766,290 |
| Customer deposits payable | 19,516 | - | 19,516 |
| Unearned revenue | 3,683,037 | 18,306 | 3,701,343 |
| Liabilities payable from restricted assets: | | | |
| Customer deposits payable | - | 1,822,623 | 1,822,623 |
| Accounts payable | - | 1,172,508 | 1,172,508 |
| Long term obligations | - | 757,817 | 757,817 |
| Noncurrent liabilities: | | | |
| Due within one year: | | | |
| Long term obligations | 2,847,162 | 2,077,183 | 4,924,345 |
| Notes Payable | 244,068 | 883,690 | 1,127,758 |
| Claims and judgments | 3,144,149 | - | 3,144,149 |
| Compensated absences | 270,497 | 37,680 | 308,177 |
| Capital lease payable | 481,491 | - | 481,491 |
| Due in more than one year: | | | |
| Long term obligations | 14,192,704 | 8,815,000 | 23,007,704 |
| Notes Payable | 1,999,880 | 5,836,079 | 7,835,959 |
| Claims and judgments | 10,781,851 | - | 10,781,851 |
| Compensated absences | 5,546,512 | 1,043,383 | 6,589,895 |
| Net OPEB obligation | 7,175,127 | 1,628,494 | 8,803,621 |
| Capital lease payable | 2,815,688 | 75,179 | 2,890,867 |
| Certificates of participation payable | - | 23,875,000 | 23,875,000 |
| Net pension liability | 151,211,596 | 14,887,383 | 166,098,979 |
| Total liabilities | <u>214,034,045</u> | <u>66,407,417</u> | <u>280,441,462</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to pensions | 737,884 | - | 737,884 |
| NET POSITION | | | |
| Net investment in capital assets | 270,890,727 | 113,914,818 | 384,805,545 |
| Restricted for: | | | |
| Renewal and replacement/rate stabilization | - | 3,587,160 | 3,587,160 |
| Capital projects | - | 1,356,554 | 1,356,554 |
| Building permit function | 10,536,800 | - | 10,536,800 |
| Community Redevelopment | 32,108,551 | - | 32,108,551 |
| Cultural Arts | 5,538 | - | 5,538 |
| Transportation | 80,352 | - | 80,352 |
| Unrestricted | 5,078,645 | 47,852,883 | 52,931,528 |
| Total net position | <u>\$ 318,700,613</u> | <u>\$ 166,711,415</u> | <u>\$ 485,412,028</u> |

The accompanying notes are an integral part of the financial statements.

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

| Functions/Programs | Program Revenues | | | |
|--------------------------------|-------------------------|-----------------------------|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities: | | | | |
| General government | \$ 33,406,774 | \$ 12,933,022 | \$ 7,538 | \$ 490,072 |
| Public safety | 96,143,601 | 27,441,872 | 2,403,065 | 664,139 |
| Physical environment | 16,674,345 | 126,380 | 360,025 | 791,642 |
| Transportation | 3,935,837 | - | 174,510 | 34,163,834 |
| Economic environment | 7,442,683 | 116,975 | 1,828 | 1,838,713 |
| Culture and recreation | 9,772,473 | 1,832,901 | 3,530 | 2,882,335 |
| Interest on long-term debt | 866,593 | - | - | - |
| Total governmental activities | <u>168,242,306</u> | <u>42,451,150</u> | <u>2,950,496</u> | <u>40,830,735</u> |
| Business-Type Activities: | | | | |
| Utility | 41,282,490 | 41,695,146 | - | 194,517 |
| Sanitation | 4,645,492 | 6,956,161 | - | - |
| Stormwater | 2,305,273 | 2,973,219 | - | - |
| Pier | 238,055 | - | - | - |
| Airpark | 2,206,241 | 1,090,762 | 27,639 | 56,782 |
| Golf course | 4,030,947 | 2,569,108 | - | 4,962 |
| Parking | 1,958,910 | 1,983,567 | - | - |
| Total business-type activities | <u>56,667,408</u> | <u>57,267,963</u> | <u>27,639</u> | <u>256,261</u> |
| Total government | <u>\$ 224,909,714</u> | <u>\$ 99,719,113</u> | <u>\$ 2,978,135</u> | <u>\$ 41,086,996</u> |

General revenues:

Taxes:

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

Transfers

Total General Revenues and Transfers

Changes in Net Position

Net position-beginning

Net position, ending

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Position

| Governmental Activities | Business-Type Activities | Total |
|------------------------------------|-------------------------------------|-----------------------|
| \$ (19,976,142) | \$ - | \$ (19,976,142) |
| (65,634,525) | - | (65,634,525) |
| (15,396,298) | - | (15,396,298) |
| 30,402,507 | - | 30,402,507 |
| (5,485,167) | - | (5,485,167) |
| (5,053,707) | - | (5,053,707) |
| (866,593) | - | (866,593) |
| <u>(82,009,925)</u> | <u>-</u> | <u>(82,009,925)</u> |
| - | 607,173 | 607,173 |
| - | 2,310,669 | 2,310,669 |
| - | 667,946 | 667,946 |
| - | (238,055) | (238,055) |
| - | (1,031,058) | (1,031,058) |
| - | (1,456,877) | (1,456,877) |
| - | 24,657 | 24,657 |
| - | <u>884,455</u> | <u>884,455</u> |
| <u>(82,009,925)</u> | <u>884,455</u> | <u>(81,125,470)</u> |
| 53,776,846 | - | 53,776,846 |
| 2,050,699 | - | 2,050,699 |
| 2,184,088 | - | 2,184,088 |
| 11,987,773 | - | 11,987,773 |
| 5,222,681 | - | 5,222,681 |
| 8,968,096 | - | 8,968,096 |
| 2,428,142 | - | 2,428,142 |
| 8,112,380 | - | 8,112,380 |
| 10,504,444 | - | 10,504,444 |
| 164,726 | 133,890 | 298,616 |
| 1,660,595 | 767,787 | 2,428,382 |
| 800,824 | 529,968 | 1,330,792 |
| 681,480 | (681,480) | - |
| <u>108,542,774</u> | <u>750,165</u> | <u>109,292,939</u> |
| 26,532,849 | 1,634,620 | 28,167,469 |
| 292,167,764 | 165,076,795 | 457,244,559 |
| <u>\$ 318,700,613</u> | <u>\$ 166,711,415</u> | <u>\$ 485,412,028</u> |

CITY OF POMPANO BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

| | General | Northwest Community Redevelopment District | East Community Redevelopment District |
|---|----------------------|---|--|
| ASSETS | | | |
| Cash and cash equivalents | \$ 2,209,692 | \$ 495,682 | \$ 2,076,365 |
| Restricted cash and cash equivalents | 7,345 | - | 4,019,742 |
| Restricted investments | - | - | - |
| Unrestricted investments | 48,759,311 | 3,874,857 | 3,957,002 |
| Interest receivable | 130,244 | 7,261 | 11,740 |
| Accounts receivables, net | 2,752,684 | - | - |
| Assets held for resale and redevelopment | - | 35,950,090 | 340,719 |
| Advances to other funds | 2,500,000 | - | - |
| Due from other funds | 533,532 | - | - |
| Due from other governments | 2,270,952 | - | - |
| Inventories | 178,506 | - | - |
| Prepays | 69,055 | 19,204 | 194 |
| Other assets | 70,582 | - | - |
| Total assets | <u>\$ 59,481,903</u> | <u>\$ 40,347,094</u> | <u>\$ 10,405,762</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 1,049,090 | \$ 729,377 | \$ 119,485 |
| Accrued expenditures | 1,354,587 | - | - |
| Due to other governments | 643,748 | - | - |
| Advances from other funds | - | 2,500,000 | - |
| Deposits | 310 | 18,772 | - |
| Unearned revenue | 1,271,896 | 4,500 | - |
| Total liabilities: | <u>4,319,631</u> | <u>3,252,649</u> | <u>119,485</u> |
| Deferred inflows of resources: | | | |
| Unavailable revenue | <u>52,379</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | |
| Nonspendable | 2,747,561 | 19,204 | 194 |
| Restricted | 7,345 | 37,075,241 | 10,286,083 |
| Committed | - | - | - |
| Assigned | 2,619,233 | - | - |
| Unassigned | 49,735,754 | - | - |
| Total fund balances | <u>55,109,893</u> | <u>37,094,445</u> | <u>10,286,277</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 59,481,903</u> | <u>\$ 40,347,094</u> | <u>\$ 10,405,762</u> |

The accompanying notes are an integral
part of the financial statements.

| Emergency Medical Services District | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|--|-----------------------------|--|---|
| \$ 265,589 | \$ 2,986,430 | \$ 3,864,801 | \$ 11,898,559 |
| - | 200,988 | - | 4,228,075 |
| - | 2,244,173 | 92,021 | 2,336,194 |
| 826,986 | 27,725,102 | 12,908,088 | 98,051,346 |
| 2,657 | 81,631 | 31,479 | 265,012 |
| 3,710,070 | 198,466 | 5,201 | 6,666,421 |
| - | - | 531,803 | 36,822,612 |
| - | - | - | 2,500,000 |
| - | - | - | 533,532 |
| 6,388 | 4,256,441 | 271,214 | 6,804,995 |
| 284,439 | - | - | 462,945 |
| - | 204,973 | - | 293,426 |
| - | - | 8,474 | 79,056 |
| <u>\$ 5,096,129</u> | <u>\$ 37,898,204</u> | <u>\$ 17,713,081</u> | <u>\$ 170,942,173</u> |
| | | | |
| \$ 62,478 | \$ 4,178,028 | \$ 504,734 | \$ 6,643,192 |
| 445,534 | 23,704 | 168,610 | 1,992,435 |
| - | - | - | 643,748 |
| - | - | - | 2,500,000 |
| - | - | 434 | 19,516 |
| - | - | 2,406,641 | 3,683,037 |
| <u>508,012</u> | <u>4,201,732</u> | <u>3,080,419</u> | <u>15,481,928</u> |
| | | | |
| <u>3,046,578</u> | <u>3,872,715</u> | <u>22,826</u> | <u>6,994,498</u> |
| | | | |
| 284,439 | 204,973 | - | 3,256,371 |
| 1,257,100 | 2,451,095 | 11,859,275 | 62,936,139 |
| - | - | 2,750,561 | 2,750,561 |
| - | 27,167,689 | - | 29,786,922 |
| - | - | - | 49,735,754 |
| <u>1,541,539</u> | <u>29,823,757</u> | <u>14,609,836</u> | <u>148,465,747</u> |
| | | | |
| <u>\$ 5,096,129</u> | <u>\$ 37,898,204</u> | <u>\$ 17,713,081</u> | <u>\$ 170,942,173</u> |

CITY OF POMPANO BEACH, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

| | | |
|--|----------------------|-----------------------|
| Fund Balances - total governmental funds | | \$ 148,465,747 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds: | | |
| Governmental capital assets | \$ 457,723,165 | |
| Less accumulated depreciation | <u>(164,914,579)</u> | 292,808,586 |
| Deferred outflows of resources related to pensions are recorded in the statement of net position | | 47,889,205 |
| Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenue in the governmental funds financial statements: | | |
| EMS transport fees | | 3,041,369 |
| Broward County Contract Reimb. - Public Library | | 407,599 |
| FEMA - Hurricane Wilma | | 970 |
| Broward County - Ad Valorem | | 57,588 |
| FL. Department of Cultural Affairs Grant | | 169,685 |
| U.S. Department Transportation | | 71,050 |
| CDBG/HOME Grants | | 21,856 |
| Communication service taxes | | 3,224,381 |
| Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds: | | |
| Tax increment bonds | (17,039,866) | |
| Net pension liability | (151,211,596) | |
| Net OPEB obligation | (6,815,115) | |
| Notes payable | (2,243,948) | |
| Compensated absences | (5,430,950) | |
| Capital lease payable | (3,297,179) | |
| Accrued interest payable | <u>(115,320)</u> | (186,153,974) |
| Deferred inflows of resources related to pensions are recorded in the statement of net position | | (737,884) |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds that are reported with governmental activities are as follows: | | |
| Assets | 23,765,644 | |
| Liabilities | <u>(15,431,675)</u> | 8,333,969 |
| Adjustment for Internal Service Funds look-back | | <u>1,100,466</u> |
| Net position of governmental activities | | <u>\$ 318,700,613</u> |

The accompanying notes are an integral part of the financial statements.

CITY OF POMPANO BEACH, FLORIDA**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****GOVERNMENTAL FUNDS****FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

| | General | Northwest Community Redevelopment District | East Community Redevelopment District |
|--|----------------------|---|--|
| Revenues | | | |
| Taxes | \$ 67,281,594 | \$ 6,486,105 | \$ 2,481,991 |
| Judgments, fines and forfeitures | 967,783 | - | - |
| Permits, fees and special assessments | 20,648,906 | - | - |
| Intergovernmental | 13,029,191 | - | - |
| Charges for services | 14,054,800 | 154,096 | - |
| Pari-Mutuel | 2,428,142 | - | - |
| Donations | 6,918 | 1,828 | - |
| Program income | - | - | - |
| Recaptured funds | - | - | - |
| Investment earnings | 816,049 | 36,406 | 18,082 |
| Cemetery lot sales | - | - | - |
| Other revenue | 499,952 | 56,430 | - |
| Total revenues | <u>119,733,335</u> | <u>6,734,865</u> | <u>2,500,073</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 23,122,869 | - | - |
| Public safety | 61,510,746 | - | - |
| Physical environment | 14,260,931 | - | - |
| Transportation | 2,508,226 | - | - |
| Economic environment | - | 3,795,259 | 715,725 |
| Culture and recreation | 7,434,047 | - | - |
| Debt Service: | | | |
| Principal | 566,247 | 2,196,719 | 665,000 |
| Interest | 77,094 | 368,269 | 435,261 |
| Capital outlay | 2,730,844 | 2,033,416 | 219,698 |
| Total expenditures | <u>112,211,004</u> | <u>8,393,663</u> | <u>2,035,684</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>7,522,331</u> | <u>(1,658,798)</u> | <u>464,389</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds from sale of capital assets | 96,156 | 63,000 | - |
| Proceeds from capital lease | 2,257,875 | - | - |
| Transfers in | 1,951,918 | - | - |
| Transfers out | (18,572,407) | (50,000) | - |
| Proceeds from loan | - | - | - |
| Total other financing sources (uses) | <u>(14,266,458)</u> | <u>13,000</u> | <u>-</u> |
| Net change in fund balances | (6,744,127) | (1,645,798) | 464,389 |
| Fund balances - beginning | <u>61,854,020</u> | <u>38,740,243</u> | <u>9,821,888</u> |
| Fund Balances - ending | <u>\$ 55,109,893</u> | <u>\$ 37,094,445</u> | <u>\$ 10,286,277</u> |

The accompanying notes are an integral part of the financial statements.

| Emergency Medical Services District | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|-----------------------------------|-----------------------------|
| \$ 4,903,008 | \$ 3,659,364 | \$ 152,355 | \$ 84,964,417 |
| - | - | - | 967,783 |
| - | 479,636 | 8,277,420 | 29,405,962 |
| 93,960 | 5,607,416 | 2,497,490 | 21,228,057 |
| 3,387,506 | 966,246 | 403,835 | 18,966,483 |
| - | - | - | 2,428,142 |
| 10 | 300 | 320 | 9,376 |
| - | - | 845,008 | 845,008 |
| - | - | 522 | 522 |
| 41,800 | 395,510 | 100,110 | 1,407,957 |
| - | - | 167,348 | 167,348 |
| 1,895 | 93,294 | 56 | 651,627 |
| <u>8,428,179</u> | <u>11,201,766</u> | <u>12,444,464</u> | <u>161,042,682</u> |
| - | 43,424 | 5,010 | 23,171,303 |
| 13,854,747 | - | 7,370,782 | 82,736,275 |
| - | 966,248 | - | 15,227,179 |
| - | - | 336,414 | 2,844,640 |
| - | - | 2,931,702 | 7,442,686 |
| - | 77,230 | 118,956 | 7,630,233 |
| - | - | - | 3,427,966 |
| - | - | 1,381 | 882,005 |
| 326,790 | 20,298,607 | 453,814 | 26,063,169 |
| <u>14,181,537</u> | <u>21,385,509</u> | <u>11,218,059</u> | <u>169,425,456</u> |
| <u>(5,753,358)</u> | <u>(10,183,743)</u> | <u>1,226,405</u> | <u>(8,382,774)</u> |
| - | - | 5,570 | 164,726 |
| - | - | - | 2,257,875 |
| 5,107,425 | 5,997,758 | 9,331,062 | 22,388,163 |
| - | (271,060) | (2,813,216) | (21,706,683) |
| - | - | 388,000 | 388,000 |
| <u>5,107,425</u> | <u>5,726,698</u> | <u>6,911,416</u> | <u>3,492,081</u> |
| (645,933) | (4,457,045) | 8,137,821 | (4,890,693) |
| <u>2,187,472</u> | <u>34,280,802</u> | <u>6,472,015</u> | <u>153,356,440</u> |
| <u>\$ 1,541,539</u> | <u>\$ 29,823,757</u> | <u>\$ 14,609,836</u> | <u>\$ 148,465,747</u> |

CITY OF POMPANO BEACH, FLORIDA**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

Net change in fund balances - total governmental funds \$ (4,890,693)

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

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

| | | |
|---------------------------------|---------------------|-----------|
| Expenditures for capital assets | \$ 26,063,169 | |
| Less depreciation | <u>(16,598,340)</u> | 9,464,829 |

Some revenues and expenses reported in the statement of activities are not reported in the funds because they have no effect on current financial resources.

| | | |
|--|--------------------|------------|
| Change in unavailable revenue | (167,879) | |
| Change in net OPEB Obligation | (251,602) | |
| Loss on sale of capital assets | (193,386) | |
| Donation of capital assets | 34,560,380 | |
| Change in compensated absences liability | (86,812) | |
| Change in accrued interest | 15,412 | |
| Broward Sheriffs Office Contractual Obligation | 266,904 | |
| Broward County Contract Reimbursement - Public Library | <u>(1,995,258)</u> | 32,147,759 |

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net position.

| | | |
|--------------------------------|--|-------------|
| Proceeds from capital lease | | (2,257,875) |
| Proceeds from Section 108 Loan | | (388,000) |
| Principal payments | | 3,427,966 |

Changes in the City's net pension liability, deferred outflows of resources and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the statement of activities.

| | | |
|--|-----------------|--------------|
| Change in deferred outflows of resources | 24,307,911 | |
| Change in net pension liability | (34,903,449) | |
| Change in deferred inflows of resources | <u>(95,068)</u> | (10,690,606) |

Internal service funds are used by management to charge the costs of certain activities to individual funds.

| | | |
|--|--|-----------|
| The change in net position in the internal service funds is reported with governmental funds in the government-wide statement of activities. | | (400,816) |
|--|--|-----------|

| | | |
|--|--|----------------------|
| Adjustment for Internal Service Funds look-back | | 120,285 |
| Change in Net Position - Governmental Activities | | <u>\$ 26,532,849</u> |

The accompanying notes are an integral part of the financial statements.

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities |
|--|---|----------------------|---------------------------|-----------------------|-------------------------|
| | Utility | Parking | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 5,682,614 | \$ 256,791 | \$ 1,617,828 | \$ 7,557,233 | \$ 2,220,651 |
| Restricted cash and cash equivalents | 2,580,439 | 2,200,039 | 20,913 | 4,801,391 | - |
| Interest receivable | 119,982 | 3,188 | 26,131 | 149,301 | 54,776 |
| Accounts receivables, net | 3,605,326 | 610,517 | 866,729 | 5,082,572 | - |
| Due from other governments | 9,714 | - | 408,627 | 418,341 | 10,096 |
| Notes receivable | - | - | 218,528 | 218,528 | - |
| Inventories | 297,941 | - | 15,255 | 313,196 | 787,222 |
| Prepays | 2,690 | - | - | 2,690 | - |
| Total current assets: | <u>12,298,706</u> | <u>3,070,535</u> | <u>3,174,011</u> | <u>18,543,252</u> | <u>3,072,745</u> |
| Noncurrent assets: | | | | | |
| Unrestricted investments | 41,929,364 | 1,035,418 | 9,611,232 | 52,576,014 | 20,451,490 |
| Restricted investments | 3,587,160 | 942,457 | 246,188 | 4,775,805 | - |
| Capital assets: | | | | | |
| Land | 467,725 | - | 60,992 | 528,717 | - |
| Construction in progress | 528,149 | - | 2,683,056 | 3,211,205 | - |
| Buildings | 50,604,759 | 22,129,191 | 4,380,273 | 77,114,223 | 254,536 |
| Infrastructure | 106,103,065 | - | 20,226,621 | 126,329,686 | - |
| Improvements | 58,164,320 | - | 31,088,591 | 89,252,911 | 423,838 |
| Machinery and equipment | 23,463,524 | 98,518 | 3,090,074 | 26,652,116 | 4,950,257 |
| Less accumulated depreciation | (142,818,081) | (19,704) | (26,257,734) | (169,095,519) | (5,387,222) |
| Total capital assets (net of accumulated depreciation) | <u>96,513,461</u> | <u>22,208,005</u> | <u>35,271,873</u> | <u>153,993,339</u> | <u>241,409</u> |
| Total noncurrent assets: | <u>142,029,985</u> | <u>24,185,880</u> | <u>45,129,293</u> | <u>211,345,158</u> | <u>20,692,899</u> |
| Total assets | <u>154,328,691</u> | <u>\$ 27,256,415</u> | <u>\$ 48,303,304</u> | <u>\$ 229,888,410</u> | <u>\$ 23,765,644</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred charge on refunding | 222,139 | - | - | 222,139 | - |
| Deferred outflows related to pensions | 3,478,969 | - | 629,780 | 4,108,749 | - |
| Total deferred outflows of resources | <u>3,701,108</u> | <u>-</u> | <u>629,780</u> | <u>4,330,888</u> | <u>-</u> |

The accompanying notes are an integral part of the financial statements.

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities |
|--|--|---------------------|----------------------------------|-----------------------|--------------------------------|
| | | | Nonmajor Enterprise Funds | | |
| | Utility | Parking | | Total | Internal Service Funds |
| LIABILITIES | | | | | |
| Current liabilities, unrestricted: | | | | | |
| Accounts payable | 1,829,000 | 65,199 | 666,041 | 2,560,240 | 125,677 |
| Accrued expenses | 336,409 | - | 75,541 | 411,950 | 100,395 |
| Accrued interest payable | 73,267 | 309,093 | - | 382,360 | - |
| Due to other funds | - | - | - | - | 533,532 |
| Unearned revenue | - | - | 18,306 | 18,306 | - |
| Due to other governments | - | - | 122,542 | 122,542 | - |
| Compensated absences | 35,802 | - | 1,878 | 37,680 | - |
| Claims and judgments | - | - | - | - | 3,144,149 |
| Current portion of long-term debt | 2,077,183 | - | - | 2,077,183 | - |
| Notes payable | 883,690 | - | - | 883,690 | - |
| Capital lease payable | - | - | 75,179 | 75,179 | - |
| Total current liabilities, unrestricted | <u>5,235,351</u> | <u>374,292</u> | <u>959,487</u> | <u>6,569,130</u> | <u>3,903,753</u> |
| Current liabilities payable from restricted assets: | | | | | |
| Accounts payable | - | 1,164,579 | 7,929 | 1,172,508 | - |
| Customer deposits payable | 1,822,623 | - | - | 1,822,623 | - |
| Current portion of long-term debt | 757,817 | - | - | 757,817 | - |
| Total current liabilities payable from restricted assets | <u>2,580,440</u> | <u>1,164,579</u> | <u>7,929</u> | <u>3,752,948</u> | <u>-</u> |
| Total current liabilities | <u>7,815,791</u> | <u>1,538,871</u> | <u>967,416</u> | <u>10,322,078</u> | <u>3,903,753</u> |
| Noncurrent liabilities: | | | | | |
| Compensated absences | 893,896 | - | 149,487 | 1,043,383 | 386,059 |
| Net OPEB obligation | 1,314,396 | - | 314,098 | 1,628,494 | 360,012 |
| Claims and judgments | - | - | - | - | 10,781,851 |
| Notes payable | 5,836,079 | - | - | 5,836,079 | - |
| Revenue bonds payable | 8,815,000 | - | - | 8,815,000 | - |
| Certificates of participation payable | - | 23,875,000 | - | 23,875,000 | - |
| Net pension liability | 12,628,493 | - | 2,258,890 | 14,887,383 | - |
| Total noncurrent liabilities | <u>29,487,864</u> | <u>23,875,000</u> | <u>2,722,475</u> | <u>56,085,339</u> | <u>11,527,922</u> |
| Total liabilities | <u>37,303,655</u> | <u>25,413,871</u> | <u>3,689,891</u> | <u>66,407,417</u> | <u>15,431,675</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 78,365,831 | 511,162 | 35,196,694 | 114,073,687 | 241,409 |
| Restricted: | | | | | |
| Renewal & replacement/rate stabilization | 3,587,160 | - | - | 3,587,160 | - |
| Capital Projects | - | 1,062,719 | 293,805 | 1,356,524 | - |
| Unrestricted | <u>38,773,153</u> | <u>268,663</u> | <u>9,752,694</u> | <u>48,794,510</u> | <u>8,092,560</u> |
| Total net position | <u>\$ 120,726,144</u> | <u>\$ 1,842,544</u> | <u>\$ 45,243,193</u> | <u>\$ 167,811,881</u> | <u>\$ 8,333,969</u> |

The accompanying notes are an integral part of the financial statements.

CITY OF POMPANO BEACH, FLORIDA

**RECONCILIATION OF THE ENTERPRISE FUNDS STATEMENT OF NET POSITION
TO THE GOVERNMENTWIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

| | |
|--|-----------------------------|
| Net Position - Enterprise Funds | \$167,811,881 |
| Adjustment to Enterprise Funds for Internal Service Funds look-back | <u>(1,100,466)</u> |
| Net Position - Business-type Activities | <u><u>\$166,711,415</u></u> |

The accompanying notes are an integral
part of the financial statements.

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities Internal Service Funds |
|---|--|---------------------|----------------------------------|-----------------------|---|
| | Utility | Parking | Nonmajor Enterprise Funds | Total | |
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 41,695,146 | \$ 1,560,320 | \$ 13,539,250 | \$ 56,794,716 | \$ 20,866,454 |
| Fines and forfeitures | - | 423,247 | - | 423,247 | - |
| Miscellaneous | 55,096 | 3,395 | 97,406 | 155,897 | 145,571 |
| Total operating revenues | <u>41,750,242</u> | <u>1,986,962</u> | <u>13,636,656</u> | <u>57,373,860</u> | <u>21,012,025</u> |
| OPERATING EXPENSES | | | | | |
| Personnel services | 9,326,330 | - | 2,011,715 | 11,338,045 | 2,734,723 |
| Other current expenses | 21,739,998 | 1,209,753 | 8,621,181 | 31,570,932 | 18,789,798 |
| Depreciation and amortization | 9,679,484 | 19,704 | 2,760,571 | 12,459,759 | 231,636 |
| Total operating expenses | <u>40,745,812</u> | <u>1,229,457</u> | <u>13,393,467</u> | <u>55,368,736</u> | <u>21,756,157</u> |
| Operating income (loss) | <u>1,004,430</u> | <u>757,505</u> | <u>243,189</u> | <u>2,005,124</u> | <u>(744,132)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment earnings | 568,816 | 64,620 | 134,351 | 767,787 | 252,638 |
| Miscellaneous revenue | 10,283 | 408,358 | 5,430 | 424,071 | 3,626 |
| Interest expense and fiscal agent fees | (447,652) | (729,039) | (1,696) | (1,178,387) | - |
| Gain or (loss) from disposition of capital assets | 75,729 | - | 58,161 | 133,890 | 26 |
| Total nonoperating revenue (expenses) | <u>207,176</u> | <u>(256,061)</u> | <u>196,246</u> | <u>147,361</u> | <u>256,290</u> |
| Income (loss) before contributions and transfers | 1,211,606 | 501,444 | 439,435 | 2,152,485 | (487,842) |
| Capital grants and contributions | 194,517 | - | 61,744 | 256,261 | 87,026 |
| Operating grants and contributions | - | - | 27,639 | 27,639 | - |
| Transfers in | 271,060 | - | 1,092,378 | 1,363,438 | - |
| Transfers out | <u>(63,000)</u> | <u>-</u> | <u>(1,981,918)</u> | <u>(2,044,918)</u> | <u>-</u> |
| Change in net position | <u>1,614,183</u> | <u>501,444</u> | <u>(360,722)</u> | <u>1,754,905</u> | <u>(400,816)</u> |
| Total net position - beginning | <u>119,111,961</u> | <u>1,341,100</u> | <u>45,603,915</u> | <u>166,056,976</u> | <u>8,734,785</u> |
| Total net position - ending | <u>\$ 120,726,144</u> | <u>\$ 1,842,544</u> | <u>\$ 45,243,193</u> | <u>\$ 167,811,881</u> | <u>\$ 8,333,969</u> |

The accompanying notes are an integral part of the financial statements.

CITY OF POMPANO BEACH, FLORIDA**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION OF ENTERPRISE FUNDS TO THE
STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

| | |
|--|---------------------|
| Net change in Net Position - Enterprise Funds | \$ 1,754,905 |
| Adjustment to Enterprise Funds for Internal Service Funds look-back | <u>(120,285)</u> |
| Change in Net Position - Business-type Activities | <u>\$ 1,634,620</u> |

The accompanying notes are an integral
part of the financial statements.

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities |
|--|--|---------------------|----------------------------------|----------------------|--------------------------------|
| | | | Nonmajor Enterprise Funds | | Internal Service Funds |
| | Utility | Parking | | Total | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from other funds for charges for services | \$ - | \$ - | \$ - | \$ - | \$ 17,956,226 |
| Receipts from customers | 42,130,353 | 1,637,612 | 14,348,824 | 58,116,789 | 3,054,537 |
| Payments to suppliers/Insurer | (21,047,671) | (1,296,072) | (8,475,754) | (30,819,497) | (15,596,057) |
| Payments to employees | (8,309,122) | - | (1,973,822) | (10,282,944) | (2,721,992) |
| Claims paid | - | - | - | - | (3,422,177) |
| Net cash provided (used) by operating activities | <u>12,773,560</u> | <u>341,540</u> | <u>3,899,248</u> | <u>17,014,348</u> | <u>(729,463)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Advances from other funds | - | - | (500,000) | (500,000) | 33,532 |
| Transfers to other funds | (63,000) | - | (1,981,918) | (2,044,918) | - |
| Transfers from other funds | 271,060 | - | 1,092,378 | 1,363,438 | - |
| Interest paid on utility deposits | (3,380) | - | - | (3,380) | - |
| Net cash provided (used) by noncapital financing activities | <u>204,680</u> | <u>-</u> | <u>(1,389,540)</u> | <u>(1,184,860)</u> | <u>33,532</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Acquisition and construction of capital assets | (6,883,676) | (18,259,608) | (1,769,334) | (26,912,618) | (31,168) |
| Operating grants and contributions | - | - | 27,639 | 27,639 | - |
| Capital grants and contributions | - | - | 185,866 | 185,866 | - |
| Proceeds from the sale of surplus materials/capital assets | 76,635 | 408,358 | 63,591 | 548,584 | 4,202 |
| Principal paid on bonds/notes/capital lease | (3,650,056) | - | (74,082) | (3,724,138) | - |
| Interest paid on bonds/notes/capital lease | (440,040) | (1,322,875) | (1,696) | (1,764,611) | - |
| Net cash provided (used) by capital and related financing activities | <u>(10,897,137)</u> | <u>(19,174,125)</u> | <u>(1,568,016)</u> | <u>(31,639,278)</u> | <u>(26,966)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Calls/maturities of investments | 21,442,154 | 197,359 | 4,895,699 | 26,535,212 | 11,619,731 |
| Purchase of investments | (21,848,391) | (949,400) | (4,816,676) | (27,614,467) | (9,816,922) |
| Interest earnings | 549,095 | 63,864 | 132,432 | 745,391 | 252,280 |
| Proceeds from notes receivable | - | - | 103,783 | 103,783 | - |
| Net cash provided (used) by investing activities | <u>142,858</u> | <u>(688,177)</u> | <u>315,238</u> | <u>(230,081)</u> | <u>2,055,089</u> |
| Net increase (decrease) in cash and cash equivalents | 2,223,961 | (19,520,762) | 1,256,930 | (16,039,871) | 1,332,192 |
| Cash and cash equivalents, beginning of the year | <u>6,039,092</u> | <u>21,977,592</u> | <u>381,811</u> | <u>28,398,495</u> | <u>888,459</u> |
| Cash and cash equivalents, end of the year | <u>\$ 8,263,053</u> | <u>\$ 2,456,830</u> | <u>\$ 1,638,741</u> | <u>\$ 12,358,624</u> | <u>\$ 2,220,651</u> |
| Cash and cash equivalents, unrestricted | \$ 5,682,614 | \$ 256,791 | \$ 1,617,828 | \$ 7,557,233 | \$ 2,220,651 |
| Cash and cash equivalents, restricted | 2,580,439 | 2,200,039 | 20,913 | 4,801,391 | - |
| Cash and cash equivalents, end of the year | <u>\$ 8,263,053</u> | <u>\$ 2,456,830</u> | <u>\$ 1,638,741</u> | <u>\$ 12,358,624</u> | <u>\$ 2,220,651</u> |
| Non-cash transactions (Capital & Related Financing Activities): | | | | | |
| Contribution of capital assets from developers | \$ 194,517 | \$ - | \$ - | \$ 194,517 | \$ - |
| Donation of equipment | - | - | 6,722 | 6,722 | 87,026 |
| Capitalized interest | 40,172 | 521,640 | - | 561,812 | - |
| Non-cash transactions (Investing Activities): | | | | | |
| Changes in fair value of investments | 13,997 | 372 | 3,048 | 17,417 | 6,256 |
| Total non-cash activities | <u>\$ 248,686</u> | <u>\$ 522,012</u> | <u>\$ 9,770</u> | <u>\$ 780,468</u> | <u>\$ 93,282</u> |

The accompanying notes are an integral part of the financial statements.

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities |
|---|--|-------------------|----------------------------------|----------------------|--------------------------------|
| | Utility | Parking | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Operating income (loss) | \$ 1,004,430 | \$ 757,505 | \$ 243,189 | \$ 2,005,124 | \$ (744,132) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Depreciation and amortization expense | 9,679,484 | 19,704 | 2,760,571 | 12,459,759 | 231,636 |
| Non-cash pension expense | 922,785 | - | 69,640 | 992,425 | - |
| Changes in assets and liabilities: | | | | | |
| (Increase) decrease in assets: | | | | | |
| Accounts receivables | 242,375 | (349,350) | 706,388 | 599,413 | - |
| Due from other governments | (4,817) | - | - | (4,817) | (1,262) |
| Inventories | (5,866) | - | 1,232 | (4,634) | 46,368 |
| Other assets and prepaids | 10,762 | - | - | 10,762 | - |
| Increase (decrease) in liabilities: | | | | | |
| Accounts and other payables | 650,211 | (86,319) | 131,701 | 695,593 | (123,662) |
| Accrued expenses | 73,174 | - | 14,093 | 87,267 | 13,388 |
| Customer deposits payable | 142,553 | - | - | 142,553 | - |
| Unearned revenue | - | - | 5,780 | 5,780 | - |
| Other Post Employment Benefits (OPEB) | 37,220 | - | 12,494 | 49,714 | 15,858 |
| Compensated absences | 21,249 | - | (45,840) | (24,591) | (657) |
| Estimated claims payable | - | - | - | - | (167,000) |
| Net cash provided (used) by operating activities | <u>\$ 12,773,560</u> | <u>\$ 341,540</u> | <u>\$ 3,899,248</u> | <u>\$ 17,014,348</u> | <u>\$ (729,463)</u> |

The accompanying notes are an integral part of the financial statements.

