CITY OF FORT LAUDERDALE, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2003

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	SUNRISE KEY
ASSETS				
Cash and Cash Equivalents	$ 45,729,922	89,476,252	135,206,174	63,309
Investments	33,978	0	33,978	0
Receivables (Net of Allowances for Uncollectibles)	18,627,709	17,189,078	35,816,787	4,006
Internal Balances	290,885	85,683	376,568	0
Inventories	18,077,426	792,129	18,869,555	0
Restricted Assets				
Cash and Cash Equivalents	114,836	10,374,203	10,489,039	0
Investments	39,613,702	84,778,981	124,392,683	0
Accrued Interest and Dividends	66,189	84,074	150,263	0
Internal Balances	(376,568)	0	(376,568)	0
Capital Assets				
Land and Work in Process	49,837,701	64,533,546	114,371,247	0
Other (Net of Accumulated Depreciation)	136,401,130	296,116,199	432,517,329	0
Investment in Joint Venture	0	1,155,443	1,155,443	0
Deferred Debt Issuance Costs	404,791	772,736	1,177,527	0
Deposits	94,158	0	94,158	0
Total Assets	308,915,859	565,358,324	874,274,183	67,315
LIABILITIES				
Vouchers and Other Current Liabilities	11,332,179	10,268,838	21,601,017	0
Due to Other Governments	0	2,117,684	2,117,684	0
Deposits	2,126,017	1,422,984	3,549,001	0
Deferred Revenue	8,958,058	1,770,004	10,728,062	0
Payable from Restricted Assets				
Vouchers and Other Current Liabilities	1,945,843	1,268,260	3,214,103	0
Utility Deposits	0	4,264,666	4,264,666	0
Noncurrent Liabilities				
Due Within One Year	27,258,676	4,576,277	31,834,953	0
Due in More Than One Year	116,493,101	98,371,747	214,864,848	0
Total Liabilities	168,113,874	124,060,460	292,174,334	0
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	89,689,085	351,540,780	441,229,865	0
Restricted for				
Debt Service	369,904	160,833	530,737	0
Capital Improvements	24,496,457	5,283,298	29,779,755	0
Endowments				
Expendable	5,933,031	0	5,933,031	0
Nonexpendable	6,672,924	0	6,672,924	0
Other Purposes	0	1,759,412	1,759,412	0
Unrestricted	13,640,584	82,553,541	96,194,125	67,315
Total Net Assets	$ 140,801,985	441,297,864	582,099,849	67,315

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

CITY OF FORT LAUDERDALE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

		PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS			
					PRIMARY GOVERNMENT			COMPONENT UNIT
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	SUNRISE KEY
FUNCTIONS/PROGRAMS								
PRIMARY GOVERNMENT								
Governmental Activities								
General Government	$ 30,348,356	13,998,022	0	0	(16,350,334)	0	(16,350,334)	0
Public Safety	131,672,032	25,969,126	1,951,349	0	(103,751,557)	0	(103,751,557)	0
Physical Environment	7,464,823	650,000	59,962	0	(6,754,861)	0	(6,754,861)	0
Transportation	7,925,598	4,169,431	478,811	4,199,876	922,520	0	922,520	0
Economic Environment	17,209,566	0	16,286,098	0	(923,468)	0	(923,468)	0
Culture and Recreation	36,704,007	8,004,979	90,442	650,106	(27,958,480)	0	(27,958,480)	0
Interest on Long-term Debt	3,434,141	0	0	0	(3,434,141)	0	(3,434,141)	0
Total Governmental Activities	234,758,523	52,791,558	18,866,662	4,849,982	(158,250,321)	0	(158,250,321)	0
Business-type Activities								
Water and Sewer	78,930,509	69,816,685	28,388	1,298,654	0	(7,786,782)	(7,786,782)	0
Sanitation	20,238,522	19,820,569	0	0	0	(417,953)	(417,953)	0
Parking System	7,302,254	8,793,564	0	0	0	1,491,310	1,491,310	0
Airport	4,633,959	4,780,876	79,291	409,567	0	635,775	635,775	0
Stormwater	2,942,257	3,329,154	0	150,255	0	537,152	537,152	0
Total Business-type Activities	114,047,501	106,540,848	107,679	1,858,476	0	(5,540,498)	(5,540,498)	0
Total