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016

| | Employee Retirement Plans | Agency Fund |
|---|--------------------------------------|--------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 5,367,912 | \$ 1,141,881 |
| Receivables: | | |
| Accrued interest and dividends | 616,441 | - |
| Due from brokers | 1,089,869 | - |
| Other | 304,286 | 1,371 |
| Total receivables | 2,010,596 | 1,371 |
| Other assets | 2,978 | - |
| Investments: | | |
| US Government obligations | 22,651,641 | - |
| Mortgage backed securities | 14,449,431 | - |
| Municipal obligations | 950,062 | - |
| Corporate obligations | 34,316,911 | - |
| Equity securities | 176,791,639 | - |
| Mutual funds and collective trusts | 40,453,134 | - |
| Hedge funds & private equity funds | 57,824,348 | - |
| Real estate funds | 22,265,116 | - |
| Money market funds | 7,696,123 | - |
| Total investments | 377,398,405 | - |
| Prepayments and other assets | 1,533,066 | - |
| Property & equipment, net of accumulated depreciation | 27,796 | - |
| Total assets | 386,340,753 | 1,143,252 |
| LIABILITIES | | |
| Accounts payable and accrued expenses | 408,456 | - |
| Due to brokers | 1,638,486 | - |
| Deposits, sales tax & payroll taxes payable | - | 1,143,252 |
| Total liabilities | 2,046,942 | \$ 1,143,252 |
| NET POSITION | | |
| Restricted for pension benefits | \$ 384,293,811 | |

The accompanying notes are an integral part of the financial statements.

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

| | Employee Retirement Plans |
|---|--|
| ADDITIONS | |
| Contributions: | |
| Employer | \$ 10,292,781 |
| Broward County Sheriff's Office | 4,386,762 |
| Broward County - Library | 20,798 |
| Members | 4,085,685 |
| State | 2,273,774 |
| Total contributions: | <u>21,059,800</u> |
| Investment income | |
| Net appreciation in fair value of investments | 25,292,932 |
| Interest and dividends | 7,424,028 |
| Commission recapture | 10,775 |
| Other | 6,901 |
| Total investment income | <u>32,734,636</u> |
| Less: investment expenses | <u>2,200,573</u> |
| Net Investment Income | <u>30,534,063</u> |
| Total | <u>51,593,863</u> |
| DEDUCTIONS | |
| Participant benefit payments | 33,619,769 |
| Benefits paid from drop | 1,858,920 |
| Refunds of participant contributions | 202,521 |
| Administrative expenses | 1,130,696 |
| Total | <u>36,811,906</u> |
| Net Increase | 14,781,957 |
| Net position restricted for pension benefits | |
| Beginning of the year | <u>369,511,854</u> |
| End of the year | <u>\$ 384,293,811</u> |

The accompanying notes are an integral part of the financial statements.

CITY OF POMPANO BEACH, FLORIDA
INDEX TO
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

| | <u>Page No.</u> |
|---|------------------------|
| NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES | |
| A. Financial Reporting Entity | 40 |
| B. Blended Component Unit Disclosure | 41 |
| C. Government-wide and Fund Financial Statements | 41 |
| D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation | 42 |
| E. Cash and Cash Equivalents | 44 |
| F. Investments | 44 |
| G. Inventories/Prepays | 45 |
| H. Due to/from Other Funds and Advances to/from Other Funds | 45 |
| I. Capital Assets | 45 |
| J. Deferred Inflows & Outflows of Resources | 46 |
| K. Risk Management | 46 |
| L. Compensated Absences | 46 |
| M. Long-term Obligations | 47 |
| N. Employee Benefit Plans and Net Pension Liability | 47 |
| O. Post Employment Benefits Other Than Pensions (OPEB) | 48 |
| P. Pollution Remediation Obligations | 48 |
| Q. Unearned/Unavailable Revenue | 49 |
| R. Fund Equity/Net Position | 49 |
| S. Restricted Net Position | 50 |
| T. Accounting Estimates | 50 |
| NOTE II - DETAILED NOTES ON ALL FUNDS | |
| A. Cash and Cash Equivalents and Investments | 51 |
| B. Receivables and Other Assets | 68 |
| C. Capital Assets and Construction Commitments | 71 |
| D. Unearned/Unavailable Revenue | 75 |
| E. Interfund Loans and Transfers | 76 |
| F. Long-term Obligations | 78 |
| G. Operating Lease | 87 |
| H. Governmental Fund - Fund Balance | 88 |
| I. Property Taxes | 89 |
| J. Post Employment Benefits Other Than Pensions (OPEB) | 89 |
| NOTE III - OTHER INFORMATION | |
| A. Employee Retirement System Police and Firefighters' Retirement System | 93 |
| 1. Summary of Significant Accounting Policies | |
| 2. Plan Description and Contribution Information | |
| 3. Due to Brokers | |
| B. Employee Retirement System General Employees' Retirement System | 97 |
| 1. Summary of Significant Accounting Policies | |
| 2. Plan Description | |
| C. Other Pension Information | 101 |
| 1. Contribution Rates and Actual Contributions | |
| 2. Net Pension Liability | |
| 3. Restatement of Prior Year Balances | |
| D. Employee Retirement System - Defined Contribution Retirement System | 108 |
| -Plan Description and Contribution Information | |
| E. Risk Management | 109 |
| F. Contingencies/Risks/Uncertainties | 109 |
| G. New Accounting Pronouncements | 110 |
| H. Pompano Beach Community Redevelopment Agency | 113 |

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Component units, although legally separate entities, are in substance part of the City's operations. The basic financial statements include both government-wide and fund financial statements. The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements focus on short-term results of operations and financing decisions at a specific fund level.

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

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

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

(A) The Financial Reporting Entity

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

- City of Pompano Beach General Employees' Retirement System, established in 1972 by Ordinance 73-3;
- Pompano Beach Police and Firefighter's Retirement System, established in 1973 by Ordinance 73-11; and

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(B) Blended Component Unit Disclosure

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

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

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

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

The criterion used for including component units in the reporting entity of the City consist of identification of legally separate organizations for which the elected officials of the City are financially accountable. This criterion also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Under the blended method, component unit balances and transactions are reported in a manner similar to the balances and transactions of the primary government itself. The City has no discretely presented component units.

(C) Government-wide and Fund Financial Statements

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

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

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

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

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

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

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

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Northwest Community Redevelopment District Fund (NW CRA) accounts for a City agency which uses tax-increment financing to encourage development and the resources accumulated therein are restricted to those activities.

The East Community Redevelopment District Fund (East CRA) accounts for a City agency which uses tax-increment financing to encourage development and the resources accumulated therein are restricted to those activities.

The Emergency Medical Services District Fund (EMS) accounts for ad valorem taxes and emergency transport fees collected for emergency medical services provided by the City and the resources therein are committed to support that function.

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

The City reports the following major proprietary funds:

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

The Parking Fund which accounts for parking operation activities throughout the City.

The City also has certain funds (Building Permit Fund, Special Purpose Fund, Law Enforcement Trust Fund (LETF), State Housing Initiative Partnership Grant Fund (SHIP), Other Grants Fund, Cultural Arts Foundation, Cemetery, Affordable Housing Fund, Pier, Airpark, Golf, Sanitation and Stormwater) that do not meet the GASB Statement No. 34 criteria for major fund classification.

Additionally, the City reports the following fund types:

The Internal Service Funds account for central stores, information technology, central services, risk management (health), risk management (general) and vehicle services provided to other departments or agencies of the government, on a cost reimbursement basis.

Fiduciary Funds:

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

The Pompano Beach Police and Firefighters' Retirement System Pension Trust

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Fund accounts for the accumulation of resources to be used for retirement benefit payments to City police officers and firefighters. Resources are contributed by employees at rates fixed by contract and by the City at amounts determined by an annual actuarial valuation.

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

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

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

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

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

(E) Cash and Cash Equivalents

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

(F) Investments

Investments in participating interest-earning contracts that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. All other investments, including pension trust fund and component unit investments, are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(G) Inventories/Prepays

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

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

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

(I) Capital Assets

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

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

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

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

| | |
|-----------------------------------|-------------|
| Buildings | 15-50 Years |
| Improvements other than buildings | 5-50 Years |
| Machinery and equipment | 3-15 Years |
| Infrastructure | 15-50 Years |
| Art Work | 5-50 Years |

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred net of any interest earned on specific bonds during the

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

construction phase of the capital assets of enterprise funds and business-type activities is capitalized as part of the capitalized value of the assets constructed. The total interest expense incurred by the Utility fund during the current fiscal year was \$425,207, of which \$40,172 was capitalized. Total interest expense incurred by the Parking Fund during the current fiscal year was \$1,250,680, of which \$521,640 was capitalized.

(J) Deferred Inflows & Outflows of Resources

The statement of net position includes a separate section for deferred inflows of resources and deferred outflows of resources. Deferred Inflows of resources represent the acquisition of net position that is applicable to a future accounting period and will not be recognized as revenue until the future period to which it applies. Deferred outflows of resources represents the consumption of net position applicable to future periods and will not be recognized as expenditures or expenses until the future period to which it applies.

(K) Risk Management

The City is self-insured for automobile liability, general liability, including public official's liability and property damage claims pursuant to Florida Statute Section 768.28 (Waiver of Sovereign Immunity in Tort Actions; Recovery Limits; Limitation on Attorney Fees; Statute of Limitations; Exclusions; Indemnification; Risk Management Programs). Per Florida Statute Section 768.28, the City has sovereign immunity up to \$100,000 per person/\$200,000 per occurrence (\$200,000 and \$300,000, respectively effective October 1, 2011). The City is also self-insured for workers' compensation claims, in accordance with Florida Statute Section 440. Workers' compensation claims are self-insured up to \$500,000 per occurrence and property damage (buildings and contents) up to \$100,000, with property damage claims, related to named hurricane/windstorm, having a 5% of total location value deductible. Excess insurance policies apply above these self-insured levels.

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

(L) Compensated Absences

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

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(M) 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 position. Bond premiums and discounts and gain/loss on bond refunding are deferred and amortized over the life of the bonds using the straight line method, which is not materially different than the effective interest method. Bonds payable are reported net of the unamortized amount of the applicable bond premium/discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Payments on debt are recorded as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred in government-wide and proprietary fund statements. Prepaid insurance costs are reported as an asset and recognized as an expense over the duration of the related debt.

(N) Employee Benefit Plans and Net Pension Liability

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

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

At September 30, 2016 the City recorded a net pension liability related to the General Employees Retirement Plan and a net pension liability related to the Police and Firefighters' Retirement Plan in its government-wide and enterprise fund statements of net position, as applicable. For governmental activities it is expected that the net pension liability will be liquidated by the General and EMS Funds. For business-type activities, the enterprise funds will be responsible for liquidating that component of the City's net pension liability and the net pension liability is recorded within these individual fund financial statements to reflect this, in accordance with accounting recognition criteria. The net pension liability is the difference between the total pension liability (the present value

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees and their beneficiaries). Please refer to Note (III) for further information.

(O) Post Employment Benefits Other Than Pensions (OPEB)

Pursuant to Section 112.0801, Florida Statutes, the City is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees pay 100% of the blended (active and retiree combined) equivalent premium rates. The blended rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

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

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

(P) Pollution Remediation Obligations

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

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

The City measures pollution remediation obligations using the expected cash flow

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

technique. Estimates of a pollution remediation liability are adjusted when benchmarks are met or when new information indicates changes in estimated outlays due to, for example, changes in the remediation plan or operating conditions. These changes may include the type of equipment, facilities, and services that will be used, price increases or reductions for specific outlay elements such as ongoing monitoring requirements, changes in technology, and changes in legal or regulatory requirements. The City has adopted a minimum reporting threshold of \$100,000, per obligating event. Therefore only remediation sites with outlays estimated to meet or exceed that amount are reported in the financial statements. The City did not have any such pollution remediation obligations at September 30, 2016.

(Q) Unearned/Unavailable

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

(R) Fund Equity/Net Position

In the governmental fund financial statements, fund balance classifications are as follows:

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

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as follows:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other obligations that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related obligations are also included in this component of net position.
- Restricted Net Position – amounts that are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations. These amounts are reduced by liabilities and deferred inflows of resources related to those assets.
- Unrestricted Net Position – have no third party limitations on their use. While City management may have categorized and segmented portions for various purposes, the City Commission has the unrestricted authority to revisit or alter these managerial decisions.

(S) Restricted Net Position

Restricted Net Position consists of amounts restricted to comply with grant contracts and other externally imposed constraints or by legislation that are legally enforceable. At September 30, 2016, the Government-wide statement of net position reports \$47,674,955 in restricted net position. Of this amount, \$42,731,241 is restricted as a result of enabling legislation.

(T) Accounting Estimates

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

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(II) DETAILED NOTES ON ALL FUNDS

(A) Cash and Cash Equivalents and Investments

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

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

The following are components of the City's cash, cash equivalents and investments at September 30, 2016:

| | Unrestricted | | Restricted | | Total cash, cash equivalents and investments |
|---------------------------|------------------------------|-----------------------|------------------------------|---------------------|--|
| | Cash and cash equivalents | Investments | Cash and cash equivalents | Investments | |
| Governmental activities: | | | | | |
| General | \$ 2,209,692 | \$ 48,759,311 | \$ 7,345 | \$ - | \$ 50,976,348 |
| Northwest CRA | 495,682 | 3,874,857 | - | - | 4,370,539 |
| East CRA | 2,076,365 | 3,957,002 | 4,019,742 | - | 10,053,109 |
| EMS | 265,589 | 826,986 | - | - | 1,092,575 |
| Capital Projects | 2,986,430 | 27,725,102 | 200,988 | 2,244,173 | 33,156,693 |
| Nonmajor Governmental | 3,864,801 | 12,908,088 | - | 92,021 | 16,864,910 |
| Internal Service Funds | 2,220,651 | 20,451,490 | - | - | 22,672,141 |
| Total governmental | <u>14,119,210</u> | <u>118,502,836</u> | <u>4,228,075</u> | <u>2,336,194</u> | <u>139,186,315</u> |
| Business-type activities: | | | | | |
| Utility | 5,682,614 | 41,929,364 | 2,580,439 | 3,587,160 | 53,779,577 |
| Parking | 256,791 | 1,035,418 | 2,200,039 | 942,457 | 4,434,705 |
| Nonmajor Enterprise | 1,617,828 | 9,611,232 | 20,913 | 246,188 | 11,496,161 |
| Total business-type | <u>7,557,233</u> | <u>52,576,014</u> | <u>4,801,391</u> | <u>4,775,805</u> | <u>69,710,443</u> |
| Fiduciary Funds | <u>6,509,793</u> | <u>377,398,405</u> | - | - | <u>383,908,198</u> |
| Total | <u>\$ 28,186,236</u> | <u>\$ 548,477,255</u> | <u>\$ 9,029,466</u> | <u>\$ 7,111,999</u> | <u>\$ 592,804,956</u> |

Public Deposits:

At September 30, 2016, the book balance of the City's deposits was \$25,413,212 and the bank balance was \$28,624,588. Deposits whose balance exceeds the limits of federal depository insurance are collateralized pursuant to Florida Statutes, Chapter 280, Florida Security for Public Deposits Act (the Act). Under this Act, financial institutions which are qualified as public depositories place with the State Board of Administration ("SBA"), securities which have a market value equal to 50 percent of the average daily balance for each month of all public deposits in excess of applicable deposit insurance. The Public Deposit Security Trust Funds have a procedure to allocate and recover losses in the event of default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. It is the City's practice to ensure that all its public deposits are maintained with a qualified depository and as a result, all City depositories at fiscal year end were designated as qualified public depositories in accordance with Florida Statute.

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Investment Authorization:

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

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

CITY OF POMPANO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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

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

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

(1) 10% for treasury strips

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

NA-not applicable

At September 30, 2016 the City held investments in the Florida Municipal Investment Trust (FMIT), which is a local government investment pool authorized under Section 218.415, Florida Statutes, Local Government Investment Policies, for units of local government in Florida. The operation and administration of the FMIT is the responsibility of a Board of Trustees who are selected from the ranks of elected officials of governmental entities participating in the FMIT.

CITY OF POMPANO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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

| Authorized Investments | Maximum % Portfolio Composition |
|-----------------------------------|--|
| Domestic Equities | 35-60% |
| International Equities | 10-25% |
| Fixed Income | 10-35% |
| Real Estate | 5-15% |
| Alternatives | 5-20% |
| Cash and Cash Equivalents | 0-10% |

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

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

| Authorized Investments | Allowable Range % | Target % |
|-----------------------------------|--------------------------|-----------------|
| Fixed Income Securities | 17.5% - 27.5% | 22.5% |
| Equity Securities | 42.5% - 57.5% | 50.0% |
| Real Estate | 2.5% - 10% | 7.5% |
| Private Equity | 0% - 7.5% | 5.0% |
| Hedge Funds | 0% - 10% | 10.0% |
| Master Limited Partnerships | 0% - 7.5% | 5.0% |

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Security:

The City and the Pension Plans have a third party custodial arrangement with certain financial institutions to accept securities on a delivery vs. payment basis for direct purchase agreements. Securities purchased in the City's or Pension Plan's name are registered in the name of the City or Pension Plans by an agent of these entities and are confirmed with safekeeping statements.

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of September 30, 2016:

| | | Fair Value Hierarchy | | |
|--|-----------------------|---|--|--|
| | | Quotes Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by fair value level | Fair Value | | | |
| U.S. Treasury Notes | \$ 50,073,769 | \$ - | \$ 50,073,769 | \$ - |
| U.S. Sponsored Agencies | 61,991,946 | - | 61,991,946 | - |
| Asset Backed Securities | 15,421,279 | - | 15,421,279 | - |
| Commercial Paper | 5,885,132 | 5,885,132 | - | - |
| Corporate Bonds | 40,061,635 | - | 40,061,635 | - |
| State/Local Govt. Debt | 803,384 | - | 803,384 | - |
| Intergovernmental Investment Pool | 3,953,704 | - | 3,953,704 | - |
| Total investments by fair value level | 178,190,849 | 5,885,132 | 172,305,717 | - |
| Certificate of Deposit | 6,200,000 | | | |
| Demand Deposits | 19,269,624 | | | |
| Money Market Mutual Funds | 6,378,166 | | | |
| Total Government-wide & Agency Fund | <u>\$ 210,038,639</u> | | | |

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. The Intergovernmental Investment Pool invests mainly in US government and agency securities and asset-backed securities. The underlying securities have observable level 1 quoted pricing inputs or observable level 2 significant other observable pricing inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation (IDC). While the underlying asset values

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

are based on quoted prices or market-corroborated inputs, the net asset value of the portfolio is not publicly quoted. As such, this is reported as level 2, since the value is based on market-corroborated data. The City does not value any of its investments using level 3 inputs.

GERS Fair Value Measurements

The GERS categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The GERS utilizes various valuation methodologies for fair value asset measurement:

Common stock: Valued at the closing price reported on the New York Stock Exchange.

Mutual funds: Valued at the daily closing price as reported by the Plan. Mutual funds held by the Plan are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Government securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yield of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote, if available.

The Plan also has investments in private equity and real estate. These investments are measured at net asset value (NAV). The Plan does not value any of its investments using level 3 inputs.

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

The following table presents the Plan's fair value hierarchy for investments at fair value as of September 30, 2016:

| Investments by fair value level | Fair Value Hierarchy | | | |
|--|----------------------|---------------|---------------|-----------|
| | Fair Value | (Level 1) | (Level 2) | (Level 3) |
| Equity securities | | | | |
| Common stocks | \$ 57,901,290 | \$ 57,901,290 | \$ - | \$ - |
| Mutual funds | 40,453,134 | 40,453,134 | - | - |
| Total equity securities | 98,354,424 | 98,354,424 | - | - |
| Debt securities | | | | |
| U.S. treasury securities | 1,584,589 | 1,584,589 | - | - |
| U.S. agency securities | 6,826,689 | - | 6,826,689 | - |
| Corporate bonds | 15,308,876 | - | 15,308,876 | - |
| Total debt securities | 23,720,154 | 1,584,589 | 22,135,565 | - |
| Total investments by fair value | 122,074,578 | \$ 99,939,013 | \$ 22,135,565 | - |
| Investments measured at the net asset value (NAV) | | | | |
| Real estate | 19,265,116 | | | |
| Private equity | 13,584,672 | | | |
| Total investments measured at NAV | 32,849,788 | | | |
| Money market funds (exempt) | 5,310,344 | | | |
| Total investments | \$ 160,234,710 | | | |

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table:

| Investment Type | Fair Value | Unfunded Commitment | Redemption Frequency (if Currently Eligible) | Redemption Notice Period |
|---------------------------------------|---------------|---------------------|--|--------------------------|
| Real estate (1) | \$ 19,265,116 | \$ - | Quarterly | 45 Days |
| Private equity (2) | 2,385,771 | 607,550 | N/A | N/A |
| Private equity (2) | 11,198,901 | - | N/A | N/A |
| Total investments measured at the NAV | \$ 32,849,788 | | | |

(1) Real estate: Valued at the net asset value of shares held by the Plan at year end. The Plan has investment in a private market real estate investment for which no liquid public market exists.

(2) Private equity: Valued based on the net asset value (NAV). The most significant input into the NAV is the fair value of its investment holdings. These holdings are valued by the general partners on a quarterly basis, in conjunction with management and investment

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

advisors. The Plan has holdings in two limited partnerships.

PFRS Fair Value Measurements

The PFRS categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Level 1 and 2 prices are obtained from various pricing sources by the Plan's custodian bank. Short-term investments, which consist of money market funds, are reported at amortized cost. Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates (level 1). This includes common stock, American depository receipts, foreign stock, mutual fund equities and Real Estate Investment Trusts (REITS). Debt securities are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity (Level 2). This includes U.S. Treasury bonds and notes, inflation-indexed bonds, U.S. federal agencies, mortgage backed and collateralized securities, municipal bonds, mutual bond funds and corporate obligations, including asset backed, foreign bonds and notes, private placements.

The Plan has investments in alternative asset classes, including funds of hedge funds, private equity fund of funds and a core real estate fund, which hold a variety of investment vehicles that do not have readily available market quotations. These investments are measured at net asset value based on their proportionate share of the value of the investments as determined by the fund managers and are valued according to methodologies , which include pricing models, discounted cash flow models and similar techniques. The Plan does not value any of its investments using level 3 inputs.

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

The following is a summary of the fair value hierarchy of the fair value of investments as of September 30, 2016:

| Investments by fair value level | Fair Value Hierarchy | | | |
|--|-----------------------------|------------------|------------------|------------------|
| | Fair Value | (Level 1) | (Level 2) | (Level 3) |
| Debt securities | | | | |
| U.S. Government agency obligations | \$ 14,240,363 | \$ - | \$ 14,240,363 | \$ - |
| Mortgage backed securities | 14,449,431 | - | 14,449,431 | - |
| Municipal obligations | 950,062 | - | 950,062 | - |
| Corporate obligations | 19,008,035 | - | 19,008,035 | - |
| Total debt securities | 48,647,891 | - | 48,647,891 | - |
| Equity securities | | | | |
| Common stock | 69,693,644 | 69,693,644 | - | - |
| ADR's | 28,034,608 | 28,034,608 | - | - |
| Partnerships publicly traded | 9,105,494 | - | 9,105,494 | - |
| Foreign stock | 6,477,897 | 6,477,897 | - | - |
| Mutual fund equities | 4,944,848 | 4,944,848 | - | - |
| REIT | 633,858 | 633,858 | - | - |
| Total equity securities | 118,890,349 | 109,784,855 | 9,105,494 | - |
| Pompano Beach Investors, LLC | 3,000,000 | - | 3,000,000 | - |
| Total investments by fair value | 170,538,240 | \$ 109,784,855 | \$ 60,753,385 | \$ - |
| Investments measured at the net asset value (NAV) | | | | |
| Fund of hedge funds | 19,861,633 | | | |
| Real estate fund | 14,698,169 | | | |
| Private equity fund of funds | 9,679,874 | | | |
| Total investments measured at NAV | 44,239,676 | | | |
| Money market funds (exempt) | 7,696,123 | | | |
| Total investments | \$ 222,474,039 | | | |

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient, including their related unfunded commitments and redemption restrictions.

| Investments measured at the (NAV) | Fair Value | Unfunded Commitment | Redemption Frequency (if Currently Eligible) | Redemption Notice Period |
|--|----------------------|--------------------------------|---|---|
| Fund of hedge funds - multi strategy (1) | \$ 10,369,688 | \$ - | Semi-Annual | 95 Days |
| Fund of hedge funds - multi strategy (2) | 9,491,945 | - | Quarterly | 95 Days |
| Core real estate fund (3) | 14,698,169 | - | Quarterly | 45 Days |
| Private equity fund of funds (4) | 3,818,636 | 1,725,000 | N/A | N/A |
| Private equity fund of funds (4) | 1,575,053 | 1,485,000 | N/A | N/A |
| Private equity fund of funds (5) | 2,607,421 | 427,245 | N/A | N/A |
| Private equity fund of funds (6) | 1,678,764 | 817,080 | N/A | N/A |
| Total investments measured at the NAV | <u>\$ 44,239,676</u> | | | |

(1) Multi-strategy fund of hedge fund. Aims to pursue varying strategies in order to diversify risks and reduce volatility. This fund is a diversified portfolio of relative value, equity market neutral and low net equity, event driven and distressed and credit securities. This investment is valued at NAV and is redeemable on a semi-annual basis.

(2) Multi-strategy fund of hedge fund. Aims to pursue varying strategies in order to diversify risks and reduce volatility. This fund is a diversified portfolio of relative value and event driven hedge funds with a focus on credit strategies. This investment is valued at NAV and is redeemable on a quarterly basis.

(3) Core real estate fund. This fund is an open-end core real estate fund with a diversified portfolio of income producing institutional properties throughout the US. This investment is valued at NAV and is redeemable on a quarterly basis.

(4) Private equity fund of funds. These two funds are globally diversified private equity programs that invest in large, mid and small-cap buyouts, venture and growth capital, and special situations. These investments are valued at NAV.

(5) Private equity fund of funds. This fund seeks to find undervalued opportunities in a differentiated platform of private equity, real estate, credit, hedge fund solutions and secondary solutions. This investment is valued at NAV.

(6) Private equity fund of funds. The fund seeks to acquire and structure private equity portfolios of private equity partnerships and underlying portfolio companies across leveraged buyout, credit, distressed, growth capital, real assets and venture capital strategies. This investment is valued at NAV.

Risk Disclosures:

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

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

investment the greater the sensitivity of its fair value to changes in market interest rates.

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

The City's overnight investments have an effective duration of 1 day. The City's short term and core portfolios have durations of 0.35 years and 1.81 years, respectively. This multiple portfolio strategy seeks to limit the risk associated with losses associated with interest rate movements, while providing required liquidity. The City's investment in the Florida Municipal Investment Trust Local Government Investment Pool had a duration of 1.30 years at September 30, 2016.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity at September 30, 2016:

| Investment Type | Fair Value | Remaining Maturity (in years) | | | | | 5+ Years |
|--|-----------------------|-------------------------------|---------------------|---------------------|---------------------|--------------------|-------------|
| | | Less than 1 | 1 to 2 | 2 to 3 | 3 to 4 | 4 to 5 | |
| U.S. Treasury Notes | \$ 50,073,769 | \$ 7,415,047 | \$ - | \$33,691,482 | \$ 8,967,240 | \$ - | \$ - |
| U.S. Sponsored Agencies | 61,991,946 | 8,459,570 | 30,946,155 | 19,790,040 | - | 2,796,181 | - |
| Asset Backed Securities | 15,421,279 | 694,238 | 1,787,936 | 6,142,053 | 6,797,052 | - | - |
| Commercial Paper | 5,885,132 | 5,885,132 | - | - | - | - | - |
| Corporate Bonds | 40,061,635 | 8,915,175 | 20,187,552 | 10,958,908 | - | - | - |
| State/Local Govt. Debt | 803,384 | - | 803,384 | - | - | - | - |
| Money Market Mutual Funds | 6,378,166 | 6,378,166 | - | - | - | - | - |
| Intergovernmental Investment Pool | 3,953,704 | - | 3,953,704 | - | - | - | - |
| | <u>\$ 184,569,015</u> | <u>\$37,747,328</u> | <u>\$57,678,731</u> | <u>\$70,582,483</u> | <u>\$15,764,292</u> | <u>\$2,796,181</u> | <u>\$ -</u> |
| Breakdown Government-wide Investments -- | | | | | | | |
| (subject to interest rate risk) | \$ 184,569,015 | | | | | | |
| Deposits -- | | | | | | | |
| (not subject to interest rate risk) | | | | | | | |
| Certificate of Deposit | 6,200,000 | | | | | | |
| Money Market Savings | 11,944,636 | | | | | | |
| Cash & Cash Equivs. (other deposits) | <u>7,324,988</u> | | | | | | |
| Total Government-wide & Agency Fund | <u>\$ 210,038,639</u> | | | | | | |

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

As a means of limiting its exposure to interest rate risk over time, the General Employees Retirement Plan diversifies its investments by security type and durations of maturities. Information about the sensitivity of the fair values of the investments for the plan to market interest rate fluctuations is provided by the following table which shows the distribution of the plan's debt type investments by remaining maturity at September 30, 2016:

| Investment Type | Remaining Maturity (in years) | | | | |
|--|-------------------------------|--------------|--------------|--------------|--------------|
| | Fair Value | Less than 1 | 1 to 5 | 6 to 10 | More than 10 |
| Corporate Bonds | \$ 15,308,876 | \$ 2,946,089 | \$ 8,969,700 | \$ 3,067,192 | \$ 325,895 |
| US Treasuries | 1,584,589 | - | 194,134 | 1,390,455 | - |
| US Agencies | 6,826,689 | - | 40,521 | - | 6,786,168 |
| | 23,720,154 | \$ 2,946,089 | \$ 9,204,355 | \$ 4,457,647 | \$ 7,112,063 |
| Investment types not subject to interest rate risk: | | | | | |
| Common Stock | 57,901,290 | | | | |
| Real Estate | 19,265,116 | | | | |
| Mutual Funds | 40,453,134 | | | | |
| Private Equity | 13,584,672 | | | | |
| Total Investments | <u>\$ 154,924,366</u> | | | | |

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

The General Employees Retirement System (the GERS) plan exposure to foreign currency risk derives mainly from its investments in international equity funds. The Plan owns participation in international equity funds as well as individual securities. The investment policy limits the foreign investments to no more than 25% of the Plan's investment balance. As of year-end, the foreign investments were 10% of total investments.

As a means of limiting its exposure to fair value losses, the investment guidelines for the Pompano Beach Police and Firefighters' Retirement System (PFRS) look to control impacts from interest rate risk in both rising and declining interest rate environments considering such factors as credit quality and duration for losses in rising rate environments, and credit quality in declining rate environments. The benchmarks are monitored and changed when warranted by the investment market environment. Debt portfolios are structured and managed to produce returns based on risks inherent in the selected benchmarks.

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Information about the sensitivity of the fair values of the investments for the PFRS to market interest rate fluctuations is provided by the following table which shows the distribution of the plan's investments by remaining maturity at September 30, 2016:

| Investment Type | Remaining Maturity (in years) | | | | |
|--|-------------------------------|---------------------|----------------------|---------------------|----------------------|
| | Fair Value | Less than 1 | 1 to 5 | 6 to 10 | More than 10 |
| U.S. Treasuries, notes and bonds | \$ 13,600,906 | \$ 89,996 | \$ 7,809,393 | \$ 2,938,850 | \$ 2,762,667 |
| U.S. Federal agencies | 296,097 | - | 296,097 | - | - |
| US Mortgage backed securities | 12,309,559 | 621 | 35,570 | 100,000 | 12,173,368 |
| U.S. Treasury/Inflation protected securities | 343,360 | - | - | 96,120 | 247,240 |
| Municipal obligations | 950,062 | - | 268,898 | - | 681,164 |
| Corporate obligations | 18,058,470 | 589,432 | 7,468,423 | 5,969,837 | 4,030,778 |
| Bond mutual funds | 852,009 | 852,009 | - | - | - |
| Collateralized mortgage obligations | 2,139,872 | - | - | - | 2,139,872 |
| Foreign obligations | 97,556 | - | - | 97,556 | - |
| | <u>48,647,891</u> | <u>\$ 1,532,058</u> | <u>\$ 15,878,381</u> | <u>\$ 9,202,363</u> | <u>\$ 22,035,089</u> |
| Investment types not subject to interest rate risk: | | | | | |
| Equity securities | 118,890,349 | | | | |
| Hedge funds & private equity | 44,239,676 | | | | |
| Real estate | 3,000,000 | | | | |
| Money market funds | 7,696,123 | | | | |
| Total Investments | <u>\$ 222,474,039</u> | | | | |

The PFRS exposure to foreign currency risk derives mainly from its investments in international equity funds. The Plan's investment policies limits the foreign investments to no more than 25% of the Plan's investment portfolio. As of fiscal year end, the foreign investments were less than 1% of total investments.

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

CITY OF POMPANO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2016

Corporate notes limits (25%) and commercial paper limits (25%) are established with additional asset allocation limits for the sector (10%) and issuer (2%). The following table discloses composite credit ratings by investment type for the City as rated by Moody's or Standard & Poor's (Fitch for LGIP) at September 30, 2016:

| Investment Type | Rating at September 30, 2016 | | | | |
|------------------------------------|------------------------------|--------------|--------------|---------------------------------|--------------|
| | Fair Value | AAAm | P-1 | Aaa/AAA/Aa1/Aa2 Aa3/A1/A2/A3 | AAAf/S2 |
| U.S. Treasury Notes | \$ 50,073,769 | \$ - | \$ - | \$ 50,073,769 | \$ - |
| U.S. Sponsored Agencies | 61,991,946 | - | 2,523,365 | 59,468,581 | - |
| Asset Backed Securities | 15,421,279 | - | 18,925 | 15,402,354 | - |
| Commercial Paper | 5,885,132 | - | 5,885,132 | - | - |
| Corporate Bonds | 40,061,635 | - | - | 40,061,635 | - |
| State/Local Govt. Debt | 803,384 | - | - | 803,384 | - |
| Money Market Mutual Funds | 6,378,166 | 6,378,166 | - | - | - |
| Local Gov't Investment Pool (LGIP) | 3,953,704 | - | - | - | 3,953,704 |
| Total Investments | | | | | |
| with Credit Risk | 184,569,015 | \$ 6,378,166 | \$ 8,427,422 | \$ 165,809,723 | \$ 3,953,704 |
| Certificate of Deposit | 6,200,000 | | | | |
| Demand Deposits | 19,269,624 | | | | |
| Total City Portfolio | <u>\$ 210,038,639</u> | | | | |

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

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

The following table discloses credit ratings by investment type for the General Employees Retirement Plan at September 30, 2016, as applicable:

| | Fair Value | Percentage of Portfolio |
|---|-------------------|------------------------------------|
| U.S. government guaranteed* | \$ 7,034,082 | 29.65% |
| Quality rating of credit risk debt securities | | |
| A1 | 1,280,799 | 5.40% |
| A2 | 3,338,270 | 14.07% |
| A3 | 3,428,183 | 14.47% |
| AA1 | 159,388 | 0.67% |
| AA2 | 485,003 | 2.04% |
| AA3 | 856,945 | 3.61% |
| AAA | 2,306,396 | 9.72% |
| BAA1 | 3,068,350 | 12.94% |
| BAA2 | 1,401,656 | 5.91% |
| BAA3 | 130,744 | 0.55% |
| WR | 230,338 | 0.97% |
| Not rated | - | -% |
| Total credit risk debt securities | 16,686,072 | 70.35% |
| Total fixed income securities | \$ 23,720,154 | 100.00% |

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

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

The City's Police and Firefighters Retirement Plan also utilize portfolio diversification in order to control credit risk. The Plan's investment policy requires all fixed income investments to hold a credit rating in one of the four highest classifications by a major rating service. Commercial paper, if used, must be of only the highest quality (rating of A-1 or P-1). Investments in fixed income securities with a rating of BBB are limited to 15% of the fixed income portfolio. The fixed income investments credit ratings for the fiscal year ended September 30, 2016 ranged between AAA and CCC and below ratings. All of the fixed income investments for the fiscal year ended September 30, 2016 met the ratings requirements of the investment policy or an approved exception thereto.

| | Fair Value | Corporate | Bond Fund | Foreign | Municipal | U.S. Government |
|---|---------------------|---------------------|----------------------|------------------|-------------------|----------------------------|
| U.S. government guaranteed* | <u>\$23,979,898</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Quality rating of credit risk debt securities | | | | | | |
| AAA | 757,999 | 671,309 | - | - | 86,690 | - |
| AA | 5,479,590 | 1,944,943 | - | - | 594,474 | 2,940,173 |
| A | 6,752,152 | 6,752,152 | - | - | - | - |
| BBB | 8,810,881 | 8,444,427 | - | 97,556 | 268,898 | - |
| BB | 53,785 | 53,785 | - | - | - | - |
| CCC and below | 39,300 | 39,300 | - | - | - | - |
| Not rated | <u>2,774,286</u> | <u>1,922,277</u> | <u>852,009</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total credit risk debt securities | <u>24,667,993</u> | <u>19,828,193</u> | <u>852,009</u> | <u>97,556</u> | <u>950,062</u> | <u>2,940,173</u> |
| Total fixed income securities | <u>\$48,647,891</u> | <u>\$19,828,193</u> | <u>\$ 852,009</u> | <u>\$ 97,556</u> | <u>\$ 950,062</u> | <u>\$ 2,940,173</u> |

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

Concentration of Credit Risk – Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. The investment policy of the City includes limitations on the amount that can be invested in any one issuer as stated in the maximum portfolio percentages stated earlier. There were no individual investments that represent 5% or more of the City's total investments (excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) at September 30, 2016. The investment policy of the General Employees Retirement Plan includes limitations on the amount that can be invested in any one issuer, as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of plan net position (excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) at September 30, 2016. The investment policy of the Police and Firefighters Retirement Plan utilizes limitations on securities of a single issuer to manage this risk. The System's investment policy limits investments in the fixed income portion of the portfolio to 10% of a given issuer and limits equity investments in any one company to 10% of the equity portion of each portfolio manager (at market). The Invesco Core Real Estate U.S.A. LP investment is 6.86% of the System's net position restricted for pension

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

benefits, and United States Treasury Notes and Bonds are 5.06% of net position restricted for pension benefits at September 30, 2016.

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

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

(B) Receivables and Other Assets, net

Receivables at fiscal year-end for the City's governmental individual major funds, non-major governmental funds in the aggregate and internal service funds, including the applicable allowances for uncollectible accounts of \$2,386,413, are as follows:

| Governmental | General | NW CRA | EMS | Capital Projects | Non-Major Govt'l | Internal Service | Total |
|--------------------------------------|---------------------|-------------------|---------------------|-----------------------------|-----------------------------|-----------------------------|---------------------|
| Receivables: | | | | | | | |
| Electric franchise tax | \$ 1,547,330 | \$ - | \$ - | \$ - | \$ - | \$ - | 1,547,330 |
| Electric utility tax | 793,866 | - | - | 198,466 | - | - | 992,332 |
| EMS transport fees | - | - | 3,710,070 | - | - | - | 3,710,070 |
| Utility tax | 193,829 | - | - | - | - | - | 193,829 |
| Slot machine revenue | 178,966 | - | - | - | - | - | 178,966 |
| Other | 38,693 | - | - | - | 5,201 | - | 43,894 |
| Total governmental receivables | <u>\$ 2,752,684</u> | <u>\$ -</u> | <u>\$ 3,710,070</u> | <u>\$ 198,466</u> | <u>\$ 5,201</u> | <u>\$ -</u> | <u>\$ 6,666,421</u> |
| Due from other governments: | | | | | | | |
| State half cents sales tax | 1,102,416 | - | - | - | - | - | 1,102,416 |
| State local option gas tax | 183,068 | - | - | - | - | - | 183,068 |
| Motor fuel tax | - | - | - | 107,849 | 124,141 | 10,096 | 242,086 |
| Communications service tax | 759,917 | - | - | 3,414,050 | - | - | 4,173,967 |
| Broward County court fines | 22,253 | - | - | - | - | - | 22,253 |
| Broward County - ad valorem taxes | 91,402 | - | 6,388 | - | - | - | 97,790 |
| Broward County - OES | 57,997 | - | - | - | - | - | 57,997 |
| Broward County - Library Project | - | - | - | 407,599 | - | - | 407,599 |
| Broward Sheriff's Office | 10,639 | - | - | - | - | - | 10,639 |
| US Dept of Transportation | - | - | - | 71,050 | - | - | 71,050 |
| LETf - US Dept of Justice | - | - | - | - | 3,174 | - | 3,174 |
| LETf - BSO | - | - | - | - | 17,779 | - | 17,779 |
| FDEM - Wind Mitigation Grant | - | - | - | - | 970 | - | 970 |
| Dept of Cultural Affairs | - | - | - | 169,685 | - | - | 169,685 |
| Broward County Boating | - | - | - | 86,208 | - | - | 86,208 |
| CDBG - HUD | - | - | - | - | 113,410 | - | 113,410 |
| Home - HUD | - | - | - | - | 11,740 | - | 11,740 |
| COPS - US Dept of Justice | 43,260 | - | - | - | - | - | 43,260 |
| Total due from other governments | <u>\$ 2,270,952</u> | <u>\$ -</u> | <u>\$ 6,388</u> | <u>\$ 4,256,441</u> | <u>\$ 271,214</u> | <u>\$ 10,096</u> | <u>\$ 6,815,091</u> |

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

| Business-type | Utility | Parking | Nonmajor Enterprise | Total |
|--|---------------------|-------------------|--------------------------------|---------------------|
| Receivables: | | | | |
| Water /sewer customer charges | \$ 3,873,913 | \$ - | \$ - | \$ 3,873,913 |
| Solid waste service charges | - | - | 699,847 | 699,847 |
| Stormwater customer charges | - | - | 668,260 | 668,260 |
| Parking Fees | - | 700,251 | - | 700,251 |
| Less: Allowance for uncollectibles | (268,587) | (89,734) | (501,378) | (859,699) |
| Total business-type receivables (net) | <u>\$ 3,605,326</u> | <u>\$ 610,517</u> | <u>\$ 866,729</u> | <u>\$ 5,082,572</u> |
| Due from other governments: | | | | |
| FDOT Aviation Development Grant | - | - | 7,799 | 7,799 |
| FAA - Air Park Improvement Grant | - | - | 26,184 | 26,184 |
| FAA - Reimbursement for Utility Expenses | - | - | 6,632 | 6,632 |
| Broward County Office of Environmental Services | 9,714 | - | 368,012 | 377,726 |
| Total due from other governments | <u>\$ 9,714</u> | <u>\$ -</u> | <u>\$ 408,627</u> | <u>\$ 418,341</u> |

Mortgages

The Northwest Community Redevelopment District (the Northwest District) provided qualified individuals with loans/grants to build new homes at the Canal Point (10 year amortization period), Sabal Chase (30 year amortization period), and Ortanique Estates (30 year amortization period) subdivisions which were reported as community redevelopment expenses/expenditures. In addition, the Northwest District also provided similar grants for various infill housing projects during the current fiscal year. The Northwest District has placed a mortgage lien on these new homes with a covenant that the owner must reside at the property for the respective period of time in order to remain eligible for the grant. The Northwest District's reasonable assumption is that the homeowner will reside at the home for the stipulated period. The Northwest District maintains a memorandum record of the outstanding mortgage amounts related to these grants. These amounts are reduced ratably over the ten year period as it relates to the grants for the Canal Point subdivision and the infill housing projects. Should the homeowner move, sell or refinance, the Northwest District is paid a prorated amount of the initial grant. As it relates to the Sabal Chase and Ortanique Estates grants, these amounts are not amortized over the 30 year period, as they are required to be repaid in full at the end of the 30 year period. During fiscal year 2016, no one defaulted on the terms of the grants and consequently, the Northwest District did not receive any repayments related to these grants. At September 30, 2016 the unamortized amount outstanding related to these grants was \$2,612,404. Due to the uncertainty of collections regarding this amount a receivable has not been recorded.

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Notes Receivable

On April 23, 2013 the City sold equipment related to its golf course for \$575,000 to Cypress Golf Management, LLC. Payment is to be made in 5 equal annual installments of \$115,000. The loan is non-interest bearing with an implicit interest rate of 3.48%.

The loan payments are as follows:

| Fiscal Year Ending | Principal | Interest | Total |
|-------------------------------|-------------------|------------------|-------------------|
| 2017 | \$ 107,395 | \$ 7,605 | \$ 115,000 |
| 2018 | 111,133 | 3,867 | 115,000 |
| Total | <u>\$ 218,528</u> | <u>\$ 11,472</u> | <u>\$ 230,000</u> |

Assets Held for Resale for Development

The City and the Agency acquires and develops property in economically depressed areas, for the intention of rendering the property suitable for economic development and then reselling it to private sector purchasers meeting certain criteria. Since these properties are acquired with the express intent of resale and development, they are reported at lower of cost/donated value or net realizable value. Assets donated from the City or other related entities are recorded at the carrying value of the donor entity. Donated assets from other sources are recorded at lower of cost/donated value or net realizable value. The cost basis of assets held for resale and development include costs incurred to acquire the asset and prepare the asset for resale and development, such as purchase price, closing fees, surveys, lot clearing, demolition, judgments levied through suits, costs of construction, permits etc. These assets include land, land improvements and buildings. Upon the sale of these assets, a gain or loss is recognized. When the net realizable amount is less than the carrying amount a loss would be recognized. Gains are recorded as a gain from sale of capital assets in the government-wide statements and proceeds from sale of capital assets in the fund financial statements and losses are recorded as economic environment expenses/expenditures.

Additionally the City participates in the Neighborhood Stabilization Program (NSP) funded by the United States Department of Housing and Urban Development (HUD). The Housing and Economic Recovery Act signed into law on July 30, 2008 provided Neighborhood Stabilization funds to assist local governments to acquire foreclosed, vacant and abandoned properties to address neighborhood decline. HUD awarded NSP funds to the City to stabilize City neighborhoods through the purchase of foreclosed properties. Through this program, the City purchases foreclosed homes in targeted neighborhoods with the intention of rehabilitating and selling back to the public. The homes are available for purchase by eligible residents meeting certain income requirements. The cost basis of assets held for resale and development in this category include all costs incurred by the City to acquire and redevelop or rehabilitate the homes or properties up to a marketable, safe, and habitable condition. These assets are recorded at the lower of cost or net realizable value.

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Assets held for resale and development activity for the year ended September 30, 2016 was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--------------------------------------|------------------------------|---------------------|---------------------|---------------------------|
| Assets held for resale & development | <u>\$ 36,716,996</u> | <u>\$ 1,895,900</u> | <u>\$ 1,790,284</u> | <u>\$ 36,822,612</u> |

(C) Capital Assets and Construction Commitments

Capital asset activity for the fiscal year ended September 30, 2016 was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|------------------------------|----------------------|----------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 61,369,255 | \$ 26,831 | \$ 189,889 | \$ 61,206,197 |
| Construction in progress | <u>31,993,767</u> | <u>22,689,272</u> | <u>32,326,692</u> | <u>22,356,347</u> |
| Total capital assets, not being depreciated | <u>93,363,022</u> | <u>22,716,103</u> | <u>32,516,581</u> | <u>83,562,544</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 43,975,803 | 8,114,615 | - | 52,090,418 |
| Infrastructure * | 118,357,334 | 36,403,701 | - | 154,761,035 |
| Improvements other than buildings * | 113,603,044 | 22,185,474 | - | 135,788,518 |
| Machinery and equipment | 34,683,022 | 3,644,294 | 1,182,285 | 37,145,031 |
| Art Work | - | 4,250 | - | 4,250 |
| Total capital assets being depreciated | <u>310,619,203</u> | <u>70,352,334</u> | <u>1,182,285</u> | <u>379,789,252</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 26,571,240 | 1,148,601 | - | 27,719,841 |
| Infrastructure | 51,598,460 | 6,111,468 | - | 57,709,928 |
| Improvements other than buildings | 49,131,179 | 6,569,331 | - | 55,700,510 |
| Machinery and equipment | 27,349,182 | 3,000,505 | 1,178,236 | 29,171,451 |
| Art Work | - | 71 | - | 71 |
| Total accumulated depreciation | <u>154,650,061</u> | <u>16,829,976</u> | <u>1,178,236</u> | <u>170,301,801</u> |
| Total capital assets being depreciated, net | <u>155,969,142</u> | <u>53,522,358</u> | <u>4,049</u> | <u>209,487,451</u> |
| Governmental activities capital assets, net | <u>\$ 249,332,164</u> | <u>\$ 76,238,461</u> | <u>\$ 32,520,630</u> | <u>\$ 293,049,995</u> |

*Beginning balance in the amount of \$2,044,646 was reclassified between the Infrastructure and Improvements other than buildings categories.

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Business-type activities: | | | | |
| Utility Fund: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 216,373 | \$ 251,352 | \$ - | \$ 467,725 |
| Construction in progress | 2,187,148 | 5,457,705 | 7,116,704 | 528,149 |
| Total capital assets, not being depreciated | <u>2,403,521</u> | <u>5,709,057</u> | <u>7,116,704</u> | <u>995,874</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 47,635,353 | 2,969,406 | - | 50,604,759 |
| Infrastructure | 105,908,548 | 194,517 | - | 106,103,065 |
| Improvement other than buildings | 54,663,769 | 3,500,551 | - | 58,164,320 |
| Machinery and equipment | 21,957,826 | 1,860,154 | 354,456 | 23,463,524 |
| Total capital assets being depreciated | <u>230,165,496</u> | <u>8,524,628</u> | <u>354,456</u> | <u>238,335,668</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 22,728,773 | 1,355,700 | - | 24,084,473 |
| Infrastructure | 58,767,289 | 3,689,778 | - | 62,457,067 |
| Improvements other than buildings | 35,526,640 | 2,230,584 | - | 37,757,224 |
| Machinery and equipment | 16,481,113 | 2,392,660 | 354,456 | 18,519,317 |
| Total accumulated depreciation | <u>133,503,815</u> | <u>9,668,722</u> | <u>354,456</u> | <u>142,818,081</u> |
| Utility Fund capital assets, being depreciated, net | <u>96,661,681</u> | <u>(1,144,094)</u> | <u>-</u> | <u>95,517,587</u> |
| Utility Fund capital assets, net | <u><u>99,065,202</u></u> | <u><u>4,564,963</u></u> | <u><u>7,116,704</u></u> | <u><u>96,513,461</u></u> |
| Parking Fund: | | | | |
| Capital assets, not being depreciated: | | | | |
| Construction in progress | <u>4,110,116</u> | <u>18,019,075</u> | <u>22,129,191</u> | <u>-</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | - | 22,129,191 | - | 22,129,191 |
| Machinery and equipment | <u>98,518</u> | <u>-</u> | <u>-</u> | <u>98,518</u> |
| Total capital assets being depreciated | <u>98,518</u> | <u>22,129,191</u> | <u>-</u> | <u>22,227,709</u> |
| Less accumulated depreciation for: | | | | |
| Machinery and equipment | <u>-</u> | <u>19,704</u> | <u>-</u> | <u>19,704</u> |
| Parking Fund capital assets, being depreciated, net | <u>98,518</u> | <u>22,109,487</u> | <u>-</u> | <u>22,208,005</u> |
| Parking Fund capital assets | <u><u>\$ 4,208,634</u></u> | <u><u>\$ 40,128,562</u></u> | <u><u>\$ 22,129,191</u></u> | <u><u>\$ 22,208,005</u></u> |

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|----------------------|----------------------|---------------------------|
| Nonmajor Enterprise Funds: | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 60,992 | \$ - | \$ - | \$ 60,992 |
| Construction in progress | 1,993,727 | 1,297,988 | 608,659 | 2,683,056 |
| Total capital assets, not being depreciated | <u>2,054,719</u> | <u>1,297,988</u> | <u>608,659</u> | <u>2,744,048</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 4,380,273 | - | - | 4,380,273 |
| Infrastructure | 20,226,621 | - | - | 20,226,621 |
| Improvements other than buildings | 30,487,317 | 608,659 | 7,385 | 31,088,591 |
| Machinery and equipment | 3,135,032 | 478,068 | 523,026 | 3,090,074 |
| Total capital assets being depreciated | <u>58,229,243</u> | <u>1,086,727</u> | <u>530,411</u> | <u>58,785,559</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 2,699,417 | 137,453 | - | 2,836,870 |
| Infrastructure | 8,551,228 | 194,991 | - | 8,746,219 |
| Improvements other than buildings | 10,696,774 | 1,445,443 | 7,385 | 12,134,832 |
| Machinery and equipment | 2,080,155 | 982,684 | 523,026 | 2,539,813 |
| Total accumulated depreciation | <u>24,027,574</u> | <u>2,760,571</u> | <u>530,411</u> | <u>26,257,734</u> |
| Nonmajor Enterprise Funds capital assets, being depreciated, net | <u>34,201,669</u> | <u>(1,673,844)</u> | <u>-</u> | <u>32,527,825</u> |
| Nonmajor Enterprise Funds capital assets, net | <u>36,256,388</u> | <u>(375,856)</u> | <u>608,659</u> | <u>35,271,873</u> |
| Business-type activities capital assets, net | <u>\$ 139,530,224</u> | <u>\$ 44,317,669</u> | <u>\$ 29,854,554</u> | <u>\$ 153,993,339</u> |

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

Governmental activities:

| | |
|--|----------------------|
| General government | \$ 9,473,899 |
| Public safety | 3,122,816 |
| Transportation | 1,076,741 |
| Physical environment | 1,185,906 |
| Culture and recreation | 1,970,614 |
| Total depreciation expense - governmental activities | <u>\$ 16,829,976</u> |

Business-type activities:

| | |
|---|----------------------|
| Utilities | \$ 9,668,722 |
| Parking | 19,704 |
| Pier | 59,010 |
| Airpark | 1,213,120 |
| Golf | 380,081 |
| Sanitation | 11,758 |
| Stormwater | 1,096,602 |
| Total depreciation expense - business-type activities | <u>\$ 12,448,997</u> |

The City has active construction projects as of September 30, 2016. Significant projects that were ongoing as of September 30, 2016 for governmental activities with significant commitments, were as follows:

| Project | Expended through September 30, 2016 | Committed |
|---|---|----------------------|
| Library - Cultural Center | \$ 15,378,519 | \$ 2,600,084 |
| A1A Underground Electric | 844,454 | 437,718 |
| Martin Luther King Boulevard Reconstruction | 1,719,639 | 2,330,565 |
| Alsdorf Park Improvements | 208,071 | 927,170 |
| Briny Ave Streetscape and Utilities | 1,498,365 | 5,039,073 |
| SW 36th Avenue Sidewalk | 66,840 | 686,795 |
| CRA Atlantic and ICW Bridge | 466,541 | 1,033,459 |
| | <u>\$ 20,182,429</u> | <u>\$ 13,054,864</u> |

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Significant projects that were ongoing as of September 30, 2016 for business-type activities with significant commitments were as follows:

| Project | Expended through September 30, 2016 | Committed |
|--------------------------------------|--|-------------------|
| Stormwater - Lyons Park Neighborhood | \$ 417,730 | \$ - |
| Pier Replacement | 856,408 | 144,403 |
| Golf Course Lake Repair | 532,544 | 64,156 |
| | <u>\$ 1,806,682</u> | <u>\$ 208,559</u> |

(D) Unearned/Unavailable Revenue

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

| Governmental Activities | General Fund | N.W. CRA | EMS Fund | Capital Projects | Non Major Gov't'l Funds | Total |
|---|-------------------------|-----------------|---------------------|-----------------------------|------------------------------------|---------------------|
| Unearned revenue: | | | | | | |
| Local Business Taxes | \$ 1,271,896 | \$ - | \$ - | \$ - | \$ - | 1,271,896 |
| Law Enforcement Trust Fund | - | - | - | - | 2,019,624 | 2,019,624 |
| Prepaid Rent | - | 4,500 | - | - | - | 4,500 |
| NRPA Grant | - | - | - | - | 30,000 | 30,000 |
| SHIP Grant Funds | - | - | - | - | 357,017 | 357,017 |
| Total unearned revenue | <u>\$ 1,271,896</u> | <u>\$ 4,500</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,406,641</u> | <u>\$ 3,683,037</u> |
| Unavailable revenue: | | | | | | |
| Broward County - Library Project | - | - | - | 407,599 | - | 407,599 |
| Broward County - Ad Valorem | 52,379 | - | 5,209 | - | - | 57,588 |
| US Dept of Transportation | - | - | - | 71,050 | - | 71,050 |
| Communications Service Tax | - | - | - | 3,224,381 | - | 3,224,381 |
| EMS Transport Fees | - | - | 3,041,369 | - | - | 3,041,369 |
| CDBG - HUD | - | - | - | - | 21,371 | 21,371 |
| Home - HUD | - | - | - | - | 485 | 485 |
| Florida Division of Emergency Management | - | - | - | - | 970 | 970 |
| Dept of Cultural Affairs | - | - | - | 169,685 | - | 169,685 |
| Total unavailable revenue | <u>\$ 52,379</u> | <u>\$ -</u> | <u>\$ 3,046,578</u> | <u>\$ 3,872,715</u> | <u>\$ 22,826</u> | <u>\$ 6,994,498</u> |

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

| Business-Type Activities | Non-Major Enterprise Funds |
|---------------------------------|---------------------------------------|
| Unredeemed Gift Cards | <u>\$ 18,306</u> |

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(E) Interfund Loans and Transfers

The composition of interfund balances as of September 30, 2016, is as follows:

Due to/from other funds:

| <u>Receivable</u> | <u>Payable</u> | <u>Amount</u> |
|--------------------------|-----------------------|----------------------|
| General Fund | Internal Service Fund | \$ 533,532 (a) |

- (a) This is a short-term non-interest bearing receivable and payable to cover a negative cash balance at fiscal year end in the central stores fund.

Advances to/from other funds:

| <u>Advances to Fund</u> | <u>Advances From Fund</u> | <u>Amount</u> |
|--------------------------------|----------------------------------|----------------------|
| Northwest CRA District Fund | General Fund | \$ 2,500,000 |

This amount represents a long-term receivable and payable to cover the purchase of two (2) properties that would enable the development of a 30 acre Commerce Park at the northeast quadrant of Atlantic Boulevard and Interstate 95. The loan has a fixed annual interest rate of 2.91%, amortized over a 20 year term.

The annual requirements to pay on the advance from the General Fund to the NW CRA District Fund are as follows.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|-------------------------|------------------------|---------------------|
| 2017 | \$ - | \$ 72,750 | \$ 72,750 |
| 2018 | 107,641 | 72,750 | 180,391 |
| 2019 | 110,774 | 69,618 | 180,392 |
| 2020 | 113,997 | 66,394 | 180,391 |
| 2021 | 117,315 | 63,077 | 901,956 |
| 2022-2025 | 2,050,273 | 262,146 | 2,312,419 |
| | <u>\$ 2,500,000</u> | <u>\$ 606,735</u> | <u>\$ 3,828,299</u> |

In the government-wide statement of net position, interfund balances between governmental activities and business-type activities have been consolidated and reported on a single line called "internal balances" (net amount of \$1,100,466), which includes a short-term loan from the General Fund to the Sanitation Fund and the internal service fund look-back adjustment to enterprise funds.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

Transfers in/out are as follows:

| Transfers out | Transfers In: | | | | | | | |
|---------------------------|----------------------|---------------------|-------------|---------------------|------------------------|-----------------------------|-------------------|---------------------------|
| | General Fund | EMS | East CRA | Capital Projects | Nonmajor Gov't'l Funds | Subtotal Gov't'l Activities | Utility Fund | Nonmajor Enterprise Funds |
| General Fund | \$ - | \$ 5,107,425 | \$ - | \$ 5,904,758 | \$ 6,467,846 | \$ 17,480,029 | \$ - | \$ 1,092,378 |
| Capital Projects | - | - | - | - | - | - | 271,060 | - |
| NW District fund | - | - | - | - | 50,000 | 50,000 | - | - |
| Nonmajor Gov't'l Funds | - | - | - | - | 2,813,216 | 2,813,216 | - | - |
| Utility Fund | - | - | - | 63,000 | - | 63,000 | - | - |
| Nonmajor Enterprise Funds | 1,951,918 | - | - | 30,000 | - | 1,981,918 | - | - |
| | <u>\$ 1,951,918</u> | <u>\$ 5,107,425</u> | <u>\$ -</u> | <u>\$ 5,997,758</u> | <u>\$ 9,331,062</u> | <u>\$ 22,388,163</u> | <u>\$ 271,060</u> | <u>\$ 1,092,378</u> |
| | | | | | | | | <u>\$ 23,751,601</u> |

The transfer from the General Fund to the Emergency Management Services (EMS) Fund was required to support operating costs, as the General Fund subsidizes the EMS Fund. Transfers from the General Fund to the Capital Projects Fund were to support capital projects, including Briny Ave streetscape and utilities and the Library/Cultural Center. The transfer from the General Fund to the Nonmajor Governmental Funds were primarily to transfer the fund balance of the building permits function to the Building Permit Fund which was created as of October 1, 2015. Transfers from the Nonmajor Governmental Funds to Nonmajor Governmental Funds were primarily to transfer the fund balance in the Special Purpose fund for the building permits function to the Building Permit Fund which was created as of October 1, 2015. Transfers from the General Fund to the Nonmajor Enterprise Funds were required to support operating and capital improvements costs for the municipal golf courses.

Transfers from the Nonmajor Enterprise Funds to the General Fund were primarily for an administrative charge to garbage customers to cover services provided by the Public Works Department and the transfer of the annual rebate received from Waste Management as part of the agreement with the vendor, with funds being utilized for general purposes.

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(F) Long-term Obligations

Summarized below are the City's debt issued to finance the acquisition of properties for community development and construction of capital facilities, which were outstanding at September 30, 2016.

Governmental Activities Debt:

- On December 16, 2003, the Pompano Beach Community Redevelopment Agency (the Agency) authorized the issuance of Tax Increment Bond – Series 2003A in an original principal amount not to exceed \$10,000,000, with Wachovia Bank, National Association (the Bank) being the registered holder of the bond. On December 22, 2003, the Agency also entered into a non-revolving line of credit agreement (line of credit) with the Bank, not to exceed \$10,000,000, which represents the Bank's obligation to fund advances of principal of the Series 2003A Bond. The Series 2003A Bond represent the Agency's obligation to reimburse the Bank for up to \$10,000,000 of drawings made under the line of credit. The line of credit is secured by a senior lien on all tax increment revenues generated within the Agency's Northwest District's Redevelopment Area boundaries on a parity with the lien of the Agency's Series 2004A Bond as discussed below. At September 30, 2016 the Agency had \$2,432,433 outstanding related to this line of credit. Proceeds of these draws were used to finance the current refunding of the Agency's Special Obligation Bonds – Series 1999, the cost of redevelopment projects in the Northwest District Redevelopment Area and costs of issuance. Interest on the 2003A Bond is at a fixed rate of 4.39%, with a final maturity date of November 1, 2018. Principal and interest on the Series 2003A Bond is due and payable quarterly.
- On January 21, 2004, the Agency authorized the issuance of Tax Increment Bonds – Series 2004A in an original principal amount not to exceed \$10,000,000, with Wachovia Bank, National Association (the Bank) being the registered holder of the Series 2004A Bond. On January 21, 2004, the Agency also entered into a non-revolving line of credit agreement (line of credit) with Wachovia Bank, National Association (the Bank), in an amount not to exceed \$10,000,000, representing the Bank's obligation to fund advances of principal of the Series 2004A Bond. The Series 2004A Bond represents the Agency's obligation to reimburse the Bank for up to \$10,000,000 of drawings made under the line of credit. The line of credit is secured by a senior lien on all tax increment revenues generated within the Agency's Northwest District Redevelopment Area boundaries, on a parity with the Agency's Series 2003A Bond, as discussed above. At September 30, 2016 the Agency had \$2,432,433 outstanding related to this line of credit. Proceeds of these draws were used to finance the cost of redevelopment projects in the Northwest District Redevelopment Area. Interest on the Series 2004A Bond is at a fixed rate of 4.39%, with a final maturity date of November 1, 2018. Principal and interest on the Series 2004A Bond is due and

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

payable quarterly.

For the Series 2003A & 2004A bonds, principal and interest paid for the current fiscal year and total tax increment revenues were \$2,564,988 and \$6,486,105, respectively. At September 30, 2016, total principal and interest remaining on the bonds is \$5,131,825 payable through November 2018.

- On April 23, 2013 the Pompano Beach Community Redevelopment Agency Board authorized the issuance of tax increment revenue bonds – Series 2013A and B (collectively known as the Series 2013 bonds). The Series 2013 bonds were subsequently issued on June 20, 2013. The Series 2013A bonds were issued at a fixed rate of 3.48%, with a final maturity of February 1, 2030, for the purpose of refunding and redeeming the Agency's outstanding tax increment revenue bonds, Series 2010A, which bore an interest rate of 5.13% and had outstanding balance of \$9,055,000. As a result of the refunding the Series 2010A bonds are considered fully refunded and the outstanding balance has been removed from the financial statements. The Series 2013B bonds were issued at a fixed interest rate of 2.83% and a final maturity of February 1, 2030, to finance the cost of community projects in the East District Redevelopment Area and to cover related costs of issuance in the original aggregate principal amount of \$5,000,000.

At September 30, 2016, the City had \$12,175,000 outstanding related to this obligation. Principal and interest paid for the current fiscal year and total tax increment revenues were \$1,100,261 and \$2,481,991, respectively. At September 30, 2016, total principal and interest remaining on the bonds is \$15,380,167 payable through February 2030.

Business-type Activities Debt:

- On September 23, 2014, the City Commission authorized the issuance of Water and Sewer Revenue Refunding Bonds – Series 2014 (Series 2014 bonds), per City Ordinance No. 2014-50. The Series 2014 bonds were subsequently issued on September 26, 2014. The Series 2014 bonds were issued for the purpose of providing funds sufficient to accomplish the current refunding of the City's outstanding Water and Sewer Revenue Bonds, Series 2006B, which had an outstanding balance in the amount of \$17,945,000. As a result of the refunding the Series 2006B bonds are considered fully refunded and the outstanding balance has been removed from the financial statements.

The City has pledged future water and sewer customer gross revenues, net of specified operating expenses (net revenues), to repay the Series 2014 bonds. The bonds are payable solely from water and sewer customer net revenues and are payable through 2020. The interest on the Series 2014 bonds is 1.68% through July 1, 2020, the scheduled maturity of the bonds.

Principal and interest payments on the Series 2014 bonds are due semi-annually through maturity. Annual principal and interest payments on the Series 2014

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

bonds are expected to require less than 30 percent of net revenues. Principal and interest paid for the current fiscal year and total water and sewer net revenue were \$3,032,592 and \$11,381,629, respectively. The total principal and interest remaining to be paid on the bonds is \$12,143,584.

- On April 14, 2015 the City Commission authorized the issuance of Taxable Certificates of Participation (Parking Garage Project) – Series 2015 (the "Certificates"), per City Ordinance No. 2015-30. The Certificates were subsequently issued on June 10, 2015. The Certificates were issued for the purpose of providing funds to finance the acquisition, construction and installation of a new public garage structure and surrounding public improvements, pay capitalized interest on the Certificates through July 1, 2018 and pay costs of issuance on the Certificates. The Certificates were issued in the par amount of \$23,875,000.

The Certificates are payable solely from legally available revenues as budgeted and appropriated each year by the City to make rent payments under the lease agreement and are payable through 2040. Interest on the Certificates range from 3.058% to 5.579% through January 1, 2040, the scheduled maturity of the Certificates. The total principal and interest remaining to be paid on the Certificates is \$45,553,878.

Governmental/Business-type Activities Obligation:

The City contracted with Siemens Industry, Inc. (Siemens) under an energy performance contract to perform an audit of City facilities in order to identify energy performance projects which, if implemented, would result in energy savings to the City. As a mechanism to finance the projects identified by Siemens, the City entered into a loan agreement with Chase Equipment Finance on November 12, 2010 for the purchase of energy efficiency equipment for various City facilities. It is anticipated that the savings from these projects will be utilized to cover the obligation for the note. At September 30, 2016, total principal and interest remaining related to Governmental Activities was \$2,044,522 and \$7,402,532 was related to Business-type Activities. Interest on the loan is fixed at 2.72%, with a final maturity date of August 12, 2023. Principal and interest is due and payable quarterly.

Conduit Debt:

- On December 14, 2010 the City Commission authorized the issuance of Health Facilities Revenue Refunding Bonds, Series 2010, in an amount not exceeding \$30 million, for the purpose of loaning the proceeds to John Knox of Village, Inc. (the Village), as borrower, to be applied to (I) refund and defease all of the Broward County Health Facilities Authority Revenue and Revenue Refunding bonds, Series 2002, outstanding as of the date of issuance of the Series 2010 Bonds, and (II) pay costs of issuance of the Series 2010 Bonds. The 2010 Series bonds were subsequently issued on December 30, 2010 in the amount of \$29,045,000. The bonds are limited obligations of the City payable from the loan

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

payments due from the Village. The City is not obligated to pay the principal or interest on the bonds except from the loan payments made by the Village, and neither the faith and credit nor the taxing power of the City is pledged to the payment of the principal and interest on the bonds. At September 30, 2016, total principal and interest outstanding related to this debt issue was \$23,295,000 and \$7,045,033, respectively.

- On January 13, 2015 the City Commission authorized the issuance of Revenue Bonds, Series 2015, in an amount not exceeding \$40 million, for the purpose of loaning the proceeds to John Knox Village of Florida, Inc. (the Village) in order to finance or reimburse the costs of certain capital improvements to the senior living and healthcare facilities owned and operated by the Village, fund any necessary reserves, and pay the costs of issuance of the bonds. The 2015 Series bonds were subsequently issued on February 12, 2015 in the amount of \$29,470,000. The bonds are limited obligations of the City payable from the loan payments due from the Village. The City is not obligated to pay the principal or interest on the bonds except from the loan payments made by the Village, and neither the faith and credit nor the taxing power of the City is pledged to the payment of the principal and interest on the bonds. At September 30, 2016, total principal and interest outstanding related to this debt issue was \$28,925,000 and \$23,210,125, respectively.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

Changes in long-term liabilities

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|------------------------------------|------------------------------|----------------------|----------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| Tax increment bonds-East | | | | | |
| District | \$ 12,840,000 | \$ - | \$ 665,000 | \$ 12,175,000 | \$ 685,000 |
| Tax increment bonds-NW | | | | | |
| District | 7,027,028 | - | 2,162,162 | 4,864,866 | 2,162,162 |
| Total bonds payable | 19,867,028 | - | 2,827,162 | 17,039,866 | 2,847,162 |
| Claims and judgments | 14,093,000 | 3,088,177 | 3,255,177 | 13,926,000 | 3,144,149 |
| Net pension liability: | | | | | |
| PFRP | 81,542,125 | 55,891,565 | 29,149,638 | 108,284,052 | - |
| GERP | 34,766,022 | 14,408,565 | 6,247,043 | 42,927,544 | - |
| Total net pension liability | 116,308,147 | 70,300,130 | 35,396,681 | 151,211,596 | - |
| Net OPEB obligation | 6,907,667 | 535,845 | 268,385 | 7,175,127 | - |
| Notes payable: | | | | | |
| Energy Equipment | 2,093,489 | - | 237,541 | 1,855,948 | 244,068 |
| HUD Section 108 | - | 388,000 | - | 388,000 | 157,000 |
| Total notes payable | 2,093,489 | 388,000 | 237,541 | 2,243,948 | 401,068 |
| Compensated absences | 5,730,854 | 5,070,301 | 4,984,146 | 5,817,009 | 270,497 |
| Capital lease payable: | | | | | |
| Building | 1,402,567 | - | 34,557 | 1,368,010 | 37,823 |
| Fleet Equipment | - | 2,257,875 | 328,706 | 1,929,169 | 443,668 |
| Total capital lease payable | 1,402,567 | 2,257,875 | 363,263 | 3,297,179 | 481,491 |
| Long-term liabilities | 166,402,752 | 81,640,328 | 47,332,355 | 200,710,725 | 7,144,367 |
| Business-type activities: | | | | | |
| Water & sewer revenue bonds | 14,440,000 | - | 2,790,000 | 11,650,000 | 2,835,000 |
| Certificates of Participation | 23,875,000 | - | - | 23,875,000 | - |
| Net pension liability (GERP)* | 11,294,676 | 6,342,658 | 2,749,951 | 14,887,383 | - |
| Net OPEB obligation | 1,578,780 | 78,804 | 29,090 | 1,628,494 | - |
| Notes payable - Energy Equipment | 7,579,826 | - | 860,057 | 6,719,769 | 883,690 |
| Capital lease payable - Golf Carts | 149,261 | - | 74,082 | 75,179 | 75,179 |
| Compensated absences | 1,105,654 | 627,741 | 652,332 | 1,081,063 | 37,680 |
| Business-type activity | | | | | |
| Long-term liabilities | 60,023,197 | 7,049,203 | 7,155,512 | 59,916,888 | 3,831,549 |
| Total long-term liabilities | <u>\$ 226,425,949</u> | <u>\$ 88,689,531</u> | <u>\$ 54,487,867</u> | <u>\$ 260,627,613</u> | <u>\$ 10,975,916</u> |

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

For the governmental activities; pension liabilities, compensated absences and OPEB liabilities are generally liquidated by the General Fund and EMS Funds. Pension contributions are paid by the General Fund and EMS Funds as actuarially determined by the actuaries of the pension plans.

Bond indentures for the water and sewer bonds contain provisions relating to annual debt service

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

payments, restricted account transactions, minimum sinking fund requirements, and minimum revenue levels. The City believes that it is in compliance with all bond provisions and maintained reserves totaling \$4,344,977 at September 30, 2016.

The City Charter limits the amount of net general obligation bonded debt to 15% of the assessed property valuation. At September 30, 2016, the statutory limit for the City was approximately \$1.5 billion, providing a legal debt margin of approximately \$1.4 billion, as the City had no general obligation debt outstanding at September 30, 2016.

The Tax Reform Act of 1986 arbitrage rebate regulations require earnings from investment of tax-exempt debt proceeds which exceed the yield on the debt to be remitted to the federal government every five years. As of September 30, 2016 the City had negative arbitrage related to all outstanding bond issues. Amounts to be rebated, if any, depend on net results of arbitrage calculations in future years.

The annual requirements to pay principal and interest on bonds and notes at September 30, 2016 are as follows:

Bonds:

| | Governmental Activities | | | | | | |
|-------------|-----------------------------|-------------------|---------------------|---------------------|--------------------|----------------------|-------------------------------------|
| | Northwest (NW) CRA District | | | East CRA District | | | Total Governmental Activities |
| | Subtotal NW | | | Subtotal East | | | |
| | Principal | Interest | District | Principal | Interest | District | |
| 2017 | \$2,162,162 | \$ 177,973 | \$ 2,340,135 | \$ 685,000 | \$ 411,771 | \$ 1,096,771 | \$ 3,436,906 |
| 2018 | 2,162,162 | 83,054 | 2,245,216 | 710,000 | 387,498 | 1,097,498 | 3,342,714 |
| 2019 | 540,542 | 5,932 | 546,474 | 735,000 | 362,355 | 1,097,355 | 1,643,829 |
| 2020 | - | - | - | 765,000 | 336,255 | 1,101,255 | 1,101,255 |
| 2021 | - | - | - | 790,000 | 309,198 | 1,099,198 | 1,099,198 |
| 2022 - 2026 | - | - | - | 4,385,000 | 1,106,205 | 5,491,205 | 5,491,205 |
| 2027 - 2030 | - | - | - | 4,105,000 | 291,885 | 4,396,885 | 4,396,885 |
| | <u>\$4,864,866</u> | <u>\$ 266,959</u> | <u>\$ 5,131,825</u> | <u>\$12,175,000</u> | <u>\$3,205,167</u> | <u>\$ 15,380,167</u> | <u>\$ 20,511,992</u> |

| | Business-type Activities | | |
|------|--------------------------|-------------------|----------------------|
| | Principal | Interest | Total |
| 2017 | \$ 2,835,000 | \$ 195,720 | \$ 3,030,720 |
| 2018 | 2,890,000 | 148,092 | 3,038,092 |
| 2019 | 2,935,000 | 99,540 | 3,034,540 |
| 2020 | 2,990,000 | 50,232 | 3,040,232 |
| | <u>\$ 11,650,000</u> | <u>\$ 493,584</u> | <u>\$ 12,143,584</u> |

Notes:

On November 12, 2010 the City entered into a loan agreement which allowed the City to be

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

reimbursed for the purchase of energy equipment up to a maximum of \$13,500,000. At September 30, 2016, the City's obligation under the note, inclusive of accrued interest was \$6,719,769 and allocated between Governmental and Business-type Activities was as follows:

| | Governmental Activities | | | Business-type Activities | | |
|-------------|--------------------------------|-------------------|---------------------|---------------------------------|-------------------|---------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2017 | \$ 244,068 | \$ 48,006 | \$ 292,074 | \$ 883,690 | \$ 173,815 | \$ 1,057,505 |
| 2018 | 250,775 | 41,300 | 292,075 | 907,972 | 149,532 | 1,057,504 |
| 2019 | 257,666 | 34,409 | 292,075 | 932,922 | 124,582 | 1,057,504 |
| 2020 | 264,746 | 27,328 | 292,074 | 958,558 | 98,947 | 1,057,505 |
| 2021 | 272,021 | 20,054 | 292,075 | 984,897 | 72,607 | 1,057,504 |
| 2022 - 2023 | 566,672 | 17,477 | 584,149 | 2,051,730 | 63,280 | 2,115,010 |
| | <u>\$ 1,855,948</u> | <u>\$ 188,574</u> | <u>\$ 2,044,522</u> | <u>\$ 6,719,769</u> | <u>\$ 682,763</u> | <u>\$ 7,402,532</u> |

On November 23, 2015 the City received a \$4,308,000 loan commitment from the U.S. Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee Program. HUD will raise the funds via a public offering of its trust certificates at a future date. In the interim the City may elect to be advanced funds via interim financing from a financial institution selected by HUD. As of September 30, 2016, the City has received \$388,000 in interim financing related to the \$4,308,000 loan commitment from HUD. The purpose of this loan is to maximize existing right-of-ways to add sidewalks where they may be missing or widen existing sidewalks wherever possible to provide a better pedestrian experience; improve and upgrade existing water, sewer and drainage facilities that promote opportunities for future growth and encourage private investment; add lush landscaping features and pedestrian-friendly light fixtures; and, implement traffic calming features to inspire a safer environment. The project will expand on recent improvements carried out by the Pompano Beach Community Redevelopment Agency (CRA) in Downtown Pompano and will span the following areas:

- NE 1st Street
- Flagler Ave
- NE 3rd Street
- NE 4th Street
- NE 2nd Ave
- NE 3rd Ave

The interest rate is variable (3 month Libor plus 20 basis points) until the date HUD converts it into a permanent loan or the redemption date, whichever is earlier. These dates have not been determined. During the interim period, interest will be billed the City on the first day of each February, May, August and November. A schedule of principal and interest will be provided by HUD after the conversion of the loan.

OTHER UNAMORTIZED AMOUNTS ON BOND REFUNDING – Deferred charges (difference between carrying value of old debt and reacquisition price of new debt) on the bond refunding of the

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

1993, 2000 and 2006 Water and Sewer Revenue Bonds are being amortized over the life of the latest refunding (Water and Sewer Revenue Refunding Bonds, Series 2014) in the Utility Fund and the government-wide financial statements using the effective interest method. The deferred charge was \$222,139 at September 30, 2016. This amount is reported as a deferred outflows of resources at September 30, 2016.

Certificates of Participation

The annual requirements to pay principal and interest on certificates of participation at September 30, 2016 are as follows:

| | Business-type Activities | | |
|-----------|---------------------------------|----------------------|----------------------|
| | Principal | Interest | Total |
| 2017 | \$ - | \$ 1,249,960 | \$ 1,249,960 |
| 2018 | - | 1,249,960 | 1,249,960 |
| 2019 | - | 1,249,960 | 1,249,960 |
| 2020 | 100,000 | 1,248,431 | 1,348,431 |
| 2021 | 500,000 | 1,238,335 | 1,738,335 |
| 2022-2026 | 2,815,000 | 5,891,910 | 8,706,910 |
| 2027-2031 | 4,575,000 | 5,058,807 | 9,633,807 |
| 2032-2036 | 7,310,000 | 3,485,480 | 10,795,480 |
| 2037-2040 | 8,575,000 | 1,006,035 | 9,581,035 |
| | <u>\$ 23,875,000</u> | <u>\$ 21,678,878</u> | <u>\$ 45,553,878</u> |

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Capital Lease

On September 27, 2013 the City entered into a master lease agreement as lessee for financing the acquisition of golf carts in the amount of \$294,200. The lease is for four (4) years, with annual payments being subject to annual appropriations by the City. The annual interest rate on the lease is 1.47%. The lease agreement qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of the future minimum lease payments as of the inception date.

Future minimum lease obligations are as follows:

| Fiscal Year Ending September 30, | Business-type Activities |
|---|-------------------------------------|
| 2017 | \$ 75,779 |
| Total minimum lease payments | 75,779 |
| Less: Amount representing interest | 600 |
| Present value of minimum lease payments | \$ 75,179 |

On September 16, 2014 the Pompano Beach Community Redevelopment Agency entered into an agreement as lessee for the lease of a 6,098 square foot building located at 11 NE 1st Street in downtown Pompano. The lease is for twenty (20) years and is subject to annual rent increases of 3%. The annual interest rate on the lease is 2.91%. The lease agreement qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of the future minimum lease payments as of the inception date.

Future minimum lease obligations are as follows:

| Fiscal Year Ended September 30, | Governmental Activities |
|---|------------------------------------|
| 2017 | \$ 77,632 |
| 2018 | 79,961 |
| 2019 | 82,360 |
| 2020 | 84,831 |
| 2021 | 87,376 |
| 2022 - 2026 | 477,808 |
| 2027 - 2031 | 553,910 |
| 2032 - 2035 | 373,841 |
| Total minimum lease payments | 1,817,719 |
| Less: Amount represent interest | 449,709 |
| Present value of minimum lease payments | \$ 1,368,010 |

On October 27, 2015 the City entered into an agreement as lessee for the lease of equipment and approximately thirty-one (31) vehicles of various types to be used for the City's fire services, grounds and parks maintenance, recreation activities, public works and code compliance operations. The lease

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

is for five (5) years with an annual interest rate on the lease is 1.40%. The lease agreement qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of the future minimum lease payments as of the inception date.

Future minimum lease obligations are as follows:

| Fiscal Year Ended September 30, | Governmental Activities |
|---|------------------------------------|
| 2017 | \$ 468,354 |
| 2018 | 468,354 |
| 2019 | 468,354 |
| 2020 | 468,354 |
| 2021 | 117,089 |
| Total minimum lease payments | <u>1,990,505</u> |
| Less: Amount represent interest | <u>61,336</u> |
| Present value of minimum lease payments | <u>\$ 1,929,169</u> |

(G) Operating Leases

The City is a lessee in a long-term land lease in order to receive access to a tract of land at the Hillsboro Inlet. The lease expires in 57 years and is adjusted for changes in the Consumer Price Index every three years.

The lease payments are as follows:

| Fiscal Year Ending | Governmental Activities |
|-------------------------------|------------------------------------|
| 2017 | \$ 348,000 |
| 2018 | 348,000 |
| 2019 | 348,000 |
| 2020 | 348,000 |
| 2021 | 348,000 |
| 2022 - 2026 | 1,740,000 |
| 2027 - 2031 | 1,740,000 |
| 2032 - 2036 | 1,740,000 |
| 2037 - 2041 | 1,740,000 |
| 2042 - 2046 | 1,740,000 |
| 2047 - 2051 | 1,740,000 |
| 2052 - 2056 | 1,740,000 |
| 2057 - 2061 | 1,740,000 |
| 2062 - 2066 | 1,740,000 |
| 2067 - 2071 | 1,740,000 |
| 2072 - 2073 | 696,000 |
| Total lease payments | <u>\$ 19,836,000</u> |

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(H) Governmental Fund - Fund Balance

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

The City Commission has adopted a formal minimum unassigned fund balance policy for the General Fund via Resolution No. 2013-358, whereby a target equal to at least 17% of that fund's annual appropriation budget must be maintained.

Below is a table of fund balance categories and classifications at September 30, 2016 for the City's governmental funds:

| | General | NW CRA District | East CRA District | Emergency Medical Services | Capital Projects | Non-major Gov't'l Funds |
|---|----------------------|----------------------------|------------------------------|---|-----------------------------|--|
| Fund Balances: | | | | | | |
| Non-spendable | | | | | | |
| Inventory | \$ 178,506 | \$ - | \$ - | \$ 284,439 | \$ - | - |
| Prepays | 69,055 | 19,204 | 194 | - | 204,973 | - |
| Advances to other funds | 2,500,000 | - | - | - | - | - |
| Restricted: | | | | | | |
| Building Permit Function | - | - | - | - | - | 10,536,801 |
| Emergency Medical Services | - | - | - | 1,257,100 | - | - |
| Culture, Recreation & Leisure | - | - | - | - | 2,451,095 | - |
| Transportation | 7,345 | - | - | - | - | 92,021 |
| Cultural Arts | - | - | - | - | - | 5,538 |
| Community Redevelopment | - | 37,075,241 | 10,286,083 | - | - | 1,224,915 |
| Committed: | | | | | | |
| Cemetery Care | - | - | - | - | - | 1,176,403 |
| Disaster Relief | - | - | - | - | - | 380,667 |
| Affordable Housing | - | - | - | - | - | 666,228 |
| Tree Canopy Landscape/ Tricentennial/Nautica Flea Mkt. | - | - | - | - | - | 495,523 |
| Beach Area Parking | - | - | - | - | - | 5,646 |
| Emergency Medical Services | - | - | - | - | - | 26,094 |
| Assigned: | | | | | | |
| Fire Stations | - | - | - | - | 3,261,217 | - |
| Culture, Recreation & Leisure | - | - | - | - | 7,046,808 | - |
| Canal Dredging | - | - | - | - | 50,268 | - |
| Seawall Repairs | - | - | - | - | 133,421 | - |
| Alleyway Improvements | - | - | - | - | 500,000 | - |
| General Government Bldg. Improvs. | - | - | - | - | 674,701 | - |
| City Landscaping\Signage\Lighting | - | - | - | - | 8,225,226 | - |
| Bridge Repairs\Enhancements | - | - | - | - | 630,949 | - |
| Traffic Signals | - | - | - | - | 226,442 | - |
| Underground Utilities | - | - | - | - | 2,368,905 | - |
| Railroad Crossing Repairs | - | - | - | - | 423,330 | - |
| Road/Sidewalks/Parking Lots | - | - | - | - | 1,484,350 | - |
| Art in Public Places | - | - | - | - | 522,378 | - |
| Beach Renourishment | - | - | - | - | 50,000 | - |
| Capital Reserves | - | - | - | - | 1,569,694 | - |
| General Government (Encumbrances) | 413,202 | - | - | - | - | - |
| Public Safety (Encumbrances) | 89,788 | - | - | - | - | - |
| Physical Environment (Encumbrances) | 105,251 | - | - | - | - | - |
| Culture & Recreation (Encumbrances) | 26,284 | - | - | - | - | - |
| Subsequent Year's Expenditures | 1,984,708 | - | - | - | - | - |
| Unassigned | | | | | | |
| General Government | 49,735,754 | - | - | - | - | - |
| Total Fund Balances | \$ 55,109,893 | \$ 37,094,445 | \$ 10,286,277 | \$ 1,541,539 | \$ 29,823,757 | \$ 14,609,836 |

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(I) Property Taxes

The City levies property taxes each October 1, which becomes a lien on real and personal property located in the City. Property taxes are based on the assessed values determined by the Broward County Property Appraiser as of the prior January 1. The current year's levy is based on assessed property values totaling approximately \$9.5 billion. Taxes are collected directly by Broward County and remitted to the City as collected.

The State of Florida permits the City to levy taxes up to 10 mills of assessed property valuation for the General Fund. The City levied taxes at 4.9865 mills for the General Fund and .5000 mills for the EMS District for the fiscal year ended September 30, 2016.

All taxes are due from property owners on March 31. Taxes become delinquent on April 1 and are subject to the issuance of tax sale certificates if unpaid by June 1. Gross tax collections for the year ended September 30, 2016 were approximately 97.4% of the total tax levy.

(J) Post Employment Benefits Other Than Pensions

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

Funding Policy - The City is financing the post employee benefits on a pay-as-you go basis. For fiscal year 2016, 61 retirees received health care benefits. Annual required contributions amounted to \$1,009,115 for the current fiscal year, towards which the City made a contribution of \$297,475. Retiree contributions totaled \$1,156,369 for the fiscal year ended September 30, 2016. At September 30, 2016 the City recorded a net OPEB obligation of \$7,175,127 for governmental activities and \$1,628,494 for business-type activities in its government-wide statement of net position. The Utility Fund reported a net OPEB obligation of \$1,314,396, while the non-major enterprise funds reported \$314,098. Internal Service Funds reported a net OPEB obligation of \$360,012. The OPEB obligation is a function of annual required contributions, interest, adjustments to the annual required contribution, annual pension costs and actual employers' contributions made to the plan.

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

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the retiree health plan:

| | |
|--|----------------------------|
| Annual Required Contribution | \$ 1,009,115 |
| Interest on Net OPEB Obligation | 339,458 |
| Adjustment to Annual Required Contribution | <u>(733,924)</u> |
| Annual OPEB Cost (Expense) | 614,649 |
| Implied Employer Contribution | <u>(297,475)</u> |
| Increase in Net OPEB Obligation | 317,174 |
| Net OPEB Obligation-beginning of year | <u>8,486,447</u> |
| Net OPEB Obligation-end of year | <u><u>\$ 8,803,621</u></u> |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30, 2016 was as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|--------------------------|-------------------------|---|----------------------------|
| September 30, 2016 | \$ 614,649 | 48% | \$ 8,803,621 |
| September 30, 2015 | \$ 596,721 | 47% | \$ 8,486,447 |
| September 30, 2014 | \$ 486,318 | 49% | \$ 8,173,015 |

Funded Status and Funding Progress - As of July 1, 2015 the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$6,692,363 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$6,692,363. The covered payroll (annual payroll of active employees covered by the plan) was \$42,065,734, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 16 percent. The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation as of July 1, 2015 the Projected Unit Credit method (PUC) was used to determine all liabilities, with the liability for each active employee assumed to accrue over his working lifetime based on elapsed time from his date of hire until retirement. The unfunded actuarial accrued liability is being amortized over a fifteen year open period, utilizing the level dollar payment method.

The following simplifying assumptions were made:

Eligibility

For firefighters and police officers – Age 47 with at least 20 years of service, or age 55 with at least 10 years of service, but no earlier than age 55.

For general employees – Age 55 with at least 20 years of service, or age 62 with at least three years of service, but no earlier than age 60.

Mortality

Sex-distinct mortality rates set forth in the RP-2000 mortality table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service for purposes of Internal Revenue Code Section 430 were used. Future generational improvements in mortality have not been reflected.

Disability

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

Permanent Withdrawal from Active Status

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

Investment Rate of Return

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

Healthcare Cost Trend Rates

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

2014/15-4.00%
2015/16-6.00%
2016/17-6.00%
2017/18-6.00%
2018/19-6.00%
2019/20-6.00%
2020/21-6.00%
2021/22 & later-5.00%

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Implied Subsidy

The annual implied subsidy for a 65-year old retiree for the period July 1, 2015 through June 30, 2016 is assumed to be \$3,900 per year under the HMO plan and \$5,100 per year PPO plan. Upon the attainment of Medicare eligibility, the subsidy is assumed to disappear.

Age Related Morbidity

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

Retiree Contributions

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

Cost of Living Increases

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

Medical Plan Choice

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

Future Participation Rates

Fifty percent (50%) of eligible employees were assumed to elect coverage upon retirement or disability. Coverage for retirees and their dependents was assumed to continue for the life of the retiree only, with coverage for all dependents ending upon the retiree's death.

Marriage and Dependent Assumption

Both current and future retirees were assumed to continue single or family coverage in accordance with their current election.

COBRA Assumption

Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation. As the COBRA premium is determined periodically based on plan experience, it was assumed that the COBRA premium to be paid by the participant fully covers the cost of providing healthcare coverage during the relevant period.

Retiree Age Assumption

All current retirees were assumed to be an average age 61 years, based on actual retirees' data.

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(III) OTHER INFORMATION

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

1. Summary of Significant Accounting Policies

Basis of accounting – The PFRS's financial statements are prepared using the accrual basis of accounting. Contributions from the Plan's members are recognized as revenue in the period in which the contributions are due. Contributions from the City and the Broward Sheriff's Office (BSO), as calculated by the System's actuary, are recognized as revenue when due and when the entities have made a formal commitment to provide the 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. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Net appreciation (depreciation) in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost. Interest and dividends are recorded as earned. Purchases and sales of investments are recorded on a trade date basis. Dividends are recorded on the ex-dividend date. For more detail regarding the methods used to measure the fair value of investments, refer to the fair value hierarchy discussed in Note (II)(A).

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

2. Plan Description and Contribution Information

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

Plan description – The Pompano Beach Police and Firefighters' Retirement System ("PFRS") was established by ordinance of the City of Pompano Beach, Florida ("City") on August 15, 1972 (effective October 1972), to account for the financial activity of the Pompano Beach Police and Firefighters' Retirement Plan ("Plan"). The PFRS is a single-employer defined benefit pension plan, which is administered by a nine member Board of Trustees comprised of three members appointed by the City Commission, three members elected by/from the Firefighter members, and three members elected by/from the Police members. Ordinance Section No. 34.047 provides the Board of Trustees sole and exclusive responsibility for the administration and operation of the PFRS, including the authority to establish and amend benefit terms and contribution requirements.

All full time employees of the police and fire departments, who are classified as sworn police officers and firefighters are covered by this single employer defined benefit pension plan. In August 1999, the City contracted with the Broward County Sheriff's Office

CITY OF POMPANO BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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

The PFRS provides retirement, death and disability benefits for its members. Benefit provisions are established and may be amended by the City of Pompano Beach, in conjunction with the members' collective bargaining units. A member may retire with normal benefits after reaching age 47 and accumulating 20 or more years of credited service or age 55 and accumulating 10 or more years of credited service. Pursuant to Ordinance 2014-61, firefighters hired on or after May 27, 2014, may retire with normal benefits after reaching age 50 and accumulating 20 or more years of credited service or age 55 and accumulating 10 or more years of credited service. Pursuant to Ordinance 2008-54, a police officer with 25 years of credited service may elect to purchase unreduced normal retirement benefits regardless of age. Normal retirement benefits are stipulated in Section 34.055 of the City's Code of Ordinances and are contingent upon a member's employment classification, separation date, length of service and average monthly earnings. In general, normal retirement benefits are the member's average monthly earnings times the number of years of service multiplied by a factor ranging from 2.0% to 4.0%. Members with 20 or more years of service may receive an early retirement benefit at age 47 or an immediate benefit at a reduced amount. Members who have attained age 50 and have completed 10 years of service are also eligible for an early retirement benefit.

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

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

Disability benefits for service related disabilities are paid to the member for at least 10 years or until recovery. Benefits are calculated as 75% of the member's final earnings in effect at the date the benefit is approved. Disability benefits for non-service related disabilities for members with 10 or more years of credited service are paid to a member for at least 10 years or until recovery. Benefits are calculated as 3% of the member's average monthly earnings times the number of credited service years, up to a maximum of 60% of the member's salary, plus 2% of average monthly earnings times the number of credited service years in excess of 25 years.

Pre-retirement death benefits for service related deaths are payable to the member's surviving spouse until death or remarriage (for life if the member was killed in the line of duty). Benefits are calculated as \$5,000 lump sum payment plus 75% of the member's final earnings. In addition, eligible children each receive 7.5% of the member's final earnings. If no eligible surviving spouse exists, eligible children each receive 15% of the member's final earnings not to exceed 50%. Pre-retirement death benefits for non-

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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

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

Membership consisted of the following at October 1, 2015, the date of the latest actuarial valuation:

| | |
|---|------------|
| Retirees and beneficiaries currently receiving benefits | 397 |
| Inactive plan members entitled but not yet receiving benefits | 3 |
| Active plan members | 160 |
| Total | <u>560</u> |

Deferred Retirement Option Plan (Drop) Plan - Any member who is eligible to receive a normal retirement pension and prior to attaining 25 years of service may elect to participate in a deferred retirement option plan ("DROP") while continuing his or her active employment as a police officer or firefighter. A member with 25 years of credited service, who is not yet eligible for normal retirement may elect to participate in the DROP upon reaching normal retirement. Upon participation in the DROP, the member becomes a retiree for all PFRS purposes so that he or she ceases to accrue any further benefits under the pension plan. Normal retirement payments that would have been payable to the member as a result are accumulated and invested in the DROP plan to be distributed to the member upon his or her termination of employment. Participation in the DROP plan ceases for a member after 5 years of participation. As of September 30, 2016, the balance in the DROP account was \$17,286,429, with 60 DROP participants. These amounts are included in the total investment balance presented on the statement of fiduciary net position.

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

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

September 30, 2016, the balance of DROP loans outstanding was \$213,216.

Share Plan - A Supplemental Retirement Benefit Plan was established for firefighter members who were employed on October 1, 2010. Firefighters who were actively employed on that date were given a share, based on completed months of service, of the existing Chapter 175 reserves. Annually thereafter, Chapter 175 contributions exceeding \$821,230 are also allocated to members who are employed at the end of each fiscal year. In addition, earnings are posted to the share plan accounts each January 1. Firefighters become vested in their accounts at the rate of 50% after 10 years of service, 75% after 15 years of service and 100% after 20 years of service. As of September 30, 2016, the balance in the share plan account was \$4,565,781. This amount is included in the total investment balance presented on the statement of fiduciary net position.

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

Pursuant to chapters 175 and 185 of the Florida Statutes, a premium tax on certain property and casualty insurance contracts written on Pompano Beach properties is collected by the State and is remitted to the PFRS. As of the October 1, 2015 actuarial valuation, the cumulative balance of additional premium tax revenues reserved to provide future benefit improvements totals \$433,458. This balance pertains to the firefighter members (Chapter 175 funds) and was allocated to the members' Share Plan accounts on January 1, 2016. In compliance with new legislation under Florida Chapters 175 and 185, the cumulative balance totaling \$215,163 of additional premium tax revenues pertaining to police members (Chapter 185 funds), was allocated as 50% to the Plan's unfunded liability and 50% set aside to fund a members' Share Plan.

Administrative costs are financed through investment earnings.

3. Due to Brokers

Pending trades payable amounting to \$1,192,468 at September 30, 2016 account for amounts due to the PFRS's broker for investment purchases made with trade dates prior to the fiscal year end and settlement dates after the fiscal year end. The trades will be settled by receiving or liquidating cash equivalents.

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(B) Employee Retirement System
General Employees' Retirement System

1. Summary of Significant Accounting Policies

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

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

Investments – Plan investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. (Please refer to Note (II)(A) for discussion of fair value measurements).

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the statement of changes in plan net position along with gains and losses realized on sales of investments. Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net (depreciation) appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

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

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, benefit obligations and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results could differ from those estimates.

2. Plan Description

Organization – The City of Pompano Beach General Employees' Retirement System (the GERS) is a single employee defined benefit pension plan established by the City of Pompano Beach, Florida (the City), on December 8, 1972. The GERS reflects the provisions and requirements of Ordinance Section No. 34.010 through 34.040, as amended. In September 1991, the City contracted with Broward County for the operation of the Pompano Beach Public Library. As part of this agreement, all City employees who chose to remain in the library system became employees of Broward County. These

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

employees were given the option of remaining in the GERS, in which case Broward County would make the required annual employer contributions as determined by the Plan actuary. In August 1999, the City also contracted with the Broward County Sheriff's Office ("BSO") whereby the BSO would provide policing services in Pompano Beach. As a result, certain code enforcement officers were employed by the BSO. Participating code enforcement officers were given the option to either remain in the Plan or switch to the BSO's retirement plan.

The GERS is administered by a seven member Board of Trustees comprised of three persons elected directly by the members, three persons who are not members appointed by the City Commission and one person elected by the other six trustees. Ordinance Section No. 34.012 provides the Board of Trustees sole and exclusive responsibility for the administration and operation of the GERS, including the authority to establish and amend benefit terms and contribution requirements.

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

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

Participants

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

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

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

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Membership

At September 30, 2016, pension plan membership consisted of the following:

| | |
|---|-------------------|
| Inactive members or their beneficiaries currently receiving benefits | 410 |
| Inactive members entitled to but not yet receiving benefits | 24 |
| Active members | <u>477</u> |
| Total | <u><u>911</u></u> |

Pension Benefits

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

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

Tier One members

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

Tier Two members

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

Deferred Retirement Option Plan (DROP)

Any member who is eligible to receive a normal retirement pension may freeze their accrued benefits and elect to participate in a DROP while continuing their active employment. For members electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the Plan into the employee's DROP account in an amount equal to the regular monthly retirement benefit which the

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

participant would have received had the participant separated from service and commenced receipt of pension benefits plus interest. Interest shall be at the same rate as the investment earnings assumption for the Plan. Participation in the DROP is limited to sixty months.

Cost of Living Adjustment (COLA)

Tier One members

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

Tier Two members

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

Funding Requirements and Funding Status of Plan

Member Contributions:

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

City Contributions:

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

County Contributions:

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

Investments

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

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

TERS.

(C) Other Pension Information

1. Contribution Rates and Actual Contributions

| | <u>Police and Firefighters'</u> | <u>General Employees</u> |
|---------------------|--|-------------------------------------|
| Contributions: | | |
| Contribution rates: | | |
| City: | | |
| General Employees | | 23.41% |
| Police | 1,003.87% | - |
| Fire | 43.46% | - |
| Plan members: | | |
| General Employees | | 10.00% ⁽¹⁾ |
| Police | 8.60% | - |
| Fire | 11.60% | - |
| Contributions made: | | |
| Employer | \$ 8,154,934 | \$ 6,545,407 |
| Plan members | 1,492,330 | 2,593,355 |
| State | 2,273,774 ⁽²⁾ | - |

⁽¹⁾ 7% for employees hired on or after June 8, 2011

⁽²⁾The Police and Firefighters Plan is also funded by contributions from the State of Florida under Chapters 175 (Firefighter Pensions) and 185 (Municipal Police Pensions) of Florida Statutes. This contribution consists of excise taxes collected on fire and casualty insurance premiums on policies written within the City.

Beginning in fiscal year 1998, the State, by passage of Chapters 175 and 185 of Florida Statutes, limited the allowable premium tax credit to the base amount received by the Plan in 1997 plus any fire supplemental payments received from the State subsequent to 1997. The City is allowed to take an additional credit for any improved benefits (approved by City Ordinance) provided to the firefighters resulting in additional costs to the Plan. The annual credit taken, which is equal to the sum of the 1997 base amount plus additional fire supplemental payments received and additional costs incurred from improved benefits cannot exceed the actual premium taxes received for that fiscal year. For the fiscal year ended September 30, 2016 the Plan received \$2,273,774 for the Police and Firefighters Plan. This amount is recorded as intergovernmental revenue and public safety expenditures (on behalf payments) in the City's General Fund and as operating grants and contributions and public safety expenses for governmental activities in the government-wide financial statements.

A Supplemental Retirement Benefit Plan was established for firefighter members who were employed on October 1, 2010. Firefighters who were actively employed on that date

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

were given a share, based on completed months of service, of the existing Chapter 175 reserves. Annually thereafter, Chapter 175 contributions exceeding \$821,230 are also allocated to members who are employed at the end of each fiscal year. In addition, earnings are posted to the Share Plan accounts each January. Firefighters become vested in their accounts at the rate of 50% after 10 years of service, 75% after 15 years of service and 100% after 20 years of service. As of September 30, 2016, the balance in the Share Plan account was \$4,565,781. As of the October 1, 2015 actuarial valuation, the cumulative balance of additional premium tax revenues reserved to provide future benefit improvements totals \$433,458 for firefighter members (Chapter 175 funds). In compliance with new legislation under Florida Chapters 175 and 185, the cumulative balance totaling \$215,163 of additional premium tax revenues pertaining to police members (Chapter 185 funds), was allocated as 50% to the Plan's unfunded liability and 50% set aside to fund police members' Share Plan accounts.

2. Net Pension Liability

Police and Firefighters

The City's net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2015. Update procedures were used to roll forward the total pension liability to the measurement date. The components of the net pension liability of the City at September 30, 2016 were as follows:

| | |
|---|----------------------|
| Total pension liability | \$332,155,565 |
| Plan fiduciary net position | <u>223,871,513</u> |
| Net pension liability | <u>\$108,284,052</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 67.40% |

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

General Employees

The City's net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2014. Update procedures were used to roll forward the total pension liability to the measurement date. The components of the net pension liability of the City at September 30, 2016 were as follows:

| | |
|---|----------------------|
| Total pension liability | \$208,070,480 |
| Plan fiduciary net position | <u>150,255,553</u> |
| Net pension liability | <u>\$ 57,814,927</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 72.21% |

Actuarial Methods and Assumptions

Police and Firefighters

The total pension liability was determined by an actuarial valuation as of October 1, 2015 updated to September 30, 2016 using the following actuarial assumptions applied to all measurement periods:

| | |
|---|------------------------|
| Actuarial cost method | Entry Age Normal |
| Asset Method | Market Value of Assets |
| Interest rates: | |
| Discount rate | 7.5% |
| Expected long-term rate of return | 7.5% |
| Municipal bond rate | N/A |
| Inflation | 2.5% |
| Annual salary increases, excluding inflation | 0.5%-8.5% |
| Ad-hoc Cost of Living Increases | none |

Mortality rates were based on the Florida Retirement System special risk mortality projected with scale BB generationally. Mortality rates for the disabled were based on the Florida Retirement System disabled mortality (no projection scale). The most recent study was completed in November 2013 taking into account 6 years of data experience.

CITY OF POMPANO BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

The long-term expected rate of return on PFRS pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2016 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|--------------------------------|--------------------------|---|
| Equity | 50.00% | 7.38% |
| Fixed income | 22.50% | 2.45% |
| Real estate | 7.50% | 3.70% |
| Hedge funds and private equity | 20.00% | 5.51% |
| Short-term investments | -% | 1.60% |
| Cash | -% | 1.00% |
| Total | 100.00% | |

General Employees

The total pension liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions applied to all measurement periods:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level percent of payroll, closed |
| Remaining amortization period | 1 to 30 years |
| Asset valuation method | 5 year smoothed market |
| Inflation | 3.50% |
| Salary increase | 4.25 - 7.50%, including inflation |
| Investment rate of return | 8.00 percent, net of pension plan investment expense, including inflation |

Mortality rates were the 1983 Group Annuity Mortality Table for men and women. For the period after disability retirement, the mortality tables were set back five years. This assumption measures the probabilities of each benefit payment being made after retirement.

The long-term expected rate of return on GERS pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2016 are summarized in the following table:

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|--------------------|--------------------------|---|
| Domestic equity | 47.10% | 7.60% |
| Int'l equity | 14.20% | 8.10% |
| Fixed income | 18.30% | 4.08% |
| Real estate | 9.30% | 6.61% |
| Infrastructure | 9.50% | 7.47% |
| Cash | 1.60% | 2.00% |
| Total | 100.00% | |

Discount Rate:

Police and Firefighters

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

General Employees

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Changes in the Net Pension Liability:

Changes in the City's net pension liability for the Police and Firefighters and General Employees Plans for the fiscal year ended September 30, 2016 is as follows:

| | Police and Firefighters | | | General Employees | | |
|---|--|--|--------------------------------------|--|--|--------------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| Balances at 9/30/2015 | <u>\$ 300,798,426</u> | <u>\$ 219,256,301</u> | <u>\$ 81,542,125</u> | <u>\$ 200,374,332</u> | <u>\$ 154,313,634</u> | <u>\$ 46,060,698</u> |
| Changes for the year: | | | | | | |
| Service cost | 3,703,207 | - | 3,703,207 | 3,971,996 | - | 3,971,996 |
| Interest | 21,977,143 | - | 21,977,143 | 15,846,714 | - | 15,846,714 |
| Changes of assumptions | 29,606,755 | - | 29,606,755 | - | - | - |
| Differences between expected and actual experience | (983,846) | - | (983,846) | 402,265 | - | 402,265 |
| Contributions - employer | - | 8,154,934 | (8,154,934) | - | 6,669,132 | (6,669,132) |
| Contributions - member | - | 1,492,330 | (1,492,330) | - | 2,562,901 | (2,562,901) |
| Contributions - nonemployer contributing member | - | 2,273,774 | (2,273,774) | - | - | - |
| Net investment income (loss) | - | 16,233,979 | (16,233,979) | - | (235,039) | 235,039 |
| Benefit payments, including refunds of member contributions | (22,946,120) | (22,946,120) | - | (12,524,827) | (12,524,827) | - |
| Administrative expense | - | (604,460) | 604,460 | - | (530,248) | 530,248 |
| Other changes | - | 10,775 | (10,775) | - | - | - |
| Net changes | <u>31,357,139</u> | <u>4,615,212</u> | <u>26,741,927</u> | <u>7,696,148</u> | <u>(4,058,081)</u> | <u>11,754,229</u> |
| Balances at 9/30/2016 | <u><u>\$ 332,155,565</u></u> | <u><u>\$ 223,871,513</u></u> | <u><u>\$ 108,284,052</u></u> | <u><u>\$ 208,070,480</u></u> | <u><u>\$ 150,255,553</u></u> | <u><u>\$ 57,814,927</u></u> |

The City's aggregate net pension liability for the Police and Firefighters and General Employees Plans for the fiscal year ended was \$166,098,979.

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Sensitivity of the net pension liability to changes in the discount rate:

Police and Firefighters

The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|------------------------------|------------------------------------|--|------------------------------------|
| City's net pension liability | \$ 144,670,506 | \$ 108,284,052 | \$ 75,490,063 |

General Employees

The following presents the net pension liability, calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

| | 1% Decrease (7.00%) | Current Discount Rate (8.00%) | 1% Increase (9.00%) |
|------------------------------|------------------------------------|--|------------------------------------|
| City's net pension liability | \$ 79,815,481 | \$ 57,814,927 | \$ 39,074,392 |

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended September 30, 2016, the City recognized pension expense related to the pension plans as follows:

| | Police and Firefighters | General Employees | Total |
|-----------------|------------------------------------|------------------------------|---------------|
| Pension expense | \$ 20,701,338 | \$ 7,955,808 | \$ 28,657,146 |

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pension plans from the following sources:

| | Police and Firefighters | | General Employees | | Total | |
|--|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 1,209,652 | \$ 737,884 | \$ 312,873 | \$ - | \$ 1,522,525 | \$ 737,884 |
| Changes of assumptions | 22,205,066 | - | - | - | 22,205,066 | - |
| Net difference between projected and actual earnings on pension plan investments | 12,421,930 | - | 9,303,026 | - | 21,724,956 | - |
| Employer contributions subsequent to the measurement date | - | - | 6,545,407 | - | 6,545,407 | - |
| Total | \$ 35,836,648 | \$ 737,884 | \$ 16,161,306 | \$ - | \$ 51,997,954 | \$ 737,884 |

The City reported \$6,545,407 reported as deferred outflows of resources relating to pensions. This amount resulted from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | Police and Firefighters | | General Employees | |
|---------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| Year ended September 30: | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| 2017 | \$ 12,162,935 | \$ 245,962 | \$ 2,361,921 | \$ - |
| 2018 | 12,162,934 | 245,962 | 2,361,921 | - |
| 2019 | 11,558,107 | 245,960 | 2,361,922 | - |
| 2020 | (47,328) | - | 2,530,135 | - |
| | \$ 35,836,648 | \$ 737,884 | \$ 9,615,899 | \$ - |

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

Plan Description – The defined contribution retirement system (“DCRS”) is a defined contribution pension plan established by the City in 1996 by Ordinance 96-84. to provide benefits at retirement to certain professional and managerial employees of the City that were not part of the General Employees Retirement System (GERS). Contribution Plan provisions and contribution requirements are established and may be amended by City Commission Ordinance. In 2008 Ordinance 2008-16 provided for the inclusion of these same employees in the GERS plan.

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

The International City Management Association Retirement Corporation acts as agent for the City in administering the Contribution Plan. As a result of Ordinance 2008-16, there are no required contributions to the plan. For fiscal year 2016 employer contributions totaled \$0 and employee contributions also totaled \$0.

(E) Risk Management

The City is exposed to various risks and losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and group health. The City is self-insured except for commercial insurance purchased for airport liability and group health insurance, and purchases of excess commercial insurance beyond the self-insured retention for general liability, auto liability, property damage and workers' compensation and has not incurred a reduction in insurance coverage. No workers' compensation settlements exceeded the City's self-insured retention in fiscal year 2016.

There have been no settlements in excess of insurance coverage for the past three years.

All funds, except for the capital projects fund, participate in the program and make premium payments to the risk management fund based on actuarial estimates of the amounts needed to ultimately settle claims. The total estimated claims payable at September 30, 2016 reflect management's loss estimate of \$13,926,000, which includes reported claims and claims incurred but not reported (IBNR).

Changes in the fund's estimated claims payable amount in fiscal years 2016 and 2015 were:

| Fiscal Year | Liability October 1 | New Claims and Changes in Estimates | Claims Payments | Liability September 30 |
|--------------------|--------------------------------|--|----------------------------|-----------------------------------|
| 2016 | \$ 14,093,000 | \$ 3,088,177 | \$ 3,255,177 | \$ 13,926,000 |
| 2015 | \$ 14,787,000 | \$ 1,826,659 | \$ 2,520,659 | \$ 14,093,000 |

(F) Contingencies/Risks/Uncertainties

There are several pending claims and lawsuits in which the City is involved. The estimated liabilities related to all known pending claims have been accrued in the City's risk management fund. In the opinion of City management, the ultimate resolution of these claims will not materially exceed the amounts recorded in the financial statements.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, might constitute a liability of the applicable funds. It is management's opinion that there are not any significant contingent liabilities relating to these grants.

The City's pension plans (PFRS and GERS-the Plans) invest in various investment securities. Investment securities are exposed to various risks such as interest rate,

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term, and those changes could materially affect the amounts reported in the statement of plan net position for each Plan. The Plans, through investment advisors, monitor plan investments and the risks associated therewith on a regular basis, which the Plans believe serve to minimize these risks.

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

(G) New Accounting Pronouncements

GASB 72, *Fair Value Measurement and Application*, is effective for financial statements for periods beginning after June 15, 2015. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, Measurement of Elements of Financial Statements, and other relevant literature. The implementation of GASB 72 did not have a material impact on the City's financial statements.

GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, is effective for financial statements for periods beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. The primary objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports of governments whose employees—both active employees and inactive employees—are provided with pensions that are not within the scope of Statement 68, *Accounting and Financial Reporting for Pensions*, as amended. The City has implemented the requirements of this statement that are effective for financial statements for periods beginning after June 15, 2015. For the requirements effective for financial statements for periods beginning after June 15, 2016 the City is aware of these requirements and will assess their impact to ensure timely implementation.

GASB 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, is effective for financial statements for periods beginning after June 15, 2016. The primary objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental benefit plans for making decisions and assessing accountability. These benefits are referred to as other postemployment benefits (OPEB), and the plans through which the benefits are provided are referred to as OPEB plans. The City is aware of this requirement and will assess its

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

impact to ensure timely implementation.

GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, is effective for financial statements for periods beginning after June 15, 2017. The primary objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports of governments whose employees—both active employees and inactive employees—are provided with postemployment benefits other than pensions. These benefits are referred to as other postemployment benefits (OPEB). The City is aware of this requirement and will assess its impact to ensure timely implementation.

GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, is effective for financial statements for periods beginning after June 15, 2015. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this pronouncement had no impact on the City's financial statements for the fiscal year ending September 30, 2016.

GASB 77, *Tax Abatement Disclosures*, is effective for financial statements for periods beginning after December 15, 2015. The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess (a) whether current-year revenues were sufficient to pay for current-year services, (b) compliance with finance-related legal or contractual requirements, (c) where a government's financial resources come from and how it uses them, and (d) financial position and economic condition and how they have changed over time. The City is aware of this requirement and will assess its impact to ensure timely implementation.

GASB 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, is effective for financial statements for periods beginning after December 15, 2015. The objective of this Statement is to amend the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The City is aware of this requirement and will assess its impact to ensure timely implementation.

GASB 79, *Certain External Investment Pools and Pool Participants*, is effective for financial statements for periods beginning after June 15, 2015. The objective of this Statement is to address accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of this pronouncement had no impact on the City's financial statements for the fiscal ending September 30, 2016.

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

GASB 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, is effective for financial statements for periods beginning after June 15, 2016. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. The City is aware of this requirement and will assess its impact to ensure timely implementation.

GASB 81, *Irrevocable Split-Interest Agreements*, is effective for financial statements for periods beginning after December 15, 2016. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The City is aware of this requirement and will assess its impact to ensure timely implementation.

GASB 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, is effective for financial statements for periods beginning after June 15, 2016—except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end, which are effective for fiscal years beginning after June 15, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The City is aware of this requirement and will assess its impact to ensure timely implementation.

GASB 83, *Certain Asset Retirement Obligations*, is effective for financial statements for periods beginning after June 15, 2018. The objective of this statement is to address accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The City is aware of this requirement and will assess its impact to ensure timely implementation.

GASB 84, *Fiduciary Activities*, is effective for financial statements for periods beginning after December 15, 2018. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City is aware of this requirement and will assess its impact to ensure timely implementation.

CITY OF POMPANO BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(H) Pompano Beach Community Redevelopment Agency

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits to, and the purpose and amounts of withdrawals from, the Community Redevelopment Agency Funds (CRA) for the fiscal year ended September 30, 2016:

| | | NW CRA | |
|-----------------------------|----|-----------------|--------------------|
| | | Deposits | Withdrawals |
| Sources of deposits: | | | |
| Tax increment revenues | \$ | 6,486,105 | |
| Investment income | | 36,406 | |
| Other revenue | | 275,354 | |
| Purpose of withdrawals: | | | |
| Debt service - principal | | | \$ 2,196,719 |
| Debt service - interest | | | 368,269 |
| Professional services | | | 377,666 |
| Other contractual | | | 1,283,477 |
| Reimbursement for services | | | 77,322 |
| Administrative and overhead | | | 89,471 |
| Utilities | | | 31,680 |
| Rentals and leases | | | 116,119 |
| Insurance premiums | | | 22,880 |
| Economic development | | | 3,774,030 |
| Advertising | | | 13,479 |
| Supplies | | | 33,484 |
| Affordable housing | | | 50,000 |
| Miscellaneous | | | 9,067 |
| Total | \$ | 6,797,865 | \$ 8,443,663 |

| | | East CRA | |
|-----------------------------|----|-----------------|--------------------|
| | | Deposits | Withdrawals |
| Sources of deposits: | | | |
| Tax increment revenues | \$ | 2,481,991 | |
| Investment income | | 18,082 | |
| Purpose of withdrawals: | | | |
| Debt service - principal | | | \$ 665,000 |
| Debt service - interest | | | 435,261 |
| Professional services | | | 153,905 |
| Other contractual | | | 447,488 |
| Reimbursement for services | | | 14,773 |
| Administrative and overhead | | | 25,368 |
| Economic development | | | 275,994 |
| Advertising | | | 8,674 |
| Supplies | | | 2,336 |
| Miscellaneous | | | 6,885 |
| Total | \$ | 2,500,073 | \$ 2,035,684 |

CITY OF POMPANO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM
LAST THREE FISCAL YEARS

| | 2014 | 2015 | 2016 |
|--|----------------------|----------------------|-----------------------|
| Total pension liability | | | |
| Service cost | \$ 3,645,948 | \$ 3,645,948 | \$ 3,703,207 |
| Interest | 21,340,649 | 21,555,235 | 21,977,143 |
| Changes of benefit terms (1) | - | (6,900) | - |
| Differences between expected and actual experience | (1,213,699) | 2,419,307 | (983,846) |
| Changes of assumptions (2) | - | - | 29,606,755 |
| Benefit payments, including refunds of member contributions | (20,678,837) | (21,144,686) | (22,946,120) |
| Net change in total pension liability | 3,094,061 | 6,468,904 | 31,357,139 |
| Total pension liability - beginning | 291,235,461 | 294,329,522 | 300,798,426 |
| Total pension liability - ending (a) | <u>294,329,522</u> | <u>300,798,426</u> | <u>332,155,565</u> |
| Plan fiduciary net position | | | |
| Contributions - employer | 9,722,948 | 8,129,211 | 8,154,934 |
| Contributions - employee | 1,422,685 | 1,453,342 | 1,492,330 |
| Contributions - nonemployer contributing member | 2,219,537 | 2,255,095 | 2,273,774 |
| Net investment income (loss) | 22,149,737 | (3,955,004) | 16,233,979 |
| Benefit payments, including refunds of member contributions | (20,678,837) | (21,144,686) | (22,946,120) |
| Administrative expenses | (581,767) | (563,224) | (604,460) |
| Other | 17,738 | 43,955 | 10,775 |
| Net change in plan fiduciary net position | <u>14,272,041</u> | <u>(13,781,311)</u> | <u>4,615,212</u> |
| Plan fiduciary net position - beginning | <u>218,765,571</u> | <u>233,037,612</u> | <u>219,256,301</u> |
| Plan fiduciary net position - ending (b) | <u>233,037,612</u> | <u>219,256,301</u> | <u>223,871,513</u> |
| City's net pension liability - ending (a) - (b) | <u>\$ 61,291,910</u> | <u>\$ 81,542,125</u> | <u>\$ 108,284,052</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 79.18% | 72.89% | 67.40% |
| Covered-employee payroll | 12,948,557 | 13,065,752 | 13,061,612 |
| City's net pension liability as a percentage of covered-employee payroll | 473.35% | 624.09% | 829.03% |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available will be presented.

(1) **Changes of benefit terms:** During fiscal year 2015 there was a slight liability change for firefighter members hired on or after May 27, 2014. The change affected the normal retirement date and normal retirement benefit.

(2) **Changes in Assumptions:** For fiscal year 2016 the assumption for mortality rates was changed due to a Florida legislative change which mandated that local governments utilize the State of Florida's mortality tables to measure pension liabilities.

CITY OF POMPANO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
SCHEDULE OF CITY CONTRIBUTIONS
POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Actuarially determined contribution | \$ 6,742,158 | \$ 6,541,199 | \$ 6,321,557 | \$ 6,828,542 | \$ 6,085,623 | \$ 5,527,605 | \$ 8,121,441 | \$ 9,722,948 | \$ 8,129,211 | \$ 8,154,934 |
| Contributions in relation to the actuarially determined contribution | <u>6,742,158</u> | <u>6,541,199</u> | <u>6,321,557</u> | <u>6,828,542</u> | <u>6,085,623</u> | <u>5,527,605</u> | <u>8,121,441</u> | <u>9,722,948</u> | <u>8,129,211</u> | <u>8,154,934</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll | \$ 19,202,844 | \$ 18,938,141 | \$ 18,187,155 | \$ 16,804,153 | \$ 15,514,029 | \$ 14,432,987 | \$ 13,137,295 | \$ 12,948,557 | \$ 13,065,752 | \$ 13,061,612 |
| Contributions as a percentage of covered- employee payroll | 35.11% | 34.54% | 34.76% | 40.64% | 39.23% | 38.30% | 61.82% | 75.09% | 62.22% | 62.43% |

Actuarially determined contribution rates for the year ended September 30, are calculated as of October 1, two years prior to the end of the year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

| | |
|------------------------------------|---|
| Actuarial cost method | Individual Entry Age Normal Cost Method |
| Amortization method | All new bases are to be amortized over 30 years from the date established |
| Remaining amortization method | 30 years |
| Asset valuation method | 20% Phase-In Method: Actuarial value of assets is equal to expected value phase in the difference between expected investment earnings and actual investment earnings at the rate of 20% per year. The result cannot be greater than 120% of market value or less than 80% of market value. |
| Interest rates | 7.5% compounded annually, net of investment expenses |
| Annual pay increases | 2.5% compounded annually for inflation plus a seniority/merit scale ranging from .5% to 8.5% |
| Expense and/or contingency loading | One year cost method; average of prior two years' expenses |
| Mortality rates: | |
| Healthy | RP-2000 Combined Mortality Table for males and females set forward 5 years, with fully generational Scale AA mortality improvements. |
| Disabled | RP-2000 Disabled Mortality Table for males and females, set forward 5 years, with fully generational Scale AA mortality improvements. |

CITY OF POMPANO BEACH, FLORIDA**REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED****SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS****GENERAL EMPLOYEES' RETIREMENT SYSTEM****LAST TWO FISCAL YEARS**

| | 2014 | 2015 |
|--|----------------------|----------------------|
| Total pension liability | | |
| Service cost | \$ 4,002,187 | \$ 3,971,996 |
| Interest | 15,228,081 | 15,876,511 |
| Difference between actual & expected experience | - | 372,468 |
| Benefit payments | (10,047,279) | (12,286,072) |
| Refunds | (362,250) | (238,755) |
| Net change in total pension liability | 8,820,739 | 7,696,148 |
| Total pension liability - beginning | 191,553,593 | 200,374,332 |
| Total pension liability - ending (a) | <u>200,374,332</u> | <u>208,070,480</u> |
| Plan fiduciary net position | | |
| Contributions - employer | 6,697,862 | 6,669,132 |
| Contributions - member | 2,515,665 | 2,562,901 |
| Net investment income | 12,478,865 | (235,039) |
| Benefit payments | (10,047,279) | (12,286,072) |
| Refunds of contributions | (362,250) | (238,755) |
| Administrative expenses | (491,959) | (530,248) |
| Net change in plan fiduciary net position | 10,790,904 | (4,058,081) |
| Plan fiduciary net position - beginning | 143,522,730 | 154,313,634 |
| Plan fiduciary net position - ending (b) | <u>154,313,634</u> | <u>150,255,553</u> |
| City's net pension liability - ending (a) - (b) | <u>\$ 46,060,698</u> | <u>\$ 57,814,927</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 77.01% | 72.21% |
| Covered-employee payroll | 26,048,410 | 27,015,680 |
| City's net pension liability as a percentage of covered-employee payroll | 176.83% | 214.01% |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available will be presented.

Note: The Plan's actuary utilized a measurement date of September 30, 2015 in calculating the Net Pension Liability to be recorded by the City at September 30, 2016, as discussed in more detail at Note (III)(C)(2).

CITY OF POMPANO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
SCHEDULE OF CITY CONTRIBUTIONS
GENERAL EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2007</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Actuarially determined contribution | \$ 4,064,240 | \$ 3,416,488 | \$ 3,706,870 | \$ 4,338,870 | \$ 5,351,521 | \$ 5,801,971 | \$ 6,332,731 | \$ 6,697,862 | \$ 6,669,132 | \$ 6,545,407 |
| Contributions in relation to the actuarially determined contribution | <u>4,064,240</u> | <u>3,416,488</u> | <u>3,706,870</u> | <u>4,338,870</u> | <u>5,351,521</u> | <u>5,801,971</u> | <u>6,332,731</u> | <u>6,697,862</u> | <u>6,669,132</u> | <u>6,545,407</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll | \$ 26,825,168 | \$ 27,611,132 | \$ 27,477,396 | \$ 26,596,532 | \$ 26,238,403 | \$ 25,833,472 | \$ 25,922,708 | \$ 26,048,410 | \$ 27,015,680 | \$ 27,957,210 |
| Contributions as a percentage of covered- employee payroll | 15.15% | 12.37% | 13.49% | 16.31% | 20.40% | 22.46% | 24.43% | 25.71% | 24.69% | 23.41% |

Actuarially determined contribution rates for the year ended September 30, are calculated as of October 1, two years prior to the end of the year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level of percentage payroll, closed |
| Remaining amortization period | 1 to 30 years |
| Asset valuation method | 5-year smoothed market |
| Inflation | 3.50 percent |
| Salary increase | 4.25 - 7.50 percent, including inflation |
| Investment rate of return | 8.00 percent, net of plan investment expense, including inflation |

CITY OF POMPANO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2016

An analysis of funding progress for the Unfunded Actuarial Accrued Liability (UAAL) for the most recent actuarial valuation date available for the City's post employment benefits (other than pension) is presented as follows:

| Actuarial Valuation Date | Actuarial Value of Assets (1) | Actuarial Accrued Liability (AAL)-Entry Age (2) | Unfunded AAL (UAAL) (2)- (1) | Funded Ratio (1):(2) | Covered Payroll (3) | UAAL as a Percentage of Covered Payroll [(2)-(1)]:(3) |
|--------------------------|--|--|---------------------------------------|----------------------------|---------------------------|---|
| July 1, 2015 | \$ - | \$ 6,692 | \$ 6,692 | 0.0% | \$ 42,066 | 15.9% |
| July 1, 2013 | \$ - | \$ 5,628 | \$ 5,628 | 0.0% | \$ 39,689 | 14.2% |
| July 1, 2011 | \$ - | \$ 9,281 | \$ 9,281 | 0.0% | \$ 39,640 | 23.4% |

CITY OF POMPANO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (UNAUDITED) - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) |
|---|------------------|-----------------|--------------------------|--|
| | Original | Final | Actual (Budgetary Basis) | |
| REVENUES | | | | |
| Taxes | \$ 65,858,606 | \$ 65,858,606 | \$ 67,281,594 | \$ 1,422,988 |
| Judgments, fines and forfeitures | 942,500 | 942,500 | 967,783 | 25,283 |
| Permits, fees and special assessments | 19,505,505 | 19,705,505 | 20,648,906 | 943,401 |
| Intergovernmental | 11,885,575 | 12,362,075 | 13,029,191 | 667,116 |
| Charges for services | 12,905,793 | 13,485,124 | 14,054,800 | 569,676 |
| Pari-mutuel | 2,385,100 | 2,385,100 | 2,428,142 | 43,042 |
| Donations | 10,000 | 16,918 | 6,918 | (10,000) |
| Investment earnings | 485,029 | 485,029 | 816,049 | 331,020 |
| Other revenue | 660,515 | 856,232 | 499,952 | (356,280) |
| Total revenues | 114,638,623 | 116,097,089 | 119,733,335 | 3,636,246 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 9,221,559 | 9,750,325 | 9,674,205 | 76,120 |
| Finance | 2,798,775 | 2,832,443 | 2,807,062 | 25,381 |
| Development services | 4,061,865 | 4,343,955 | 4,279,769 | 64,186 |
| Police | 39,583,565 | 40,446,615 | 40,207,405 | 239,210 |
| Fire department | 21,057,235 | 21,336,120 | 21,291,844 | 44,276 |
| Public works | 16,055,325 | 16,900,606 | 16,820,665 | 79,941 |
| Non departmental | 5,595,215 | 6,951,411 | 6,794,235 | 157,176 |
| Culture and recreation | 7,612,176 | 7,520,386 | 7,456,661 | 63,725 |
| Capital outlay | 386,253 | 3,090,113 | 2,870,342 | 219,771 |
| Debt Service: | | | | |
| Principal | 684,041 | 566,247 | 566,247 | - |
| Interest & other charges | 78,034 | 77,094 | 77,094 | - |
| Total expenditures | 107,134,043 | 113,815,315 | 112,845,529 | 969,786 |
| Excess (deficiency) of revenues over (under) expenditures | 7,504,580 | 2,281,774 | 6,887,806 | 4,606,032 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of capital assets | 20,000 | 20,000 | 96,156 | 76,156 |
| Proceeds from capital lease | - | 2,257,875 | 2,257,875 | - |
| Transfers in | 1,951,918 | 1,951,918 | 1,951,918 | - |
| Transfers out | (8,194,517) | (18,572,407) | (18,572,407) | - |
| Total other financing sources (uses) | (6,222,599) | (14,342,614) | (14,266,458) | 76,156 |
| Net change in fund balances | \$ 1,281,981 | \$ (12,060,840) | (7,378,652) | \$ 4,682,188 |
| FUND BALANCE - BEGINNING | | | 61,854,020 | |
| FUND BALANCE - ENDING | | | \$ 54,475,368 | |

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

CITY OF POMPANO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (UNAUDITED) - BUDGETARY BASIS
NORTHWEST COMMUNITY REDEVELOPMENT DISTRICT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget - Positive (Negative) |
|--|-------------------------|-----------------------|-------------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 6,563,390 | \$ 6,563,390 | \$ 6,486,105 | \$ (77,285) |
| Charges for services | 235,530 | 235,530 | 154,096 | (81,434) |
| Investment earnings | 18,500 | 18,500 | 36,406 | 17,906 |
| Other revenue | 51,302 | 141,302 | 58,258 | (83,044) |
| Total revenues | <u>6,868,722</u> | <u>6,958,722</u> | <u>6,734,865</u> | <u>(223,857)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic environment | 4,390,849 | 5,828,788 | 4,153,652 | 1,675,136 |
| Capital outlay | 413,495 | 2,833,317 | 2,585,856 | 247,461 |
| Debt service: | | | | |
| Principal | 2,162,163 | 2,196,719 | 2,196,719 | - |
| Interest & other charges | 552,456 | 593,271 | 368,269 | 225,002 |
| Total expenditures | <u>7,518,963</u> | <u>11,452,095</u> | <u>9,304,496</u> | <u>2,147,599</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(650,241)</u> | <u>(4,493,373)</u> | <u>(2,569,631)</u> | <u>1,923,742</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of capital assets | - | - | 63,000 | 63,000 |
| Transfers out | - | (50,000) | (50,000) | - |
| Total other financing sources (uses) | - | (50,000) | 13,000 | 63,000 |
| Net change in fund balances | <u>\$ (650,241)</u> | <u>\$ (4,543,373)</u> | <u>(2,556,631)</u> | <u>\$ 1,986,742</u> |
| FUND BALANCE - BEGINNING | | | <u>38,740,243</u> | |
| FUND BALANCE - ENDING | | | <u>\$ 36,183,612</u> | |

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

CITY OF POMPANO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (UNAUDITED) - BUDGETARY BASIS
EAST COMMUNITY REDEVELOPMENT DISTRICT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget - Positive (Negative) |
|---|-------------------------|-----------------------|---------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 2,514,055 | \$ 2,514,055 | \$ 2,481,991 | \$ (32,064) |
| Investment earnings | 8,000 | 8,000 | 18,082 | 10,082 |
| Total Revenues | <u>2,522,055</u> | <u>2,522,055</u> | <u>2,500,073</u> | <u>(21,982)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic environment | 770,778 | 1,832,493 | 860,075 | 972,418 |
| Debt service: | | | | |
| Principal | 665,000 | 665,000 | 665,000 | - |
| Interest & other charges | 435,261 | 435,261 | 435,261 | - |
| Capital outlay | 4,959,281 | 8,413,261 | 1,266,800 | 7,146,461 |
| Total expenditures | <u>6,830,320</u> | <u>11,346,015</u> | <u>3,227,136</u> | <u>8,118,879</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(4,308,265)</u> | <u>(8,823,960)</u> | <u>(727,063)</u> | <u>8,096,897</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Net Change in Fund Balances | <u>\$ (4,308,265)</u> | <u>\$ (8,823,960)</u> | <u>(727,063)</u> | <u>\$ 8,096,897</u> |
| FUND BALANCE - BEGINNING | | | <u>9,821,888</u> | |
| FUND BALANCE - ENDING | | | <u>\$ 9,094,825</u> | |

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

CITY OF POMPANO BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (UNAUDITED) - BUDGETARY BASIS
EMERGENCY MEDICAL SERVICES DISTRICT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget - Positive (Negative) |
|---|-------------------------|---------------------|---------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 4,945,042 | \$ 4,945,042 | \$ 4,903,008 | \$ (42,034) |
| Intergovernmental | 93,837 | 93,837 | 93,960 | 123 |
| Charges for services | 3,200,000 | 3,200,000 | 3,387,506 | 187,506 |
| Donations | - | - | 10 | 10 |
| Investment earnings | 16,195 | 16,195 | 41,800 | 25,605 |
| Other revenue | - | - | 1,895 | 1,895 |
| Total revenues | <u>8,255,074</u> | <u>8,255,074</u> | <u>8,428,179</u> | <u>173,105</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | 13,861,425 | 13,883,908 | 13,873,712 | 10,196 |
| Capital outlay | 101,074 | 365,042 | 361,711 | 3,331 |
| Total expenditures | <u>13,962,499</u> | <u>14,248,950</u> | <u>14,235,423</u> | <u>13,527</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(5,707,425)</u> | <u>(5,993,876)</u> | <u>(5,807,244)</u> | <u>186,632</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 5,107,425 | 5,107,425 | 5,107,425 | - |
| Total other financing sources (uses) | <u>5,107,425</u> | <u>5,107,425</u> | <u>5,107,425</u> | <u>-</u> |
| Net change in fund balances | <u>\$ (600,000)</u> | <u>\$ (886,451)</u> | <u>(699,819)</u> | <u>\$ 186,632</u> |
| FUND BALANCE - BEGINNING | | | <u>2,187,472</u> | |
| FUND BALANCE - ENDING | | | <u>\$ 1,487,653</u> | |

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

CITY OF POMPANO BEACH, FLORIDA

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

SEPTEMBER 30, 2016

Budgetary Information

The City Commission adopted these procedures to establish the budgetary data reflected in the financial statements.

Prior to July 10, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.

The City Commission holds public workshops on the proposed budget. In September, formal public hearings are conducted to obtain taxpayers' comments. Prior to October 1, the budget is legally adopted.

Expenditures may not exceed the budget and are controlled at the departmental level. The City Manager can approve budget transfers within operating departments and divisions of the same fund. Individual transfers exceeding \$10,000 are reported to the City Commission on a quarterly basis. Unencumbered balances of appropriations lapse at year end. Purchase orders outstanding at year end are carried forward.

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

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

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

CITY OF POMPANO BEACH, FLORIDA

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

SEPTEMBER 30, 2016

Adjustments necessary to convert the general fund and the major special revenue fund results of operations and change in fund balances at September 30, 2016 from the accounting principles generally accepted in the United States of America basis of accounting to the budget basis are as follows:

| | Revenues/ Other Financing Sources | Expenditures/ Other Financing Uses | Change in Fund Balances |
|--|--|---|------------------------------------|
| <u>General Fund</u> | | | |
| GAAP Basis | \$ 124,039,284 | \$ 130,783,411 | \$ (6,744,127) |
| Encumbrances | - | 634,525 | (634,525) |
| Budgetary Basis | <u>\$ 124,039,284</u> | <u>\$ 131,417,936</u> | <u>\$ (7,378,652)</u> |
| <u>Northwest Community Redevelopment District</u> | | | |
| GAAP Basis | \$ 6,797,865 | \$ 8,443,663 | \$ (1,645,798) |
| Encumbrances | - | 910,833 | (910,833) |
| Budgetary Basis | <u>\$ 6,797,865</u> | <u>\$ 9,354,496</u> | <u>\$ (2,556,631)</u> |
| <u>East Community Redevelopment District</u> | | | |
| GAAP Basis | \$ 2,500,073 | \$ 2,035,684 | \$ 464,389 |
| Encumbrances | - | 1,191,452 | (1,191,452) |
| Budgetary Basis | <u>\$ 2,500,073</u> | <u>\$ 3,227,136</u> | <u>\$ (727,063)</u> |
| <u>EMS</u> | | | |
| GAAP Basis | \$ 13,535,604 | \$ 14,181,537 | \$ (645,933) |
| Encumbrances | - | 53,886 | (53,886) |
| Budgetary Basis | <u>\$ 13,535,604</u> | <u>\$ 14,235,423</u> | <u>\$ (699,819)</u> |

Excess of Expenditures Over Appropriations

For the year ended September 30, 2016, expenditures did not exceed appropriations in any governmental fund departments (the legal level of budgetary control).

NONMAJOR GOVERNMENTAL FUNDS

Building Permit Fund - accounts for specific revenues that are restricted to particular purposes per Florida Statute, such as costs incurred to enforce the Florida Building Code.

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

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

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

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

Affordable Housing Fund - accounts for various fees and contributions for the preservation of the existing affordable housing neighborhoods.

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

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

CITY OF POMPANO BEACH, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

| | Special Revenue Funds | | | |
|---|------------------------------|------------------------|---------------------|-------------------|
| | Building Permit | Special Purpose | LETF | SHIP |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 616,052 | \$ 49,494 | \$ 1,142,688 | \$ 384,174 |
| Restricted investments | - | 92,021 | - | - |
| Unrestricted investments | 10,073,433 | 770,915 | 985,211 | - |
| Interest receivable | 28,862 | - | 2,617 | - |
| Accounts receivables, net | - | - | - | - |
| Assets held for resale and redevelopment | - | - | - | - |
| Due from other governments | - | 124,141 | 20,952 | - |
| Other assets | - | - | - | - |
| Total assets | <u>\$ 10,718,347</u> | <u>\$ 1,036,571</u> | <u>\$ 2,151,468</u> | <u>\$ 384,174</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | 28,266 | 36,620 | 131,844 | 25,780 |
| Accrued expenditures | 153,280 | - | - | 1,377 |
| Unearned revenue | - | - | 2,019,624 | 357,017 |
| Deposits | - | - | - | - |
| Total liabilities | <u>181,546</u> | <u>36,620</u> | <u>2,151,468</u> | <u>384,174</u> |
| Deferred inflows of resources: | | | | |
| Unavailable revenue | - | - | - | - |
| Fund balances: | | | | |
| Restricted | 10,536,801 | 92,021 | - | - |
| Committed | - | 907,930 | - | - |
| Total fund balances | <u>10,536,801</u> | <u>999,951</u> | <u>-</u> | <u>-</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 10,718,347</u> | <u>\$ 1,036,571</u> | <u>\$ 2,151,468</u> | <u>\$ 384,174</u> |

Special Revenue Funds

| <u>Other Grants</u> | <u>Affordable Housing</u> | <u>Cultural Arts Foundation</u> | <u>Cemetery</u> | <u>Total Non-major Governmental Funds</u> |
|---------------------|---------------------------|-------------------------------------|---------------------|---|
| \$ 1,197,938 | \$ 371,043 | \$ 5,538 | \$ 97,874 | \$ 3,864,801 |
| - | - | - | - | 92,021 |
| - | - | - | 1,078,529 | 12,908,088 |
| - | - | - | - | 31,479 |
| 5,201 | - | - | - | 5,201 |
| 173,171 | 358,632 | - | - | 531,803 |
| 126,121 | - | - | - | 271,214 |
| 8,474 | - | - | - | 8,474 |
| <u>\$ 1,510,905</u> | <u>\$ 729,675</u> | <u>\$ 5,538</u> | <u>\$ 1,176,403</u> | <u>\$ 17,713,081</u> |
| 218,777 | 63,447 | - | - | 504,734 |
| 13,953 | - | - | - | 168,610 |
| 30,000 | - | - | - | 2,406,641 |
| 434 | - | - | - | 434 |
| <u>263,164</u> | <u>63,447</u> | <u>-</u> | <u>-</u> | <u>3,080,419</u> |
| 22,826 | - | - | - | 22,826 |
| 1,224,915 | - | 5,538 | - | 11,859,275 |
| - | 666,228 | - | 1,176,403 | 2,750,561 |
| <u>1,224,915</u> | <u>666,228</u> | <u>5,538</u> | <u>1,176,403</u> | <u>14,609,836</u> |
| <u>\$ 1,510,905</u> | <u>\$ 729,675</u> | <u>\$ 5,538</u> | <u>\$ 1,176,403</u> | <u>\$ 17,713,081</u> |

CITY OF POMPANO BEACH, FLORIDA**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

| | Special Revenue Funds | | | |
|--|------------------------------|----------------------------|------------------|----------------|
| | Building Permit | Special Purpose | LETF | SHIP |
| REVENUES | | | | |
| Taxes | \$ - | \$ 152,355 | \$ - | \$ - |
| Permits, fees and special assessments | 8,277,420 | - | - | - |
| Intergovernmental | - | 174,510 | 987,903 | 350,025 |
| Charges for services | - | 279,225 | - | - |
| Donations | - | 320 | - | - |
| Program income | - | - | - | 10,000 |
| Recaptured funds | - | - | - | - |
| Investment earnings | 76,346 | 282 | 14,353 | 267 |
| Cemetery lot sales | - | - | - | - |
| Other revenue | - | - | - | - |
| Total revenues | <u>8,353,766</u> | <u>606,692</u> | <u>1,002,256</u> | <u>360,292</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | 6,368,526 | - | 1,002,256 | - |
| Transportation | - | 336,414 | - | - |
| Economic environment | - | - | - | 360,292 |
| Culture and recreation | - | 118,956 | - | - |
| Debt Service: | | | | |
| Interest | - | - | - | - |
| Capital outlay | 175,250 | - | - | - |
| Total expenditures | <u>6,543,776</u> | <u>455,370</u> | <u>1,002,256</u> | <u>360,292</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,809,990</u> | <u>151,322</u> | <u>-</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of capital assets | 5,570 | - | - | - |
| Transfers out | - | (2,813,216) | - | - |
| Transfers in | 8,721,241 | - | - | - |
| Proceeds from loan | - | - | - | - |
| Total other financing sources (uses) | <u>8,726,811</u> | <u>(2,813,216)</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances (deficit) | 10,536,801 | (2,661,894) | - | - |
| Fund balances - beginning | - | 3,661,845 | - | - |
| Fund balances - ending | <u>\$ 10,536,801</u> | <u>\$ 999,951</u> | <u>\$ -</u> | <u>\$ -</u> |

| Special Revenue Funds | | | | |
|-----------------------|--------------------|--------------------------|---------------------|------------------------------------|
| Other Grants | Affordable Housing | Cultural Arts Foundation | Cemetery | Total Non-major Governmental Funds |
| \$ - | \$ - | \$ - | \$ - | \$ 152,355 |
| - | - | - | - | 8,277,420 |
| 985,052 | - | - | - | 2,497,490 |
| 46,519 | - | - | 78,091 | 403,835 |
| - | - | - | - | 320 |
| 835,008 | - | - | - | 845,008 |
| 522 | - | - | - | 522 |
| 7,722 | 1,136 | 4 | - | 100,110 |
| - | - | - | 167,348 | 167,348 |
| 56 | - | - | - | 56 |
| <u>1,874,879</u> | <u>1,136</u> | <u>4</u> | <u>245,439</u> | <u>12,444,464</u> |
| - | - | 5,010 | - | 5,010 |
| - | - | - | - | 7,370,782 |
| - | - | - | - | 336,414 |
| 2,525,836 | 45,574 | - | - | 2,931,702 |
| - | - | - | - | 118,956 |
| 1,381 | - | - | - | 1,381 |
| 278,564 | - | - | - | 453,814 |
| <u>2,805,781</u> | <u>45,574</u> | <u>5,010</u> | <u>-</u> | <u>11,218,059</u> |
| <u>(930,902)</u> | <u>(44,438)</u> | <u>(5,006)</u> | <u>245,439</u> | <u>1,226,405</u> |
| - | - | - | - | 5,570 |
| - | - | - | - | (2,813,216) |
| 314,076 | 295,745 | - | - | 9,331,062 |
| 388,000 | - | - | - | 388,000 |
| <u>702,076</u> | <u>295,745</u> | <u>-</u> | <u>-</u> | <u>6,911,416</u> |
| (228,826) | 251,307 | (5,006) | 245,439 | 8,137,821 |
| 1,453,741 | 414,921 | 10,544 | 930,964 | 6,472,015 |
| <u>\$ 1,224,915</u> | <u>\$ 666,228</u> | <u>\$ 5,538</u> | <u>\$ 1,176,403</u> | <u>\$ 14,609,836</u> |

CITY OF POMPANO BEACH, FLORIDA**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUILDING PERMIT FUND - NONMAJOR
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget - Positive (Negative) |
|--|-------------------------|---------------------|---|---|
| | Original | Final | | |
| REVENUES | | | | |
| Permits, fees and special assessments | \$ 6,110,995 | \$ 6,110,995 | \$ 8,277,420 | \$ 2,166,425 |
| Investment earnings | - | - | 76,346 | 76,346 |
| Total Revenues | <u>6,110,995</u> | <u>6,110,995</u> | <u>8,353,766</u> | <u>2,242,771</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Development services | 6,688,744 | 6,781,765 | 6,398,003 | 383,762 |
| Capital outlay | <u>150,000</u> | <u>186,573</u> | <u>177,240</u> | <u>9,333</u> |
| Total expenditures | <u>6,838,744</u> | <u>6,968,338</u> | <u>6,575,243</u> | <u>393,095</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (727,749)</u> | <u>\$ (857,343)</u> | <u>1,778,523</u> | <u>\$ 1,849,676</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of capital assets | - | - | 5,570 | 5,570 |
| Transfers in | <u>-</u> | <u>8,721,241</u> | <u>8,721,241</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>8,721,241</u> | <u>8,726,811</u> | <u>5,570</u> |
| Net change in fund balances | <u>\$ (727,749)</u> | <u>\$ 7,863,898</u> | <u>10,505,334</u> | <u>\$ 1,855,246</u> |
| FUND BALANCE - BEGINNING | | | <u>-</u> | |
| FUND BALANCE - ENDING | | | <u>\$ 10,505,334</u> | |

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

CITY OF POMPANO BEACH, FLORIDA**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SHIP FUND - NONMAJOR
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|--|-------------------------|--------------|---------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ 1,374,464 | \$ 350,025 | \$ (1,024,439) |
| Program income | - | 10,267 | 10,267 | - |
| Total revenues | - | 1,384,731 | 360,292 | (1,024,439) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic environment | - | 1,384,737 | 360,292 | 1,024,445 |
| Total expenditures | - | 1,384,737 | 360,292 | 1,024,445 |
| Excess (deficiency) of revenues over (under) expenditures | \$ - | \$ (6) | - | \$ 6 |
| FUND BALANCE - BEGINNING | | | - | |
| FUND BALANCE - ENDING | | | \$ - | |

CITY OF POMPANO BEACH, FLORIDA**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OTHER GRANTS FUND - NONMAJOR
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget - Positive (Negative) |
|---|-------------------------|------------------|---|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 1,193,523 | \$ 6,313,152 | \$ 985,052 | \$ (5,328,100) |
| Charges for services | - | - | 46,519 | 46,519 |
| Program Income | - | 934,351 | 835,008 | (99,343) |
| Recaptured Funds | - | 522 | 522 | - |
| Investment earnings | - | 8,724 | 7,722 | (1,002) |
| Other revenue | - | 56 | 56 | - |
| Total Revenues | <u>1,193,523</u> | <u>7,256,805</u> | <u>1,874,879</u> | <u>(5,381,926)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic environment | 1,192,879 | 4,401,345 | 2,717,675 | 1,683,670 |
| Debt service | | | | |
| Interest & other charges | - | 2,500 | 1,381 | 1,119 |
| Capital outlay | - | 3,208,456 | 687,113 | 2,521,343 |
| Total expenditures | <u>1,192,879</u> | <u>7,612,301</u> | <u>3,406,169</u> | <u>4,206,132</u> |
| Excess of revenues over (under) expenditures | <u>\$ 644</u> | <u>(355,496)</u> | <u>(1,531,290)</u> | <u>\$ (1,175,794)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | | 314,076 | 314,076 | |
| Proceeds from notes payable | | - | 388,000 | 388,000 |
| Total other financing sources (uses) | | <u>314,076</u> | <u>702,076</u> | <u>388,000</u> |
| Net change in fund balances | <u>\$ 644</u> | <u>(41,420)</u> | <u>(829,214)</u> | <u>\$ (9,200,058)</u> |
| FUND BALANCE - BEGINNING | | | <u>1,453,741</u> | |
| FUND BALANCE - ENDING | | | <u>\$ 624,527</u> | |

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

CITY OF POMPANO BEACH, FLORIDA**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CEMETERY FUND - NONMAJOR
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|---------------------------------|-------------------------|--------------|---------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | \$ - | \$ - | \$ 78,091 | \$ 78,091 |
| Cemetery lots | - | - | 167,348 | 167,348 |
| Total revenues | - | - | 245,439 | 245,439 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Total expenditures | - | - | - | - |
| Excess of revenues over (under) | | | | |
| expenditures | \$ - | \$ - | 245,439 | \$ 245,439 |
| FUND BALANCE - BEGINNING | | | 930,964 | |
| FUND BALANCE - ENDING | | | \$ 1,176,403 | |

NONMAJOR ENTERPRISE FUNDS

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

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

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

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

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

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2016

| | <u>Pier</u> | <u>Airpark</u> | <u>Golf</u> |
|--|---------------------|----------------------|---------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 64,800 | \$ 12,266 | \$ 43,993 |
| Restricted cash and cash equivalents | - | 20,913 | - |
| Interest receivable | 2,717 | 1,417 | 1,811 |
| Accounts receivables, net | - | - | - |
| Due from other governments | - | 40,615 | - |
| Notes receivable | - | - | 218,528 |
| Inventories | - | - | 6,254 |
| Total current assets | <u>67,517</u> | <u>75,211</u> | <u>270,586</u> |
| Noncurrent Assets | | | |
| Unrestricted investments | 1,028,009 | 289,850 | 685,390 |
| Restricted investments | - | 246,188 | - |
| Capital assets: | | | |
| Land | 60,058 | 934 | - |
| Construction in progress | 856,408 | 268,458 | 532,544 |
| Buildings | - | 1,656,670 | 2,723,603 |
| Infrastructure | 2,433,574 | 4,222,359 | 5,025,450 |
| Improvements | - | 16,745,470 | 4,717,808 |
| Machinery and equipment | 15,080 | 551,974 | 362,616 |
| Less accumulated depreciation | <u>(1,570,216)</u> | <u>(9,381,610)</u> | <u>(6,709,913)</u> |
| Total capital assets (net of accumulated depreciation) | <u>1,794,904</u> | <u>14,064,255</u> | <u>6,652,108</u> |
| Total noncurrent assets | <u>2,822,913</u> | <u>14,600,293</u> | <u>7,337,498</u> |
| Total assets | <u>2,890,430</u> | <u>14,675,504</u> | <u>7,608,084</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pensions | <u>11,984</u> | <u>139,690</u> | <u>211,823</u> |
| LIABILITIES | | | |
| Current liabilities, unrestricted: | | | |
| Accounts payable | 11,519 | 2,337 | 162,493 |
| Accrued expenses | - | 15,712 | 27,208 |
| Unearned revenue | - | - | 18,306 |
| Due to other governments | - | - | 122,542 |
| Compensated absences | - | 1,878 | - |
| Capital lease payable | - | - | 75,179 |
| Total current liabilities, unrestricted | <u>11,519</u> | <u>19,927</u> | <u>405,728</u> |
| Current liabilities payable from restricted assets: | | | |
| Accounts payable | - | 7,929 | - |
| Total current liabilities payable from restricted assets | <u>-</u> | <u>7,929</u> | <u>-</u> |
| Noncurrent liabilities: | | | |
| Compensated absences | - | 46,772 | - |
| Net OPEB obligation | - | 97,475 | 113,710 |
| Net pension liability | 67,566 | 504,165 | 681,386 |
| Total noncurrent liabilities | <u>67,566</u> | <u>648,412</u> | <u>795,096</u> |
| Total liabilities | <u>79,085</u> | <u>676,268</u> | <u>1,200,824</u> |
| NET POSITION | | | |
| Net investment in capital assets | 1,794,904 | 14,064,255 | 6,576,929 |
| Restricted for: | | | |
| Capital Projects | - | 293,805 | - |
| Unrestricted | 1,028,425 | (219,134) | 42,154 |
| Total net position | <u>\$ 2,823,329</u> | <u>\$ 14,138,926</u> | <u>\$ 6,619,083</u> |

| <u>Sanitation</u> | <u>Stormwater</u> | <u>Total</u> |
|---------------------|----------------------|----------------------|
| \$ 820,785 | \$ 675,984 | \$ 1,617,828 |
| - | - | 20,913 |
| 377 | 19,809 | 26,131 |
| 640,546 | 226,183 | 866,729 |
| 251,761 | 116,251 | 408,627 |
| - | - | 218,528 |
| - | 9,001 | 15,255 |
| <u>1,713,469</u> | <u>1,047,228</u> | <u>3,174,011</u> |
| 120,985 | 7,486,998 | 9,611,232 |
| - | - | 246,188 |
| - | - | 60,992 |
| - | 1,025,646 | 2,683,056 |
| - | - | 4,380,273 |
| - | 8,545,238 | 20,226,621 |
| - | 9,625,313 | 31,088,591 |
| 280,942 | 1,879,462 | 3,090,074 |
| <u>(236,240)</u> | <u>(8,359,755)</u> | <u>(26,257,734)</u> |
| 44,702 | 12,715,904 | 35,271,873 |
| <u>165,687</u> | <u>20,202,902</u> | <u>45,129,293</u> |
| <u>1,879,156</u> | <u>21,250,130</u> | <u>48,303,304</u> |
| 91,566 | 174,717 | 629,780 |
| 414,554 | 75,138 | 666,041 |
| 11,258 | 21,363 | 75,541 |
| - | - | 18,306 |
| - | - | 122,542 |
| - | - | 1,878 |
| - | - | 75,179 |
| <u>425,812</u> | <u>96,501</u> | <u>959,487</u> |
| - | - | 7,929 |
| - | - | 7,929 |
| 62,592 | 40,123 | 149,487 |
| 14,168 | 88,745 | 314,098 |
| <u>339,410</u> | <u>666,363</u> | <u>2,258,890</u> |
| <u>416,170</u> | <u>795,231</u> | <u>2,722,475</u> |
| <u>841,982</u> | <u>891,732</u> | <u>3,689,891</u> |
| 44,702 | 12,715,904 | 35,196,694 |
| - | - | 293,805 |
| <u>1,084,038</u> | <u>7,817,211</u> | <u>9,752,694</u> |
| <u>\$ 1,128,740</u> | <u>\$ 20,533,115</u> | <u>\$ 45,243,193</u> |

CITY OF POMPANO BEACH, FLORIDA**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION****NONMAJOR ENTERPRISE FUNDS****FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

| | <u>Pier</u> | <u>Airpark</u> | <u>Golf</u> |
|--|--------------|----------------|--------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ - | \$ 1,090,762 | \$ 2,569,108 |
| Miscellaneous | - | - | - |
| Total operating revenues | - | 1,090,762 | 2,569,108 |
| OPERATING EXPENSES | | | |
| Personnel services | 63,376 | 378,261 | 721,129 |
| Other current expenses | 113,608 | 610,248 | 2,910,198 |
| Depreciation | 59,010 | 1,213,120 | 380,081 |
| Total operating expenses | 235,994 | 2,201,629 | 4,011,408 |
| Operating income (loss) | (235,994) | (1,110,867) | (1,442,300) |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment earnings | 12,280 | 5,894 | 33,312 |
| Miscellaneous revenue | - | 5,430 | - |
| Interest expense | - | - | (1,696) |
| Gain or (loss) from disposition of capital assets | - | 5,313 | - |
| Total nonoperating revenues (expenses) | 12,280 | 16,637 | 31,616 |
| Income (loss) before contributions and transfers | (223,714) | (1,094,230) | (1,410,684) |
| Capital grants and contributions | - | 56,782 | 4,962 |
| Operating grants and contributions | - | 27,639 | - |
| Transfers in | - | - | 1,092,378 |
| Transfers out | - | - | - |
| Change in net position | (223,714) | (1,009,809) | (313,344) |
| Total net position - beginning | 3,047,043 | 15,148,735 | 6,932,427 |
| Total net position - ending | \$ 2,823,329 | \$ 14,138,926 | \$ 6,619,083 |

| Sanitation | Stormwater | Total |
|---------------------|----------------------|----------------------|
| \$ 6,906,161 | \$ 2,973,219 | \$ 13,539,250 |
| 97,406 | - | 97,406 |
| <u>7,003,567</u> | <u>2,973,219</u> | <u>13,636,656</u> |
| 310,446 | 538,503 | 2,011,715 |
| 4,320,952 | 666,175 | 8,621,181 |
| 11,758 | 1,096,602 | 2,760,571 |
| <u>4,643,156</u> | <u>2,301,280</u> | <u>13,393,467</u> |
| <u>2,360,411</u> | <u>671,939</u> | <u>243,189</u> |
| (7,457) | 90,322 | 134,351 |
| - | - | 5,430 |
| - | - | (1,696) |
| - | 52,848 | 58,161 |
| <u>(7,457)</u> | <u>143,170</u> | <u>196,246</u> |
| 2,352,954 | 815,109 | 439,435 |
| - | - | 61,744 |
| - | - | 27,639 |
| - | - | 1,092,378 |
| <u>(1,767,368)</u> | <u>(214,550)</u> | <u>(1,981,918)</u> |
| 585,586 | 600,559 | (360,722) |
| 543,154 | 19,932,556 | 45,603,915 |
| <u>\$ 1,128,740</u> | <u>\$ 20,533,115</u> | <u>\$ 45,243,193</u> |

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

| | Pier | Airpark |
|--|-------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | \$ - | \$ 1,090,762 |
| Payments to suppliers | (146,169) | (633,226) |
| Payments to employees | - | (388,978) |
| Net cash provided (used) by operating activities | (146,169) | 68,558 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Advances from (to) other funds | - | - |
| Transfers to other funds | - | - |
| Transfers from other funds | - | - |
| Net cash provided (used) by noncapital financing activities | - | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition and construction of capital assets | (90,691) | (124,789) |
| Operating grants and contributions | - | 27,639 |
| Capital grants and contributions | - | 185,866 |
| Proceeds from the sale of surplus materials/capital assets | - | 10,743 |
| Principal paid on capital lease | - | - |
| Interest paid on capital lease | - | - |
| Net cash provided (used) by capital and related financing activities | (90,691) | 99,459 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Calls/maturities of investments | 736,657 | 100,555 |
| Purchase of investments | (493,455) | (257,304) |
| Interest income | 13,693 | 5,558 |
| Proceeds from notes receivable | - | - |
| Net cash provided (used) by investing activities | 256,895 | (151,191) |
| Net increase (decrease) in cash and cash equivalents | 20,035 | 16,826 |
| Cash and cash equivalents at beginning of the year | 44,765 | 16,353 |
| Cash and cash equivalents at end of the year | \$ 64,800 | \$ 33,179 |
| Cash and cash equivalents, unrestricted | 64,800 | 12,266 |
| Cash and cash equivalents, restricted | - | 20,913 |
| Cash and cash equivalents, end of year | \$ 64,800 | \$ 33,179 |
| Non-cash transactions (Capital & Related Financing Activities): | | |
| Donation of equipment | - | 1,760 |
| Non-cash transactions (Investing Activities): | | |
| Change in fair value of investments | 317 | 165 |
| | \$ 317 | \$ 1,925 |

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

| <u>Golf</u> | <u>Sanitation</u> | <u>Stormwater</u> | <u>Total</u> |
|--------------------|--------------------|--------------------|---------------------|
| \$ 2,574,888 | \$ 7,752,781 | \$ 2,930,393 | \$ 14,348,824 |
| (2,785,544) | (4,267,209) | (643,606) | (8,475,754) |
| (815,729) | (285,351) | (483,764) | (1,973,822) |
| <u>(1,026,385)</u> | <u>3,200,221</u> | <u>1,803,023</u> | <u>3,899,248</u> |
| - | (500,000) | - | (500,000) |
| - | (1,767,368) | (214,550) | (1,981,918) |
| 1,092,378 | - | - | 1,092,378 |
| <u>1,092,378</u> | <u>(2,267,368)</u> | <u>(214,550)</u> | <u>(1,389,540)</u> |
| (472,795) | (4,520) | (1,076,539) | (1,769,334) |
| - | - | - | 27,639 |
| - | - | - | 185,866 |
| - | - | 52,848 | 63,591 |
| (74,082) | - | - | (74,082) |
| (1,696) | - | - | (1,696) |
| <u>(548,573)</u> | <u>(4,520)</u> | <u>(1,023,691)</u> | <u>(1,568,016)</u> |
| 676,053 | 42,507 | 3,339,927 | 4,895,699 |
| (328,994) | (143,088) | (3,593,835) | (4,816,676) |
| 33,617 | (7,834) | 87,398 | 132,432 |
| 103,783 | - | - | 103,783 |
| <u>484,459</u> | <u>(108,415)</u> | <u>(166,510)</u> | <u>315,238</u> |
| 1,879 | 819,918 | 398,272 | 1,256,930 |
| 42,114 | 867 | 277,712 | 381,811 |
| <u>\$ 43,993</u> | <u>\$ 820,785</u> | <u>\$ 675,984</u> | <u>\$ 1,638,741</u> |
| 43,993 | 820,785 | 675,984 | 1,617,828 |
| - | - | - | 20,913 |
| <u>\$ 43,993</u> | <u>\$ 820,785</u> | <u>\$ 675,984</u> | <u>\$ 1,638,741</u> |
| 4,962 | - | - | 6,722 |
| 211 | 44 | 2,311 | 3,048 |
| <u>\$ 5,173</u> | <u>\$ 44</u> | <u>\$ 2,311</u> | <u>\$ 9,770</u> |

| | <u>Pier</u> | <u>Airpark</u> |
|---|---------------------|------------------|
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | \$ (235,994) | \$ (1,110,867) |
| Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation expense | 59,010 | 1,213,120 |
| Non-cash pension expense | 63,376 | (22,471) |
| Change in assets and liabilities: | | |
| (Increase) decrease in assets: | | |
| Accounts receivables | - | - |
| Inventories | - | - |
| Increase (decrease) in liabilities | | |
| Accounts and other payables | (32,561) | (28,620) |
| Accrued expenses | - | 3,441 |
| Unearned revenue | - | - |
| Other post employment benefits (OPEB) | - | 5,642 |
| Compensated absences | - | 8,313 |
| Net cash provided (used) by operating activities | <u>\$ (146,169)</u> | <u>\$ 68,558</u> |

| <u>Golf</u> | <u>Sanitation</u> | <u>Stormwater</u> | <u>Total</u> |
|-----------------------|---------------------|---------------------|---------------------|
| \$ (1,442,300) | \$ 2,360,411 | \$ 671,939 | \$ 243,189 |
| 380,081 | 11,758 | 1,096,602 | 2,760,571 |
| (7,695) | (4,689) | 41,119 | 69,640 |
| - | 749,214 | (42,826) | 706,388 |
| 1,186 | - | 46 | 1,232 |
| 122,302 | 51,895 | 18,685 | 131,701 |
| 2,792 | 1,884 | 5,976 | 14,093 |
| 5,780 | - | - | 5,780 |
| 1,166 | 1,848 | 3,838 | 12,494 |
| (89,697) | 27,900 | 7,644 | (45,840) |
| <u>\$ (1,026,385)</u> | <u>\$ 3,200,221</u> | <u>\$ 1,803,023</u> | <u>\$ 3,899,248</u> |

INTERNAL SERVICE FUNDS

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

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

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

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

Risk Management Fund (General) - accounts for the costs of insuring the City for property damage, general liability, auto liability, and worker's compensation. Other funds are billed to cover actual costs of premiums and claims.

Vehicle Services Fund - accounts for the costs of operating a maintenance facility for City vehicles. Other City departments are billed to cover operating costs, fuel consumption, and vehicle repairs.

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2016

| | <u>Central Stores</u> | <u>Information Technology</u> | <u>Central Services</u> |
|---|-----------------------|-----------------------------------|-------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 51,126 | \$ 332,752 | \$ - |
| Interest receivable | - | 2,929 | 1,426 |
| Due from other governments | - | - | - |
| Inventories | 669,901 | - | 18,834 |
| Total current assets: | <u>721,027</u> | <u>335,681</u> | <u>20,260</u> |
| Noncurrent assets | | | |
| Investments | - | 1,104,286 | 367,554 |
| Capital assets: | | | |
| Buildings | 247,163 | - | 7,373 |
| Improvements | - | - | - |
| Machinery and equipment | 47,712 | 3,983,943 | 98,971 |
| Less accumulated depreciation | <u>(265,274)</u> | <u>(3,914,111)</u> | <u>(100,033)</u> |
| Total capital assets (net of accumulated depreciation) | <u>29,601</u> | <u>69,832</u> | <u>6,311</u> |
| Total noncurrent assets | <u>29,601</u> | <u>1,174,118</u> | <u>373,865</u> |
| Total assets | <u>750,628</u> | <u>1,509,799</u> | <u>394,125</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 27,649 | 2,736 | 11,261 |
| Accrued expenses | 7,120 | 35,951 | 21,831 |
| Due to other funds | 533,532 | - | - |
| Claims and judgments | - | - | - |
| Total current liabilities: | <u>568,301</u> | <u>38,687</u> | <u>33,092</u> |
| Noncurrent liabilities | | | |
| Compensated absences | 28,360 | 164,813 | 44,281 |
| Net OPEB obligation | 12,170 | 139,240 | 71,824 |
| Claims and judgments | - | - | - |
| Total noncurrent liabilities | <u>40,530</u> | <u>304,053</u> | <u>116,105</u> |
| Total liabilities | <u>608,831</u> | <u>342,740</u> | <u>149,197</u> |
| NET POSITION | | | |
| Net investment in capital assets | 29,601 | 69,832 | 6,311 |
| Unrestricted | <u>112,196</u> | <u>1,097,227</u> | <u>238,617</u> |
| Total net position | <u>\$ 141,797</u> | <u>\$ 1,167,059</u> | <u>\$ 244,928</u> |

| Risk Management Health | Risk Management General | Vehicle Services | Total |
|-----------------------------------|------------------------------------|-------------------------|---------------------|
| \$ 273,594 | \$ 1,557,093 | \$ 6,086 | \$ 2,220,651 |
| 7,992 | 40,735 | 1,694 | 54,776 |
| - | - | 10,096 | 10,096 |
| - | - | 98,487 | 787,222 |
| <u>281,586</u> | <u>1,597,828</u> | <u>116,363</u> | <u>3,072,745</u> |
| 3,014,190 | 15,275,172 | 690,288 | 20,451,490 |
| - | - | - | 254,536 |
| - | - | 423,838 | 423,838 |
| - | 4,255 | 815,376 | 4,950,257 |
| - | (3,586) | (1,104,218) | (5,387,222) |
| - | 669 | 134,996 | 241,409 |
| <u>3,014,190</u> | <u>15,275,841</u> | <u>825,284</u> | <u>20,692,899</u> |
| <u>3,295,776</u> | <u>16,873,669</u> | <u>941,647</u> | <u>23,765,644</u> |
| 267 | 69,860 | 13,904 | 125,677 |
| - | 10,572 | 24,921 | 100,395 |
| - | - | - | 533,532 |
| - | 3,144,149 | - | 3,144,149 |
| <u>267</u> | <u>3,224,581</u> | <u>38,825</u> | <u>3,903,753</u> |
| - | 46,955 | 101,650 | 386,059 |
| - | 35,520 | 101,258 | 360,012 |
| - | 10,781,851 | - | 10,781,851 |
| - | 10,864,326 | 202,908 | 11,527,922 |
| <u>267</u> | <u>14,088,907</u> | <u>241,733</u> | <u>15,431,675</u> |
| - | 669 | 134,996 | 241,409 |
| <u>3,295,509</u> | <u>2,784,093</u> | <u>564,918</u> | <u>8,092,560</u> |
| <u>\$ 3,295,509</u> | <u>\$ 2,784,762</u> | <u>\$ 699,914</u> | <u>\$ 8,333,969</u> |

CITY OF POMPANO BEACH, FLORIDA**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION****INTERNAL SERVICE FUNDS****FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

| | Central Stores | Information Technology | Central Services |
|---|-----------------------|-----------------------------------|-------------------------|
| OPERATING REVENUES | | | |
| Charges for services - internal | \$ 230,226 | \$ 1,792,994 | \$ 733,293 |
| Charges for services - other | - | - | 163 |
| Miscellaneous | - | - | - |
| Total operating revenues | <u>230,226</u> | <u>1,792,994</u> | <u>733,456</u> |
| OPERATING EXPENSES | | | |
| Personnel services | 161,174 | 992,819 | 530,800 |
| Other current expenses | 126,605 | 806,071 | 426,640 |
| Depreciation | 6,325 | 40,843 | 101,916 |
| Total operating expenses | <u>294,104</u> | <u>1,839,733</u> | <u>1,059,356</u> |
| Operating income (loss) | <u>(63,878)</u> | <u>(46,739)</u> | <u>(325,900)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment earnings | (5,617) | 15,704 | 5,045 |
| Miscellaneous revenue | 60 | - | 3,459 |
| Capital grants and contributions | - | - | 79,497 |
| Gain or (loss) from disposition of capital assets | 576 | (550) | - |
| Total nonoperating revenues (expenses) | <u>(4,981)</u> | <u>15,154</u> | <u>88,001</u> |
| Income (loss) | (68,859) | (31,585) | (237,899) |
| Net position - beginning | <u>210,656</u> | <u>1,198,644</u> | <u>482,827</u> |
| Net position - ending | <u>\$ 141,797</u> | <u>\$ 1,167,059</u> | <u>\$ 244,928</u> |

| Risk Management Health | Risk Management General | Vehicle Services | Total |
|-----------------------------------|------------------------------------|-------------------------|---------------------|
| \$ 7,481,472 | \$ 5,029,126 | \$ 2,687,431 | \$ 17,954,542 |
| 2,911,749 | - | - | 2,911,912 |
| 104,052 | 1,684 | 39,835 | 145,571 |
| <u>10,497,273</u> | <u>5,030,810</u> | <u>2,727,266</u> | <u>21,012,025</u> |
| - | 375,485 | 674,445 | 2,734,723 |
| 10,735,157 | 4,828,560 | 1,866,765 | 18,789,798 |
| - | 360 | 82,192 | 231,636 |
| <u>10,735,157</u> | <u>5,204,405</u> | <u>2,623,402</u> | <u>21,756,157</u> |
| <u>(237,884)</u> | <u>(173,595)</u> | <u>103,864</u> | <u>(744,132)</u> |
| 38,072 | 191,548 | 7,886 | 252,638 |
| - | - | 107 | 3,626 |
| - | 1,029 | 6,500 | 87,026 |
| - | - | - | 26 |
| <u>38,072</u> | <u>192,577</u> | <u>14,493</u> | <u>343,316</u> |
| (199,812) | 18,982 | 118,357 | (400,816) |
| <u>3,495,321</u> | <u>2,765,780</u> | <u>581,557</u> | <u>8,734,785</u> |
| \$ <u>3,295,509</u> | \$ <u>2,784,762</u> | \$ <u>699,914</u> | \$ <u>8,333,969</u> |

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

| | Central Stores | Information Technology | Central Services |
|---|-----------------------|-------------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from other funds | \$ 230,226 | \$ 1,792,994 | \$ 733,293 |
| Receipts from customers | - | - | 163 |
| Payments to suppliers | (55,230) | (814,041) | (415,249) |
| Payments to employees | (158,808) | (963,923) | (530,643) |
| Claims paid | - | - | - |
| Net cash provided (used) by operating activities | <u>16,188</u> | <u>15,030</u> | <u>(212,436)</u> |
| Advances from (to) other funds | <u>33,532</u> | <u>-</u> | <u>-</u> |
| Net cash provided (used) by noncapital financing activities | <u>33,532</u> | <u>-</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Proceeds from sale of surplus materials/capital assets | 636 | - | 3,459 |
| Acquisition of capital assets | <u>-</u> | <u>(7,696)</u> | <u>-</u> |
| Net cash provided (used) by capital and related financing activities | <u>636</u> | <u>(7,696)</u> | <u>3,459</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Calls/maturities of investments | 4,921 | 787,225 | 360,335 |
| Purchase of investments | - | (530,068) | (176,430) |
| Interest income (loss) | <u>(5,617)</u> | <u>15,915</u> | <u>5,131</u> |
| Net cash provided (used) by investing activities | <u>(696)</u> | <u>273,072</u> | <u>189,036</u> |
| Net increase (decrease) in cash and cash equivalents | 49,660 | 280,406 | (19,941) |
| Cash and cash equivalents at beginning of the year | 1,466 | 52,346 | 19,941 |
| Cash and cash equivalents at end of the year | <u>\$ 51,126</u> | <u>\$ 332,752</u> | <u>\$ -</u> |
| Non-cash transactions (Capital & Related Financing Activities): | | | |
| Donation of equipment | - | - | 79,497 |
| Non-cash transactions (Investing Activities): | | | |
| Change in fair value of investments | <u>(135)</u> | <u>342</u> | <u>166</u> |
| | <u>\$ (135)</u> | <u>\$ 342</u> | <u>\$ 79,663</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | |
| Operating income (loss) | \$ (63,878) | \$ (46,739) | \$ (325,900) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | |
| Cash flows reported in other categories: | | | |
| Depreciation expense | 6,325 | 40,843 | 101,916 |
| Changes in assets and liabilities | | | |
| Due from other governments | - | - | - |
| Inventories | 69,023 | - | 7,855 |
| Estimated claims payable | - | - | - |
| Accounts and other payables | 538 | (12,001) | (252) |
| Accrued expenses | 1,005 | 6,228 | 5,556 |
| Other post employment benefits (OPEB) | 1,814 | 4,031 | 3,788 |
| Compensated absences | 1,361 | 22,668 | (5,399) |
| Net cash provided (used) by operating activities | <u>\$ 16,188</u> | <u>\$ 15,030</u> | <u>\$ (212,436)</u> |

| Risk Management Health | Risk Management General | Vehicle Services | Total |
|-----------------------------------|------------------------------------|-------------------------|---------------------|
| \$ 7,481,472 | \$ 5,030,810 | \$ 2,687,431 | \$ 17,956,226 |
| 3,015,801 | - | 38,573 | 3,054,537 |
| (10,734,890) | (1,671,093) | (1,905,554) | (15,596,057) |
| - | (402,708) | (665,910) | (2,721,992) |
| - | (3,422,177) | - | (3,422,177) |
| <u>(237,617)</u> | <u>(465,168)</u> | <u>154,540</u> | <u>(729,463)</u> |
| - | - | - | 33,532 |
| - | - | - | 33,532 |
| - | - | 107 | 4,202 |
| - | - | (23,472) | (31,168) |
| - | - | (23,365) | (26,966) |
| 1,788,745 | 8,499,231 | 179,274 | 11,619,731 |
| (1,446,842) | (7,332,237) | (331,345) | (9,816,922) |
| 37,600 | 191,618 | 7,633 | 252,280 |
| <u>379,503</u> | <u>1,358,612</u> | <u>(144,438)</u> | <u>2,055,089</u> |
| 141,886 | 893,444 | (13,263) | 1,332,192 |
| 131,708 | 663,649 | 19,349 | 888,459 |
| <u>\$ 273,594</u> | <u>\$ 1,557,093</u> | <u>\$ 6,086</u> | <u>\$ 2,220,651</u> |
| - | 1,029 | 6,500 | 87,026 |
| 933 | \$ 4,752 | 198 | \$ 6,256 |
| <u>\$ 933</u> | <u>\$ 5,781</u> | <u>\$ 6,698</u> | <u>\$ 93,282</u> |
| \$ (237,884) | \$ (173,595) | \$ 103,864 | \$ (744,132) |
| - | 360 | 82,192 | 231,636 |
| - | - | (1,262) | (1,262) |
| - | - | (30,510) | 46,368 |
| - | (167,000) | - | (167,000) |
| 267 | (99,090) | (13,124) | (123,662) |
| - | (2,170) | 2,769 | 13,388 |
| - | 1,380 | 4,845 | 15,858 |
| - | (25,053) | 5,766 | (657) |
| <u>\$ (237,617)</u> | <u>\$ (465,168)</u> | <u>\$ 154,540</u> | <u>\$ (729,463)</u> |

FIDUCIARY FUNDS

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

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

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

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

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
SEPTEMBER 30, 2016

| | General Employees' Retirement System | Police and Firefighters' Retirement System | Total |
|---|---|---|-----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 5,326,508 | \$ 41,404 | \$ 5,367,912 |
| Receivables: | | | |
| Accrued interest and dividends | 268,334 | 348,107 | 616,441 |
| Due from brokers | 506,661 | 583,208 | 1,089,869 |
| Other | - | 304,286 | 304,286 |
| Total receivables | <u>774,995</u> | <u>1,235,601</u> | <u>2,010,596</u> |
| Other assets | <u>2,978</u> | <u>-</u> | <u>2,978</u> |
| Investments: | | | |
| US Government obligations | 8,411,278 | 14,240,363 | 22,651,641 |
| Mortgage backed securities | - | 14,449,431 | 14,449,431 |
| Municipal obligations | - | 950,062 | 950,062 |
| Corporate obligations | 15,308,876 | 19,008,035 | 34,316,911 |
| Equity securities | 57,901,290 | 118,890,349 | 176,791,639 |
| Mutual funds and collective trusts | 40,453,134 | - | 40,453,134 |
| Hedge funds & private equity funds | 13,584,672 | 44,239,676 | 57,824,348 |
| Real estate funds | 19,265,116 | 3,000,000 | 22,265,116 |
| Money market funds | - | 7,696,123 | 7,696,123 |
| Total investments | <u>154,924,366</u> | <u>222,474,039</u> | <u>377,398,405</u> |
| Prepayments and other assets | - | 1,533,066 | 1,533,066 |
| Property & equipment, net of accumulated depreciation | - | 27,796 | 27,796 |
| Total assets | <u>161,028,847</u> | <u>225,311,906</u> | <u>386,340,753</u> |
| LIABILITIES | | | |
| Accounts payable and accrued expenses | 160,531 | 247,925 | 408,456 |
| Due to brokers | 446,018 | 1,192,468 | 1,638,486 |
| Total liabilities | <u>606,549</u> | <u>1,440,393</u> | <u>2,046,942</u> |
| NET POSITION | | | |
| Restricted for pension benefits | <u>\$ 160,422,298</u> | <u>\$ 223,871,513</u> | <u>\$ 384,293,811</u> |

CITY OF POMPANO BEACH, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

| | General Employees' Retirement System | Police and Firefighters' Retirement System | Total |
|--|---|---|-----------------------|
| ADDITIONS | | | |
| Contributions: | | | |
| Employer | \$ 6,153,050 | \$ 4,139,731 | \$ 10,292,781 |
| Broward County Sheriff's Office | 371,559 | 4,015,203 | 4,386,762 |
| Broward County - Library | 20,798 | - | 20,798 |
| Members | 2,593,355 | 1,492,330 | 4,085,685 |
| State | - | 2,273,774 | 2,273,774 |
| Total contributions | <u>9,138,762</u> | <u>11,921,038</u> | <u>21,059,800</u> |
| Investment income (loss): | | | |
| Net appreciation (depreciation) in fair value of investments | 12,241,967 | 13,050,965 | 25,292,932 |
| Interest and dividends | 2,814,819 | 4,609,209 | 7,424,028 |
| Commission recapture | - | 10,775 | 10,775 |
| Other | 6,901 | - | 6,901 |
| Total investment income (loss) | <u>15,063,687</u> | <u>17,670,949</u> | <u>32,734,636</u> |
| Less: investment expenses | <u>774,378</u> | <u>1,426,195</u> | <u>2,200,573</u> |
| Net investment income (loss) | <u>14,289,309</u> | <u>16,244,754</u> | <u>30,534,063</u> |
| Total | <u>23,428,071</u> | <u>28,165,792</u> | <u>51,593,863</u> |
| DEDUCTIONS | | | |
| Participant benefit payments | 10,677,410 | 22,942,359 | 33,619,769 |
| Benefits paid from DROP | 1,858,920 | - | 1,858,920 |
| Refunds of participant contributions | 198,760 | 3,761 | 202,521 |
| Administrative expenses | <u>526,236</u> | <u>604,460</u> | <u>1,130,696</u> |
| Total | <u>13,261,326</u> | <u>23,550,580</u> | <u>36,811,906</u> |
| Net increase (decrease) | <u>10,166,745</u> | <u>4,615,212</u> | <u>14,781,957</u> |
| Net position held in trust for pension benefits | | | |
| Beginning of the year | <u>150,255,553</u> | <u>219,256,301</u> | <u>369,511,854</u> |
| End of the year | <u>\$ 160,422,298</u> | <u>\$ 223,871,513</u> | <u>\$ 384,293,811</u> |

CITY OF POMPANO BEACH, FLORIDA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
GENERAL AGENCY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

| | BALANCE OCTOBER 1, 2015 | ADDITIONS | DELETIONS | Balance September 30, 2016 |
|--------------------------------------|--|----------------------|----------------------|---|
| Assets: | | | | |
| Cash and cash equivalents | \$ 516,971 | \$ 26,128,797 | \$ 25,503,887 | \$ 1,141,881 |
| Accounts receivable | <u>2,294</u> | <u>72,496</u> | <u>73,419</u> | <u>1,371</u> |
| Total assets | <u>519,265</u> | <u>26,201,293</u> | <u>25,577,306</u> | <u>1,143,252</u> |
| Liabilities: | | | | |
| Deposit, sales tax & payroll payable | <u>519,265</u> | <u>34,581,224</u> | <u>33,957,237</u> | <u>1,143,252</u> |
| Total liabilities | <u>\$ 519,265</u> | <u>\$ 34,581,224</u> | <u>\$ 33,957,237</u> | <u>\$ 1,143,252</u> |

STATISTICAL SECTION SUMMARY

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

| Schedules | Page |
|--|-------------|
| <u>Financial Trends</u> These schedules provide financial trend information, which shows how the City's financial performance has changed over time. | 155 |
| <u>Revenue Capacity</u> These schedules provide additional information about Property Tax, the City's most significant local revenue source | 161 |
| <u>Debt Capacity</u> These schedules provide detailed information about the City's current levels of outstanding debt, and can help the financial statement user assess the City's ability to issue additional debt in the future. | 168 |
| <u>Demographic and Economic Information</u> These schedules present demographic and economic indicators to assist the financial statement user in understanding the environment in which the City's financial activities occur. | 173 |
| <u>Operating Information</u> These schedules contain service and infrastructure data to help the financial statement user understand how the information in the City's financial statements relates to the services the City provides | 175 |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF POMPANO BEACH, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

| | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | | |
| Net investment in capital assets | \$ 211,412,441 | \$ 207,930,782 | \$ 205,458,533 | \$ 212,893,367 | \$ 218,753,518 |
| Restricted | 49,646,102 | 83,854,283 | 91,297,882 | 80,138,395 | 64,179,337 |
| Unrestricted | 91,455,665 | 69,996,425 | 73,578,264 | 99,545,328 | 100,532,438 |
| Total governmental-type activities net position | <u>\$ 352,514,208</u> | <u>\$ 361,781,490</u> | <u>\$ 370,334,679</u> | <u>\$ 392,577,090</u> | <u>\$ 383,465,293</u> |
| Business-type activities | | | | | |
| Net investment in capital assets | \$ 92,410,002 | \$ 97,062,152 | \$ 99,197,519 | \$ 102,762,337 | \$ 117,815,651 |
| Restricted | 5,272,280 | 13,573,396 | 4,476,707 | 9,897,046 | 8,506,787 |
| Unrestricted | 47,578,565 | 45,222,436 | 53,626,361 | 44,225,710 | 38,536,872 |
| Total business-type activities net position | <u>\$ 145,260,847</u> | <u>\$ 155,857,984</u> | <u>\$ 157,300,587</u> | <u>\$ 156,885,093</u> | <u>\$ 164,859,310</u> |
| Primary Government | | | | | |
| Net investment in capital assets | \$ 303,822,443 | \$ 304,992,934 | \$ 304,656,052 | \$ 315,655,704 | \$ 336,569,169 |
| Restricted | 54,918,382 | 97,427,679 | 95,774,589 | 90,035,441 | 72,686,124 |
| Unrestricted | 139,034,230 | 115,218,861 | 127,204,625 | 143,771,038 | 139,069,310 |
| Total primary government net position | <u>\$ 497,775,055</u> | <u>\$ 517,639,474</u> | <u>\$ 527,635,266</u> | <u>\$ 549,462,183</u> | <u>\$ 548,324,603</u> |

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | | |
| Net investment in capital assets | \$ 221,483,539 | \$ 207,256,104 | \$ 215,941,575 | \$ 225,969,080 | \$ 270,890,727 |
| Restricted | 52,668,454 | 48,000,383 | 39,320,526 | 40,980,733 | 42,731,241 |
| Unrestricted | 108,003,793 | 124,388,694 | 128,134,327 | 25,217,951 | 5,078,645 |
| Total governmental-type activities net position | <u>\$ 382,155,786</u> | <u>\$ 379,645,181</u> | <u>\$ 383,396,428</u> | <u>\$ 292,167,764</u> | <u>\$ 318,700,613</u> |
| Business-type activities | | | | | |
| Net investment in capital assets | \$ 119,425,239 | \$ 117,178,114 | \$ 114,647,356 | \$ 113,532,397 | \$ 113,914,818 |
| Restricted | 6,465,995 | 4,660,462 | 3,871,104 | 3,843,804 | 4,943,714 |
| Unrestricted | 42,778,697 | 48,877,564 | 52,140,506 | 47,700,594 | 47,852,883 |
| Total business-type activities net position | <u>\$ 168,669,931</u> | <u>\$ 170,716,140</u> | <u>\$ 170,658,966</u> | <u>\$ 165,076,795</u> | <u>\$ 166,711,415</u> |
| Primary Government | | | | | |
| Net investment in capital assets | \$ 340,908,778 | \$ 324,434,218 | \$ 330,588,931 | \$ 339,501,477 | \$ 384,805,545 |
| Restricted | 59,134,449 | 52,660,845 | 43,191,630 | 44,824,537 | 47,674,955 |
| Unrestricted | 150,782,490 | 173,266,258 | 180,274,833 | 72,918,545 | 52,931,528 |
| Total primary government net position | <u>\$ 550,825,717</u> | <u>\$ 550,361,321</u> | <u>\$ 554,055,394</u> | <u>\$ 457,244,559</u> | <u>\$ 485,412,028</u> |

CITY OF POMPANO BEACH, FLORIDA

Schedule 2

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS (accrual basis of accounting)

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 25,148,265 | \$ 30,134,110 | \$ 30,976,218 | \$ 22,614,054 | \$ 31,870,782 | \$ 33,337,008 | \$ 33,052,054 | \$ 32,924,493 | \$ 29,660,009 | \$ 33,406,774 |
| Public safety | 62,159,383 | 70,342,631 | 72,982,320 | 75,248,897 | 76,787,154 | 72,981,195 | 76,932,640 | 79,092,062 | 81,641,409 | 96,143,601 |
| Physical environment | 11,449,782 | 11,987,508 | 13,122,352 | 13,945,306 | 15,550,874 | 16,514,775 | 17,508,638 | 19,107,230 | 15,385,811 | 16,674,345 |
| Transportation | 3,638,120 | 3,811,263 | 3,837,107 | 3,742,998 | 3,996,841 | 3,205,628 | 3,328,609 | 3,682,005 | 3,876,869 | 3,935,837 |
| Economic environment | - | - | - | - | - | - | - | - | 6,076,489 | 7,442,683 |
| Culture and recreation | 9,475,841 | 9,183,233 | 8,632,761 | 7,669,285 | 7,964,422 | 7,830,956 | 8,202,728 | 8,996,206 | 9,378,496 | 9,772,473 |
| Interest on long-term debt | 1,237,318 | 884,964 | 932,515 | 1,236,656 | 1,307,248 | 924,518 | 1,090,325 | 989,882 | 908,278 | 866,593 |
| Total governmental activities expenses | <u>113,108,709</u> | <u>126,343,709</u> | <u>130,483,273</u> | <u>124,457,196</u> | <u>137,477,321</u> | <u>134,794,080</u> | <u>140,114,994</u> | <u>144,791,878</u> | <u>146,927,361</u> | <u>168,242,306</u> |
| Business-type activities: | | | | | | | | | | |
| Utility | 31,992,234 | 33,570,638 | 36,050,530 | 36,710,226 | 37,906,357 | 39,006,357 | 38,967,528 | 40,065,154 | 39,253,188 | 41,282,490 |
| Sanitation | 3,225,228 | 3,302,781 | 3,605,435 | 3,338,231 | 3,815,493 | 4,161,979 | 4,225,019 | 4,315,686 | 4,225,411 | 4,645,492 |
| Stormwater | 1,726,205 | 1,646,758 | 1,891,753 | 1,955,262 | 2,008,840 | 1,887,886 | 1,904,435 | 1,879,494 | 2,108,833 | 2,305,273 |
| Pier | 168,163 | 127,568 | 139,979 | 230,969 | 267,233 | 246,386 | 349,096 | 260,103 | 273,574 | 238,055 |
| Airpark | 982,881 | 1,412,469 | 1,399,077 | 1,461,977 | 1,417,254 | 1,383,706 | 1,430,544 | 2,167,927 | 2,211,600 | 2,206,241 |
| Golf course | 3,481,714 | 3,386,558 | 3,469,586 | 3,464,818 | 3,643,143 | 3,616,352 | 4,239,802 | 4,732,472 | 4,750,326 | 4,030,947 |
| Parking | - | - | - | - | - | - | - | 735,163 | 1,640,739 | 1,958,910 |
| Total business-type activities expenses | <u>41,576,425</u> | <u>43,446,772</u> | <u>46,556,360</u> | <u>47,161,483</u> | <u>49,058,320</u> | <u>50,302,666</u> | <u>51,116,424</u> | <u>54,155,999</u> | <u>54,463,671</u> | <u>56,667,408</u> |
| Total primary government expenses | <u>\$ 154,685,134</u> | <u>\$ 169,790,481</u> | <u>\$ 177,039,633</u> | <u>\$ 171,618,679</u> | <u>\$ 186,535,641</u> | <u>\$ 185,096,746</u> | <u>\$ 191,231,418</u> | <u>\$ 198,947,877</u> | <u>\$ 201,391,032</u> | <u>\$ 224,909,714</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General Government | \$ 11,107,609 | \$ 10,751,746 | \$ 11,584,971 | \$ 12,007,347 | \$ 10,249,276 | \$ 10,043,560 | \$ 9,939,823 | \$ 10,269,011 | \$ 10,850,914 | \$ 12,933,022 |
| Public Safety | 24,255,117 | 20,559,395 | 20,623,910 | 19,978,399 | 20,800,209 | 22,086,284 | 23,469,809 | 25,504,703 | 27,233,712 | 27,441,872 |
| Physical Environment | 40,784 | 33,938 | 38,491 | 70,676 | 74,417 | 92,024 | 106,076 | 81,640 | 102,780 | 126,380 |
| Transportation | 313,483 | 297,829 | 352,597 | 452,867 | 611,102 | 519,767 | 813,641 | - | - | - |
| Economic Environment | - | - | - | - | - | - | - | - | 128,319 | 116,975 |
| Culture and Recreation | 1,679,976 | 1,575,211 | 1,689,470 | 1,683,521 | 1,736,482 | 1,919,986 | 1,584,673 | 1,849,242 | 1,744,145 | 1,832,901 |
| Operating grants and contributions | 3,371,646 | 4,718,209 | 3,384,796 | 3,021,158 | 3,551,981 | 3,487,028 | 3,374,362 | 3,981,238 | 3,699,270 | 2,950,496 |
| Capital grants and contributions | 5,171,273 | 2,367,151 | 3,736,634 | 8,016,883 | 3,763,722 | 3,886,738 | 4,107,045 | 5,508,176 | 6,046,134 | 40,830,735 |
| Total governmental activities program revenues | <u>45,939,888</u> | <u>40,303,479</u> | <u>41,410,869</u> | <u>45,230,851</u> | <u>40,787,189</u> | <u>42,035,387</u> | <u>43,395,429</u> | <u>47,194,010</u> | <u>49,805,274</u> | <u>86,232,381</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Utility | 34,401,872 | 33,868,521 | 35,633,508 | 34,324,271 | 40,663,118 | 41,457,871 | 40,113,717 | 39,795,045 | 42,673,872 | 41,695,146 |
| Sanitation | 4,530,033 | 4,618,938 | 5,026,680 | 5,287,117 | 5,419,414 | 5,734,397 | 5,708,478 | 5,797,028 | 5,899,635 | 6,956,161 |
| Stormwater | 2,476,036 | 2,456,094 | 2,529,879 | 2,468,001 | 2,457,922 | 2,440,888 | 2,399,107 | 2,621,597 | 2,843,950 | 2,973,219 |
| Pier | - | - | - | 29,552 | 105,340 | 124,299 | 134,660 | 99,231 | 17,869 | - |
| Airpark | 1,994,752 | 1,074,271 | 800,461 | 946,942 | 979,402 | 1,021,156 | 977,911 | 1,032,154 | 1,052,145 | 1,090,762 |
| Golf course | 2,999,136 | 3,034,441 | 2,893,132 | 2,571,980 | 2,475,617 | 2,137,538 | 2,746,380 | 2,638,276 | 2,865,570 | 2,569,108 |
| Parking | - | - | - | - | - | - | - | 1,641,003 | 2,067,899 | 1,983,567 |
| Operating grants and contributions | - | - | - | - | - | - | - | - | - | 27,639 |
| Capital grants and contributions | 671,911 | 840,535 | 796,775 | 732,036 | 1,643,613 | 575,691 | 2,019,095 | 1,102,648 | 1,139,355 | 256,261 |
| Total business-type activities program revenues | <u>47,073,740</u> | <u>45,892,800</u> | <u>47,680,435</u> | <u>46,359,899</u> | <u>53,744,426</u> | <u>53,491,840</u> | <u>54,099,348</u> | <u>54,726,982</u> | <u>58,560,295</u> | <u>57,551,863</u> |
| Total primary government program revenues | <u>\$ 93,013,628</u> | <u>\$ 86,196,279</u> | <u>\$ 89,091,304</u> | <u>\$ 91,590,750</u> | <u>\$ 94,531,615</u> | <u>\$ 95,527,227</u> | <u>\$ 97,494,777</u> | <u>\$ 101,920,992</u> | <u>\$ 108,365,569</u> | <u>\$ 143,784,244</u> |

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

CITY OF POMPANO BEACH, FLORIDA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS (accrual basis of accounting)

Schedule 2 (continued)

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Net (Expense) Revenue | | | | | | | | | | |
| Governmental activities | \$ (67,168,821) | \$ (86,040,230) | \$ (89,072,404) | \$ (79,226,345) | \$ (96,690,132) | \$ (92,758,693) | \$ (96,719,565) | \$ (97,597,868) | \$ (97,122,087) | \$ (82,009,925) |
| Business-type activities | 5,497,315 | 2,446,028 | 1,124,075 | (801,584) | 4,686,106 | 3,189,174 | 2,982,924 | 570,983 | 4,096,624 | 884,455 |
| Total Primary Government Net Expense | <u>\$ (61,671,506)</u> | <u>\$ (83,594,202)</u> | <u>\$ (87,948,329)</u> | <u>\$ (80,027,929)</u> | <u>\$ (92,004,026)</u> | <u>\$ (89,569,519)</u> | <u>\$ (93,736,641)</u> | <u>\$ (97,026,885)</u> | <u>\$ (93,025,463)</u> | <u>\$ (81,125,470)</u> |
| General revenues and other changes in net position | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes, levied for general purposes | \$ 48,799,437 | \$ 46,615,842 | \$ 46,139,749 | \$ 49,080,745 | \$ 43,120,938 | \$ 43,713,354 | \$ 46,061,223 | \$ 46,147,415 | \$ 47,922,298 | \$ 53,776,846 |
| Sales and use taxes | 1,986,157 | 1,989,190 | 1,942,087 | 1,868,720 | 1,867,765 | 1,847,983 | 1,870,051 | 1,958,903 | 2,016,087 | 2,050,699 |
| Business tax receipts | 1,861,598 | 1,878,968 | 1,852,958 | 1,883,460 | 1,900,445 | 1,962,253 | 2,092,722 | 2,151,110 | 2,134,279 | 2,184,088 |
| Utility taxes | 9,318,447 | 9,087,211 | 8,940,920 | 9,366,079 | 9,603,801 | 9,830,191 | 10,371,991 | 11,209,858 | 11,487,684 | 11,987,773 |
| Communication service taxes | 5,188,605 | 6,345,750 | 5,349,898 | 5,711,305 | 5,775,772 | 5,694,717 | 5,378,539 | 9,732,176 | 4,999,534 | 5,222,681 |
| Pari Mutuel taxes | 884,443 | 2,053,356 | 1,795,128 | 1,881,081 | 1,897,796 | 2,067,263 | 2,171,040 | 2,267,089 | 2,520,242 | 2,428,142 |
| Tax increment fees - Community | | | | | | | | | | |
| Redevelopment Agency | 8,287,120 | 9,142,152 | 9,527,042 | 10,405,002 | 8,069,453 | 7,351,557 | 7,218,355 | 7,542,276 | 8,114,172 | 8,968,096 |
| Franchise fees | 8,916,247 | 9,161,456 | 9,097,345 | 8,316,234 | 7,410,674 | 7,597,790 | 7,402,812 | 8,005,447 | 8,164,658 | 8,112,380 |
| State revenue sharing | 8,940,830 | 8,299,249 | 7,417,427 | 7,341,044 | 7,664,439 | 7,985,879 | 8,549,198 | 9,215,154 | 9,852,996 | 10,504,444 |
| Investment earnings | 8,752,035 | 5,571,020 | 3,518,665 | 3,584,734 | 1,607,688 | 1,495,590 | 426,002 | 826,960 | 1,339,969 | 1,660,595 |
| Gain on sale of capital assets | 193,257 | 39,875 | 3,626 | 3,001 | 3,062 | 115,058 | 36,906 | 49,006 | 107,077 | 164,726 |
| Miscellaneous revenue | 759,627 | 704,511 | 835,460 | 850,783 | 988,393 | 1,288,255 | 1,096,266 | 1,099,493 | 800,707 | 800,824 |
| Transfers | 1,999,768 | (5,581,068) | 1,205,288 | 1,176,568 | (2,331,891) | 499,296 | 1,533,855 | 1,162,173 | (42,796) | 681,480 |
| Total Governmental activities | <u>105,887,571</u> | <u>95,307,512</u> | <u>97,625,593</u> | <u>101,468,756</u> | <u>87,578,335</u> | <u>91,449,186</u> | <u>94,208,960</u> | <u>101,367,060</u> | <u>99,416,907</u> | <u>108,542,774</u> |
| Business-type activities: | | | | | | | | | | |
| Gain on sale of capital assets | - | 100,184 | 6,800 | 15,295 | 120,761 | 84,125 | 73,659 | (145,266) | 54,796 | 133,890 |
| Investment earnings | 2,635,502 | 1,690,003 | 1,099,783 | 1,129,631 | 407,549 | 425,541 | 92,380 | 296,748 | 530,059 | 767,787 |
| Miscellaneous revenue | 923,521 | 439,655 | 417,233 | 417,732 | 427,910 | 611,077 | 431,101 | 446,197 | 37,307 | 529,968 |
| Special item | - | 340,199 | - | - | - | - | - | - | - | - |
| Transfers | (1,999,768) | 5,581,068 | (1,205,288) | (1,176,568) | 2,331,891 | (499,296) | (1,533,855) | (1,162,173) | 42,796 | (681,480) |
| Total Business-type activities: | <u>1,559,255</u> | <u>8,151,109</u> | <u>318,528</u> | <u>386,090</u> | <u>3,288,111</u> | <u>621,447</u> | <u>(936,715)</u> | <u>(564,494)</u> | <u>664,958</u> | <u>750,165</u> |
| Total Primary Government | <u>107,446,826</u> | <u>103,458,621</u> | <u>97,944,121</u> | <u>101,854,846</u> | <u>90,866,446</u> | <u>92,070,633</u> | <u>93,272,245</u> | <u>100,802,566</u> | <u>100,081,865</u> | <u>109,292,939</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | 38,718,750 | 9,267,282 | 8,553,189 | 22,242,411 | (9,111,797) | (1,309,507) | (2,510,605) | 3,769,192 | 2,294,820 | 26,532,849 |
| Business-type activities: | 7,056,570 | 10,597,137 | 1,442,603 | (415,494) | 7,974,217 | 3,810,621 | 2,046,209 | 6,489 | 4,761,582 | 1,634,620 |
| Total Primary Government | <u>\$ 45,775,320</u> | <u>\$ 19,864,419</u> | <u>\$ 9,995,792</u> | <u>\$ 21,826,917</u> | <u>\$ (1,137,580)</u> | <u>\$ 2,501,114</u> | <u>\$ (464,396)</u> | <u>\$ 3,775,681</u> | <u>\$ 7,056,402</u> | <u>\$ 28,167,469</u> |

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

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

Schedule 3

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------------------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | | | | | | |
| Reserved | \$ 29,189,048 | \$ 32,368,977 | \$ 30,732,081 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 57,038,234 | 56,776,076 | 65,678,740 | - | - | - | - | - | - | - |
| Nonspendable | - | - | - | 284,411 | 245,514 | 1,380,183 | 328,490 | 194,404 | 2,725,821 | 2,747,561 |
| Restricted | - | - | - | 29,886,617 | 8,190,183 | 8,175,752 | 6,682,395 | 8,129,626 | 7,906,567 | 7,345 |
| Committed | - | - | - | 12,382,653 | - | - | - | - | - | - |
| Assigned | - | - | - | 5,655,377 | 3,367,131 | 3,131,562 | 1,427,818 | 2,933,852 | 1,404,213 | 2,619,233 |
| Unassigned | - | - | - | 49,431,868 | 55,359,991 | 53,823,339 | 56,647,635 | 50,801,700 | 49,817,419 | 49,735,754 |
| Total General Fund | <u>\$ 86,227,282</u> | <u>\$ 89,145,053</u> | <u>\$ 96,410,821</u> | <u>\$ 97,640,926</u> | <u>\$ 67,162,819</u> | <u>\$ 66,510,836</u> | <u>\$ 65,086,338</u> | <u>\$ 62,059,582</u> | <u>\$ 61,854,020</u> | <u>\$ 55,109,893</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | 29,838,745 | 33,502,820 | 33,949,258 | - | - | - | - | - | - | - |
| Unreserved, reported in: | | | | | | | | | | |
| Northwest CRA District Funds | 18,922,736 | 23,976,295 | 25,870,780 | - | - | - | - | - | - | - |
| Capital Projects Funds | 15,916,597 | 14,992,002 | 16,287,994 | - | - | - | - | - | - | - |
| Emergency Medical Services | 1,620,835 | 1,042,259 | 1,136,142 | - | - | - | - | - | - | - |
| Cultural Arts | 17,390 | 20,594 | 21,601 | - | - | - | - | - | - | - |
| East CRA | 2,527,275 | 4,082,431 | 5,238,264 | - | - | - | - | - | - | - |
| Cemetery | 774,696 | 741,611 | 748,036 | - | - | - | - | - | - | - |
| Nonspendable | - | - | - | 367,410 | 1,089,593 | 1,797,162 | 311,520 | 1,375,605 | 1,169,430 | 508,810 |
| Restricted | - | - | - | 79,152,172 | 81,364,830 | 68,910,375 | 68,627,168 | 60,073,486 | 52,933,586 | 62,928,794 |
| Committed | - | - | - | 23,873,993 | 3,810,928 | 3,622,905 | 3,638,917 | 3,607,864 | 3,958,008 | 2,750,561 |
| Assigned | - | - | - | - | 34,564,650 | 31,258,659 | 30,766,597 | 33,363,539 | 33,441,396 | 27,167,689 |
| Unassigned | - | - | - | 773,761 | (209,951) | (10,674) | (176,494) | - | - | - |
| Total - All Other Governmental Funds | <u>\$ 69,618,274</u> | <u>\$ 78,358,012</u> | <u>\$ 83,252,075</u> | <u>\$ 104,167,336</u> | <u>\$ 120,620,050</u> | <u>\$ 105,578,427</u> | <u>\$ 103,167,708</u> | <u>\$ 98,420,494</u> | <u>\$ 91,502,420</u> | <u>\$ 93,355,854</u> |

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

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

Schedule 4

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|---------------|---------------|---------------|---------------|-----------------|-----------------|----------------|----------------|----------------|----------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 82,496,013 | \$ 74,034,933 | \$ 74,292,736 | \$ 78,637,580 | \$ 70,255,567 | \$ 70,494,487 | \$ 73,182,138 | \$ 74,245,212 | \$ 77,169,918 | \$ 84,964,417 |
| Judgments, fines and forfeitures | 1,634,580 | 1,249,857 | 1,466,766 | 1,353,607 | 1,204,590 | 1,085,139 | 1,200,681 | 983,420 | 1,055,782 | 967,783 |
| Permits, fees and special assessments | 20,198,717 | 23,802,123 | 22,436,894 | 22,018,532 | 23,283,619 | 24,686,920 | 24,855,651 | 27,540,501 | 31,500,484 | 29,405,962 |
| Intergovernmental | 19,946,798 | 15,920,212 | 16,435,158 | 19,581,276 | 14,182,824 | 15,100,874 | 15,288,736 | 17,355,904 | 15,786,752 | 21,228,057 |
| Charges for services | 14,698,401 | 14,505,728 | 16,243,058 | 15,764,204 | 16,172,851 | 16,043,017 | 16,986,200 | 16,128,244 | 16,953,246 | 18,966,483 |
| Pari-Mutuel | 884,443 | 2,053,356 | 1,795,128 | 1,881,081 | 1,897,796 | 2,067,263 | 2,171,040 | 2,267,089 | 2,520,242 | 2,428,142 |
| Lot sales | 47,990 | - | - | - | - | - | - | - | - | - |
| Donations | 114,674 | 113,756 | 44,730 | 23,315 | 59,539 | 43,533 | 49,880 | 42,705 | 99,446 | 9,376 |
| Investment earnings | 7,652,444 | 4,899,108 | 3,032,720 | 3,011,628 | 1,364,809 | 1,249,307 | 365,238 | 683,361 | 1,131,172 | 1,407,957 |
| Cemetery lot sales | - | 125 | 3,050 | 21,775 | 42,975 | 52,332 | 47,288 | 2,641 | 760 | 167,348 |
| Recaptured funds | - | 96,025 | - | - | 23,571 | 1,270 | 14,523 | 1,581 | 27,677 | 522 |
| Program income | - | 15,083 | - | - | 790,129 | 847,408 | 488,589 | 1,647,617 | 1,206,314 | 845,008 |
| Other revenue | 652,161 | 499,470 | 458,782 | 683,291 | 768,841 | 916,330 | 1,062,012 | 559,355 | 671,666 | 651,627 |
| Total revenues | 148,326,221 | 137,189,776 | 136,209,022 | 142,976,289 | 130,047,111 | 132,587,880 | 135,711,976 | 141,457,630 | 148,123,459 | 161,042,682 |
| Expenditures | | | | | | | | | | |
| Current | | | | | | | | | | |
| General government | 18,190,035 | 18,482,902 | 18,962,681 | 21,786,373 | 22,249,998 | 23,068,801 | 24,023,015 | 23,613,044 | 24,445,400 | 23,171,303 |
| Public safety | 61,188,428 | 68,611,664 | 72,671,842 | 74,708,661 | 74,794,319 | 71,529,455 | 74,361,660 | 75,218,105 | 76,913,019 | 82,736,275 |
| Physical environment | 11,478,318 | 11,689,546 | 12,569,704 | 14,114,654 | 14,822,990 | 15,965,683 | 16,508,394 | 17,233,486 | 16,641,857 | 15,227,179 |
| Transportation | 3,314,930 | 3,351,193 | 3,242,550 | 3,145,210 | 3,353,568 | 2,552,176 | 2,644,438 | 2,667,389 | 2,831,914 | 2,844,640 |
| Economic environment | - | - | - | - | - | - | - | - | - | 7,442,686 |
| Culture and recreation | 8,979,252 | 8,421,423 | 7,493,244 | 6,819,634 | 6,927,009 | 6,711,263 | 6,507,050 | 6,987,124 | 7,505,320 | 7,630,233 |
| Debt service: | | | | | | | | | | |
| Principal | 930,000 | 970,000 | 20,000 | 3,257,162 | 2,462,162 | 2,690,293 | 11,766,150 | 3,007,167 | 3,058,871 | 3,427,966 |
| Interest | 1,183,814 | 987,830 | 889,628 | 1,179,245 | 1,252,726 | 1,220,909 | 1,106,701 | 1,009,691 | 928,222 | 882,005 |
| Capital outlay | 11,357,692 | 8,130,010 | 9,968,462 | 7,078,998 | 18,929,429 | 25,150,062 | 18,363,850 | 20,712,118 | 24,425,999 | 26,063,169 |
| Total expenditures | 116,622,469 | 120,644,568 | 125,818,111 | 132,089,937 | 144,792,201 | 148,888,642 | 155,281,258 | 150,448,124 | 156,750,602 | 169,425,456 |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | 31,703,752 | 16,545,208 | 10,390,911 | 10,886,352 | (14,745,090) | (16,300,762) | (19,569,282) | (8,990,494) | (8,627,143) | (8,382,774) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Debt proceeds | 3,751,960 | 457,968 | - | 10,000,000 | 53,150 | - | 14,100,000 | - | - | 388,000 |
| Proceeds from capital lease | - | - | - | - | 2,998,438 | - | - | - | 1,428,088 | 2,257,875 |
| Proceeds from sale of capital assets | 199,279 | 127,347 | 457,567 | 82,446 | - | 107,860 | 100,210 | 54,351 | 118,221 | 164,726 |
| Transfers in | 11,990,652 | 11,096,477 | 6,623,660 | 11,834,055 | 35,052,824 | 25,960,746 | 24,133,274 | 27,448,016 | 22,726,691 | 22,388,163 |
| Transfers out | (9,990,884) | (16,569,491) | (5,312,307) | (10,657,487) | (37,384,715) | (25,461,450) | (22,599,419) | (26,285,843) | (22,769,487) | (21,706,683) |
| Total | 5,951,007 | (4,887,699) | 1,768,920 | 11,259,014 | 719,697 | 607,156 | 15,734,065 | 1,216,524 | 1,503,513 | 3,492,081 |
| Net Changes in Fund Balances | \$ 37,654,759 | \$ 11,657,509 | \$ 12,159,831 | \$ 22,145,366 | \$ (14,025,393) | \$ (15,693,606) | \$ (3,835,217) | \$ (7,773,970) | \$ (7,123,630) | \$ (4,890,693) |
| Debt Service as a Percentage of Non-Capital Expenditures | 2.0% | 1.7% | 0.8% | 3.5% | 3.0% | 3.2% | 9.4% | 3.1% | 3.0% | 3.0% |

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

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

| FISCAL YEAR | TAX ROLL * | REAL PROPERTY ** | PERSONAL PROPERTY ** |
|------------------------|-----------------------|-----------------------------|---------------------------------|
| 2007 | 2006 | 15,809,231,912 | 708,903,376 |
| 2008 | 2007 | 17,169,012,896 | 705,574,797 |
| 2009 | 2008 | 16,075,321,648 | 733,624,321 |
| 2010 | 2009 | 14,088,383,450 | 699,411,335 |
| 2011 | 2010 | 10,890,774,507 | 659,397,108 |
| 2012 | 2011 | 10,431,372,238 | 608,684,957 |
| 2013 | 2012 | 10,369,667,015 | 584,836,613 |
| 2014 | 2013 | 10,583,449,362 | 605,640,437 |
| 2015 | 2014 | 11,071,856,244 | 624,292,615 |
| 2016 | 2015 | 11,705,297,867 | 647,982,593 |

Source: Broward County Property Appraiser

* Assessed values as certified on September 19, 2016.

** Florida Statutes require assessments at just valuation.

Note: The basis of assessed value is approximately 82% of actual value.

Tax rates are per \$1,000 of assessed value.

| TOTAL ASSESSED VALUE | ALLOWABLE EXEMPTIONS | TAXABLE VALUE FOR OPERATIONS AND DEBT | TOTAL DIRECT TAX RATE |
|----------------------------|-------------------------|--|--------------------------------|
| 16,518,135,288 | 4,706,913,449 | 11,811,221,839 | 4.3197 |
| 17,874,587,693 | 5,021,089,922 | 12,853,497,771 | 3.8073 |
| 16,808,945,969 | 4,671,593,954 | 12,137,352,015 | 3.9602 |
| 14,787,794,785 | 4,900,944,575 | 9,886,850,210 | 4.6663 |
| 11,550,171,615 | 2,301,421,085 | 9,248,750,530 | 4.9077 |
| 11,040,057,195 | 2,272,132,460 | 8,767,924,735 | 5.2027 |
| 10,954,503,628 | 2,233,639,420 | 8,720,864,208 | 5.4700 |
| 11,189,089,799 | 2,195,810,716 | 8,993,279,083 | 5.3712 |
| 11,696,148,859 | 2,199,203,025 | 9,496,945,834 | 5.2470 |
| 12,353,280,460 | 2,221,119,655 | 10,132,160,805 | 5.4865 |

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

| Fiscal Year Ended Sept. 30 | City of Pompano Beach | | | | | Overlapping Rates | |
|-------------------------------------|-----------------------|-----------------|----------------------------|-----------------|-----------------|-------------------|-----------------|
| | Tax Roll | General Fund | Special Tax District | Debt Service | Direct Total | Broward County | School Board |
| 2007 | 2006 | 3.7250 | 0.5000 | 0.0947 | 4.3197 | 6.0661 | 7.8687 |
| 2008 | 2007 | 3.2788 | 0.4449 | 0.0836 | 3.8073 | 5.2868 | 7.6484 |
| 2009 | 2008 | 3.4861 | 0.4718 | 0.0023 | 3.9602 | 5.3145 | 7.4170 |
| 2010 | 2009 | 4.0652 | 0.5000 | 0.1011 | 4.6663 | 5.3889 | 7.4310 |
| 2011 | 2010 | 4.4077 | 0.5000 | - | 4.9077 | 5.5530 | 7.6310 |
| 2012 | 2011 | 4.7027 | 0.5000 | - | 5.2027 | 5.5530 | 7.4180 |
| 2013 | 2012 | 4.9700 | 0.5000 | - | 5.4700 | 5.5530 | 7.4560 |
| 2014 | 2013 | 4.8712 | 0.5000 | - | 5.3712 | 5.7230 | 7.4800 |
| 2015 | 2014 | 4.7470 | 0.5000 | - | 5.2470 | 5.7230 | 7.4380 |
| 2016 | 2015 | 4.9865 | 0.5000 | - | 5.4865 | 5.7230 | 7.2740 |

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

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

| Overlapping Rates | | | | | |
|---|--|----------------------------|---|---|---------------------------------------|
| South Florida Water Management District | North Broward Hospital District | Children SVS Council | Hillsboro Inlet Improvement District * | Florida Inland Navigation District | Direct and Overlapping Total |
| 0.6970 | 1.8317 | 0.4073 | 0.1170 | 0.0385 | 21.3460 |
| 0.6240 | 1.6255 | 0.3572 | 0.0860 | 0.0345 | 19.4697 |
| 0.6240 | 1.7059 | 0.3754 | 0.0860 | 0.0345 | 19.5175 |
| 0.6240 | 1.7059 | 0.4243 | 0.0860 | 0.0345 | 20.3609 |
| 0.6240 | 1.8750 | 0.4696 | 0.0860 | 0.0345 | 21.1808 |
| 0.4363 | 1.8750 | 0.4789 | 0.0860 | 0.0345 | 21.0844 |
| 0.4289 | 1.8564 | 0.4902 | 0.0860 | 0.0345 | 21.3750 |
| 0.4110 | 1.7554 | 0.4882 | 0.1624 | 0.0345 | 21.4257 |
| 0.3842 | 1.5939 | 0.4882 | 0.0860 | 0.0345 | 20.9948 |
| 0.3551 | 1.4425 | 0.4882 | 0.0860 | 0.0320 | 20.8873 |

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

Schedule 7

| TAXPAYER (Local Exposure Recognition) | 2016 | | | TAXPAYER (Local Exposure Recognition) | 2007 | | |
|---|---------------------------|------|---|---|---------------------------|------|---|
| | TAXABLE ASSESSED VALUE | Rank | PERCENT OF TOTAL CITY TAXABLE ASSESSED VALUATION | | TAXABLE ASSESSED VALUE | Rank | PERCENT OF TOTAL CITY TAXABLE ASSESSED VALUATION |
| John Knox Village of Florida | 63,449,900 | 1 | 0.63% | Preserve at Palm-Aire LLC | 25,436,580 | 1 | 0.22% |
| Palm Vacation Group | 50,391,800 | 2 | 0.50% | 416 LLC | 23,311,310 | 2 | 0.20% |
| UH-Pompano LLC | 50,127,720 | 3 | 0.49% | Palm Vacation Group | 19,743,090 | 3 | 0.17% |
| Pompano Beach Apartments LLC | 49,878,940 | 4 | 0.49% | Associated Grocers LLC (Winn Dixie) | 18,608,170 | 4 | 0.16% |
| Jag-Star Pompano LLC | 48,825,700 | 5 | 0.48% | Cobblestone Apt. Assoc. LLC | 16,489,970 | 5 | 0.14% |
| PPI Inc | 46,915,370 | 6 | 0.46% | Faison-Pompano Citi Centre LLC | 15,320,500 | 6 | 0.13% |
| EQR-Bayview LLC | 42,606,120 | 7 | 0.42% | SNH/LTA Properties Trust | 15,300,080 | 7 | 0.13% |
| Pompano MZL LLC | 41,344,240 | 8 | 0.41% | Regency 288 LLC | 15,056,510 | 8 | 0.13% |
| Associated Grocers | 34,651,790 | 9 | 0.34% | St. Andrews Palm Aire Assoc. | 13,981,500 | 9 | 0.12% |
| CRP Preserve Palm Aire LLC | 32,627,040 | 10 | 0.32% | CC-Pompano Inc | 12,999,280 | 10 | 0.11% |
| Total taxable assessed value of principal taxpayers | 460,818,620 | | 4.54% | Total taxable assessed value of principal taxpayers | 176,246,990 | | 1.51% |
| Total taxable assessed value of other taxpayers | 9,671,342,185 | | 95.46% | Total taxable assessed value of other taxpayers | 11,511,957,075 | | 98.49% |
| Total taxable assessed valuation of all taxpayers | 10,132,160,805 | | 100.00% | Total taxable assessed valuation of all taxpayers | 11,688,204,065 | | 100.00% |

Source: Broward County Property Appraiser
2015 Tax roll

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

| Fiscal Year | TAX ROLL | TOTAL AMENDED TAX LEVY | CURRENT GROSS TAX COLLECTIONS * | PERCENT OF LEVY COLLECTED |
|--------------------|---------------------|---------------------------------------|--|--|
| 2007 | 2006 | 50,489,535 | 50,155,320 | 99.34 |
| 2008 | 2007 | 48,744,720 | 47,860,443 | 98.19 |
| 2009 | 2008 | 47,586,219 | 47,091,073 | 98.96 |
| 2010 | 2009 | 50,653,057 | 47,481,268 | 93.74 |
| 2011 | 2010 | 45,005,797 | 42,489,007 | 94.41 |
| 2012 | 2011 | 45,616,882 | 43,005,085 | 94.27 |
| 2013 | 2012 | 47,703,127 | 45,859,390 | 96.13 |
| 2014 | 2013 | 48,304,700 | 46,666,879 | 96.61 |
| 2015 | 2014 | 49,830,475 | 47,831,733 | 95.99 |
| 2016 | 2015 | 55,590,100 | 54,146,028 | 97.40 |

Source: City Finance Department

* Gross taxes exclusive of discounts, penalties and interest.

| SUBSEQUENT DELINQUENT TAX COLLECTIONS | TOTAL TAX COLLECTIONS | PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY |
|--|--------------------------|---|
| 84,120 | 50,239,440 | 99.50 |
| 92,352 | 47,952,795 | 98.38 |
| 79,932 | 47,171,005 | 99.13 |
| 1,749,556 | 49,230,824 | 97.19 |
| 1,445,843 | 43,934,850 | 97.62 |
| 1,553,222 | 44,558,307 | 97.68 |
| 891,130 | 46,750,520 | 98.00 |
| 909,236 | 47,576,115 | 98.49 |
| 1,409,084 | 47,831,733 | 95.99 |
| - | 54,146,028 | 97.40 |

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

Schedule 9

| Fiscal Year Ended | Governmental Activities | | | | Business-Type Activities | | | | Total Primary Government | Percentage of Personal Income ** | Per Capita ** |
|-------------------------|--------------------------------|---------------------------|------------------|------------------|-----------------------------|-------------------------------------|------------------|------------------|--------------------------------|--|------------------|
| | General Obligation Bonds | Tax Increment Bonds | Capital Lease | Notes Payable | Water and Sewer Bonds | Certificates of Participation | Notes Payable | Capital Lease | | | |
| 2007 | 2,085,000 | 19,542,031 | - | - | 38,870,000 | - | - | - | 60,497,031 | 0.01 | 598.22 |
| 2008 | 1,115,000 | 20,000,000 | - | - | 36,105,000 | - | - | - | 57,220,000 | 0.01 | 571.87 |
| 2009 | 1,095,000 | 20,000,000 | - | - | 33,229,506 | - | - | - | 54,324,506 | 0.01 | 548.56 |
| 2010 | - | 27,837,838 | - | - | 30,239,506 | - | - | - | 58,077,344 | 0.01 | 588.36 |
| 2011 | - | 25,375,676 | - | 3,060,164 | 27,129,506 | - | 10,717,747 | - | 66,283,093 | 0.02 | 660.72 |
| 2012 | - | 22,898,514 | - | 2,768,670 | 23,905,000 | - | 10,024,432 | - | 59,596,616 | 0.01 | 582.91 |
| 2013 | - | 25,451,352 | - | 2,549,682 | 20,535,000 | - | 9,231,550 | - | 57,767,584 | 0.01 | 559.82 |
| 2014 | - | 22,669,190 | - | 2,324,677 | 17,355,000 | - | 8,416,881 | - | 50,988,011 | * | 487.17 |
| 2015 | - | 19,867,028 | 1,402,567 | 2,093,489 | 14,440,000 | 23,875,000 | 7,579,826 | - | 69,407,171 | * | 653.18 |
| 2016 | - | 17,039,866 | 3,297,179 | 2,243,948 | 11,650,000 | 23,875,000 | 6,719,769 | 75,179 | 64,900,941 | * | 604.15 |

Notes:

* Indicates information is not available

** See Schedule 14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

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

Schedule 10

| Fiscal Year | <u>General Bonded Debt Outstanding</u> | | | | |
|----------------|--|---|-------------|--|------------------|
| | General Obligations Bonds | Amounts Available in Fund Balance | Total | Percentage of Actual Taxable Value of Property * | Per Capita ** |
| 2007 | 2,085,000 | 1,135,429 | 949,571 | 0.01% | 9.39 |
| 2008 | 1,115,000 | 1,140,450 | (25,450) | 0.00% | -0.25 |
| 2009 | 1,095,000 | 1,125,572 | (30,572) | 0.00% | -0.31 |
| 2010 | - | 1,062,556 | (1,062,556) | -0.01% | -10.76 |
| 2011 | - | - | - | 0.00% | 0.00 |
| 2012 | - | - | - | 0.00% | 0.00 |
| 2013 | - | - | - | 0.00% | 0.00 |
| 2014 | - | - | - | 0.00% | 0.00 |
| 2015 | - | - | - | 0.00% | 0.00 |
| 2016 | - | - | - | 0.00% | 0.00 |

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

* See schedule 5 for property value data

** See schedule 14 for population data

CITY OF POMPANO BEACH, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2016

Schedule 11

| Government Unit | Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|--|-----------------------------|--|--|
| Debt repaid with property taxes: | | | |
| City of Pompano Beach, Florida | \$ - | - | \$ - |
| Broward County | 247,369 | 7.00% | 17,316 |
| Broward County School Board | 160,572 | 7.00% | 11,240 |
| Subtotal, overlapping debt | | | <u>28,556</u> |
| City direct debt (non ad valorem security) | | | <u>-</u> |
| Total direct and overlapping debt | | | <u>\$ 28,556</u> |

Sources: City Finance Department
Broward County Accounting Division

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

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

Schedule 12

| Fiscal Year | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Debt limit | \$ 1,753,230,610 | \$ 1,920,444,417 | \$ 1,802,417,278 | \$ 1,628,261,915 | \$ 1,375,566,885 | \$ 1,315,188,710 | \$ 1,308,129,631 | \$ 1,348,991,862 | \$ 1,424,541,875 | \$ 1,519,824,121 |
| Total net debt applicable to limit | 949,571 | (25,450) | (30,572) | - | - | - | - | - | - | - |
| Legal debt margin | <u>\$ 1,752,281,039</u> | <u>\$ 1,920,469,867</u> | <u>\$ 1,802,447,850</u> | <u>\$ 1,628,261,915</u> | <u>\$ 1,375,566,885</u> | <u>\$ 1,315,188,710</u> | <u>\$ 1,308,129,631</u> | <u>\$ 1,348,991,862</u> | <u>\$ 1,424,541,875</u> | <u>\$ 1,519,824,121</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00% | 0.13% | 0.05% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Legal Debt Margin Calculation for Fiscal Year 2015 | | | | | | | | | | |
| Assessed Value | 10,132,160,805 | | | | | | | | | |
| Debt Limit (15% of assessed value) | 1,519,824,121 | | | | | | | | | |
| Debt applicable to limit | | | | | | | | | | |
| General obligation bonds | - | | | | | | | | | |
| Less Amount set aside for repayment of general obligation debt | - | | | | | | | | | |
| Total net debt applicable to limit | - | | | | | | | | | |
| Legal debt margin | <u>\$ 1,519,824,121</u> | | | | | | | | | |

Source: Broward County Property Appraiser
City Finance Department

Note: Article XVIII, Section 158 of the City Charter provides authorization to issue bonds not exceeding fifteen percent (15%) of assessed valuation of the taxable property in the City at the time of issue. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

CITY OF POMPANO BEACH, FLORIDA
UTILITY PLEDGED REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS

Schedule 13

| FISCAL YEAR ENDED | (1) GROSS REVENUES | (2) OPERATING EXPENSES | (3) NET REVENUE AVAILABLE FOR | DEBT SERVICE CASH REQUIREMENTS | | (4) TOTAL | COVERAGE (3):(4) |
|-------------------------|--------------------------|------------------------------|--|-----------------------------------|-----------|--------------|---------------------|
| | | | DEBT SERVICE (1)-(2) | PRINCIPAL | INTEREST | | |
| 2007 | 35,867,547 | 21,289,048 | 14,578,499 | 2,455,000 | 1,901,565 | 4,356,565 | 3.35% |
| 2008 | 34,644,947 | 22,150,443 | 12,494,504 | 2,765,000 | 1,602,118 | 4,367,118 | 2.86% |
| 2009 | 35,891,722 | 23,092,648 | 12,799,074 | 2,875,494 | 1,493,306 | 4,368,800 | 2.93% |
| 2010 | 34,840,149 | 24,074,825 | 10,765,324 | 2,990,000 | 1,380,169 | 4,370,169 | 2.46% |
| 2011 | 40,662,838 | 24,135,671 | 16,527,167 | 3,110,000 | 1,262,506 | 4,372,506 | 3.78% |
| 2012 | 41,308,536 | 24,236,123 | 17,072,413 | 3,225,000 | 1,140,118 | 4,365,118 | 3.91% |
| 2013 | 40,073,305 | 23,882,921 | 16,190,384 | 3,370,000 | 1,013,206 | 4,383,206 | 3.69% |
| 2014 | 39,365,370 | 23,951,731 | 15,413,639 | 2,590,000 | 876,218 | 3,466,218 | 4.45% |
| 2015 | 42,343,075 | 23,764,781 | 18,578,294 | 2,695,000 | 772,618 | 3,467,618 | 5.36% |
| 2016 | 42,137,548 | 30,755,919 | 11,381,629 | 2,800,000 | 664,819 | 3,464,819 | 3.28% |

Source: City Finance Department

(1) Gross revenues include operating revenues and interest income. Excludes impact fees per City Ordinance 92-74

(2) Operating expenses include personal services and current expenses. Excludes depreciation and administrative service charges per City Ordinance 92-74

| Year | Broward County | | | | | | |
|------|----------------|---|----------------------------|------------|---|--------------------------|----------------------------------|
| | Population | Personal Income (thousands of dollars) | Per Capita Personal Income | Median Age | Education Level in Years of Schooling (High School or Higher) | School Enrollment (K-12) | Unemployment Rate Broward County |
| 2007 | 101,128 | 4,380,966 | 39,945 | 43.1 | 76.5 | 12,121 | 3.6 |
| 2008 | 100,058 | 4,366,731 | 40,018 | 43.9 | 74.8 | 11,520 | 5.4 |
| 2009 | 99,031 | 4,021,550 | 37,479 | 39.2 | 87.2 | 11,629 | 9.1 |
| 2010 | 98,711 | 4,061,563 | 38,718 | 42.7 | 79.2 | 11,576 | 10.7 |
| 2011 | 100,319 | 4,232,860 | 40,538 | 40.1 | 83.4 | 11,754 | 9.5 |
| 2012 | 102,239 | 4,432,163 | 41,249 | 42.7 | 81.0 | 12,029 | 7.1 |
| 2013 | 103,189 | 4,518,853 | 41,309 | 42.4 | 82.8 | 11,974 | 7.0 |
| 2014 | 104,662 | - | 42,737 | 44.2 | 83.6 | 11,150 | 5.0 |
| 2015 | 106,260 | * | * | 40.2 | 88.2 | 11,821 | 4.7 |
| 2016 | 107,425 | * | * | * | * | 11,611 | 4.8 |

Sources: City of Pompano Development Services Department via:
 US Census, American Community Survey
 Broward County School Board, School Enrollment Counts, Historic Benchmark Day Figures
 US Dept. of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistic Program
 Bureau of Economic & Business Research, University of Florida

Note: * Indicates information not available

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

Schedule 15

| Employer | 2016 | | | Employer | 2007 | | |
|-----------------------------|------------------|-------------|--|-----------------------------|------------------|-------------|---------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | | Employees | Rank | Percentage of Total Employment |
| Point Blank Enterprises | 1,086 | 1 | 1.44% | Pompano Beach Racino | 1250 | 1 | 2.41% |
| PPI, Inc. (Isle Capri) | 950 | 2 | 1.26% | Broward County School Board | 1130 | 2 | 1.50% |
| City of Pompano Beach | 889 | 3 | 1.18% | Broward County Correctional | 927 | 3 | 1.23% |
| Sitel | 804 | 4 | 1.07% | City of Pompano Beach | 702 | 4 | 0.93% |
| WalMart | 749 | 5 | 0.99% | John Knox Village | 630 | 5 | 0.84% |
| Broward County Correctional | 722 | 6 | 0.96% | Publix | 615 | 6 | 0.82% |
| John Knox Village | 650 | 7 | 0.86% | American Bldg. Maintenance | 550 | 7 | 0.73% |
| Publix | 589 | 8 | 0.78% | Comcast Cable Holdings | 500 | 8 | 0.66% |
| Freshpoint Produce & Dairy | 397 | 9 | 0.53% | Wal-Mart Stores | 475 | 9 | 0.63% |
| FedEx Ground | 334 | 10 | 0.44% | Best's Maintenance | 420 | 10 | 0.56% |

Source: City of Pompano Beach BTR Division:
 South Florida Business Journal 2016 Book of Lists
 South Florida Business Journal 2007 Book of Lists

CITY OF POMPANO BEACH, FLORIDA**Schedule 16****FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS**

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>Function/Program</u> | | | | | | | | | | |
| General Government | | | | | | | | | | |
| City Commissioners | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| City Manager | 4 | 4 | 5 | 5 | 5 | 5 | 4 | 4 | 4 | 5 |
| Advisory Board | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 |
| Public Information Office | 4 | 4 | 4 | 3 | 3 | 3 | 4 | 4 | 4 | 4 |
| City Attorney | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| City Clerk | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Human Resources | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Internal Audit | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Internal Services | 34 | 34 | 33 | 33 | 33 | 33 | 33 | 31 | 31 | 32 |
| Economic Development | 1 | 1 | - | - | - | - | - | - | - | 1 |
| Northwest CRA | - | - | - | - | 2 | 1 | 2 | 2 | 2 | 2 |
| East CRA | - | - | - | - | 2 | 1 | 1 | 1 | 1 | 1 |
| Tourism | - | - | - | - | - | - | - | - | - | 2 |
| Program Compliance Manager | - | - | - | - | - | - | - | - | - | 1 |
| Finance | 21 | 21 | 20 | 22 | 22 | 22 | 22 | 22 | 22 | 24 |
| Fire & EMS\ | 199 | 199 | 199 | 217 | 217 | 217 | 217 | 217 | 217 | 217 |
| Development Services | 68 | 68 | 62 | 62 | 62 | 66 | 67 | 70 | 73 | 74 |
| Office of Housing & Urban Improvement | 6 | 6 | 7 | 5 | 5 | 6 | 7 | 6 | 6 | 7 |
| Public Works | 141 | 141 | 136 | 136 | 136 | 136 | 136 | 141 | 143 | 142 |
| Parks & Recreation | 79 | 83 | 81 | 56 | 56 | 56 | 53 | 52 | 50 | 50 |
| Utilities | 118 | 118 | 118 | 118 | 118 | 115 | 114 | 114 | 115 | 116 |
| Stormwater | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 11 | 11 |
| Airpark | 5 | 5 | 6 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Golf | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 10 | 10 | 10 |
| Solid Waste | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Total | 726 | 730 | 716 | 708 | 712 | 712 | 711 | 715 | 722 | 732 |

Source: City Budget Office

CITY OF POMPANO BEACH, FLORIDA
OPERATING INDICATORS BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS

Schedule 17

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|-------------|-------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Function/Program | | | | | | | | | | |
| Public Safety | | | | | | | | | | |
| <i>Fire</i> | | | | | | | | | | |
| Emergency responses | 18,031 | 17,962 | 17,505 | 17,746 | 18,015 | 17,753 | 17,753 | 18,541 | 20,430 | 19,987 |
| Fires Extinguished | 432 | 415 | 371 | 346 | 355 | 333 | 354 | 332 | 328 | 360 |
| Inspections | 1,458 | 3,168 | 5,151 | 5,284 | 6,118 | 5,213 | 6,551 | 6,113 | 4,209 | 6,868 |
| Uniformed Employees | 185 | 185 | 185 | 185 | 185 | 185 | 185 | 185 | 186 | 182 |
| Non-Uniformed Employees | 10 | 11 | 8 | 8 | 8 | 8 | 8 | 8 | 7 | 7 |
| <i>Building Permits</i> | | | | | | | | | | |
| Permits Issued | 15,293 | 13,606 | 12,473 | 13,715 | 11,864 | 15,827 | 12,323 | 13,213 | 14,283 | 12,599 |
| Estimated Value | 265,172,789 | 164,751,110 | 107,274,620 | 87,718,162 | 123,406,754 | 164,631,190 | 148,673,496 | 241,292,153 | 255,772,560 | 280,308,330 |
| <i>City Clerk</i> | | | | | | | | | | |
| No. of Registered Voters | 52,378 | 52,921 | 55,621 | 55,829 | 57,043 | 58,284 | 61,263 | 61,496 | 55,964 | 55,964 |
| No. of Ballots Cast | 1,702 | 4,364 | 768 | 1,225 | 977 | 7,672 | 6,346 | - | 26,171 | - |
| Districts Voting | 2, 3 | 1, 3 | 4 | 5 | 4 | 12,345 | 2, 4, Mayor | 0 | 1,2,3,4,5 | 0 |
| <i>Recreation Centers-Attendance</i> | | | | | | | | | | |
| Emma Lou Olson | 67,307 | 70,804 | 68,042 | 69,564 | 75,387 | 91,902 | 88,696 | 61,811 | 61,775 | 60,428 |
| McNair | 107,127 | 110,278 | 104,243 | 116,317 | 97,194 | 44,364 | 40,338 | 42,464 | 44,364 | 40,421 |
| Mitchell/Moore | 63,312 | 62,105 | 54,149 | 63,070 | 69,717 | 69,622 | 41,449 | 26,698 | 34,252 | 36,147 |
| Skolnick | 62,257 | 74,409 | 71,018 | 63,033 | 62,496 | 54,775 | 38,225 | 32,728 | 38,975 | 41,127 |
| Pompano Highlands | 23,398 | 25,323 | 26,258 | 21,636 | 21,611 | 21,070 | 20,057 | 24,489 | 21,130 | 11,862 |
| North Pompano | 51,742 | 109,570 | 93,286 | 94,484 | 115,797 | 31,316 | 60,629 | 28,347 | 32,000 | 25,277 |
| E. Pat Larkins | 40,815 | 32,994 | 31,661 | 26,905 | 33,440 | 33,954 | 47,011 | 19,874 | 39,411 | 44,532 |
| Utility | | | | | | | | | | |
| <i>Municipal Water System</i> | | | | | | | | | | |
| Active Water Accounts | 18,334 | 18,182 | 18,094 | 17,983 | 18,062 | 18,200 | 18,312 | 18,489 | 18,721 | 18,802 |
| New Active Accounts | 170 | 107 | 123 | 47 | 35 | 130 | 112 | 165 | 154 | 113 |
| Active Reclaimed Water Accounts | 193 | 84 | 117 | 142 | 310 | 579 | 671 | 782 | 882 | 1,016 |
| Metered Sales (Billion Gallons) | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 4.0 | 4.0 | 4.7 | 4.7 |
| Average Gallons (1,000) Billed Per Day | 12,984 | 12,718 | 13,010 | 13,228 | 13,167 | 12,841 | 12,841 | 12,219 | 12,823 | 12,967 |
| Reclaimed Water (Million Gals.) | 491 | 487 | 558 | 511 | 572 | 558 | 720 | 794 | 877 | 764 |
| Water Main Breaks | 156 | 152 | 130 | 134 | 95 | 213 | 229 | 107 | 64 | 64 |
| Plant Capacity Million Gals./Day | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| <i>Municipal Sewer System</i> | | | | | | | | | | |
| Active Accounts | 15,825 | 15,787 | 15,805 | 15,945 | 16,044 | 16,158 | 16,312 | 16,434 | 16,637 | 16,713 |
| General Government | | | | | | | | | | |
| <i>Tax Rates</i> | | | | | | | | | | |
| <i>Utility Services:</i> | | | | | | | | | | |
| Electric | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Water | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Communication Service | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Gas | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| <i>Franchises:</i> | | | | | | | | | | |
| Electric | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Gas | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |

CITY OF POMPANO BEACH, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS

Schedule 18

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <u>Function / Program</u> | | | | | | | | | | |
| <i>Area</i> | | | | | | | | | | |
| Land excluding airport (sq miles) | 23.570 | 23.570 | 23.570 | 23.570 | 23.570 | 23.570 | 23.570 | 23.570 | 23.570 | 23.570 |
| Airport land (sq.miles) | 1.016 | 1.016 | 1.016 | 1.016 | 1.016 | 1.016 | 1.016 | 1.016 | 1.016 | 1.016 |
| Water (sq.miles) | 0.924 | 0.924 | 0.924 | 0.924 | 0.924 | 0.924 | 0.924 | 0.924 | 0.924 | 0.924 |
| <i>Infrastructure</i> | | | | | | | | | | |
| Paved streets | 271 | 271 | 271 | 271 | 271 | 271 | 271 | 271 | 271 | 267 |
| Unpaved streets | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | - | - | - | - | 3 |
| Sidewalks | 155 | 155 | 155 | 155 | 156 | 171 | 171 | 171 | 173 | 200 |
| Canals & waterways | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 |
| Storm drainage | 69 | 70 | 70 | 79 | 83 | 111 | 100 | 102.0 | 103.0 | 117 |
| City-owned streetlights | 1,400 | 1,400 | 1,199 | 1,199 | 1,199 | 1,100 | 1,176 | 1,058 | 1,248 | 1,398 |
| FP&L owned streetlights | 7,000 | 7,000 | 5,364 | 5,376 | 5,375 | 5,375 | 5,399 | 5,392 | 5,376 | 5,377 |
| <i>Fire</i> | | | | | | | | | | |
| Stations | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| <i>Police</i> | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| <i>Recreation</i> | | | | | | | | | | |
| Public beach (miles) | 0.51 | 0.51 | 0.51 | 0.51 | 0.51 | 0.51 | 0.51 | 0.51 | 0.51 | 0.51 |
| Municipal parks | 45 | 46 | 46 | 48 | 48 | 49 | 49 | 49 | 49 | 49 |
| Municipal swimming pool | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| 36-hole municipal golf course | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 977 foot municipal pier | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Recreational areas (acres) | 257.23 | 258.17 | 258.17 | 258.17 | 258.17 | 263.17 | 263.17 | 263.17 | 263.17 | 263.17 |
| Golf course (acres) | 307 | 307 | 307 | 307 | 307 | 307 | 307 | 340 | 340 | 340 |
| Recreation centers | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| <i>Municipal water system</i> | | | | | | | | | | |
| Water mains (miles) | 283 | 284 | 304 | 304 | 280 | 281 | 281 | 275 | 280 | 279 |
| Reuse water mains (miles) | 18.0 | 20.0 | 22.0 | 23.0 | 24.0 | 27.1 | 24.0 | 29.0 | 29.6 | 29.6 |
| Fire hydrants | 1,817 | 1,865 | 1,879 | 1,943 | 1,968 | 2,039 | 2,025 | 2,025 | 2,018 | 2,045 |
| Fire hydrants (reuse water) | 3 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| <i>Municipal sewer systems</i> | | | | | | | | | | |
| Gravity sewer (miles) | 195 | 196 | 199 | 194 | 194 | 195 | 181 | 195 | 195 | 195 |
| Wastewater force main (miles) | 67 | 68 | 76 | 63 | 69 | 69 | 69 | 69 | 69 | 69 |
| Wastewater lift stations | 74 | 75 | 75 | 75 | 75 | 78 | 77 | 77 | 77 | 77 |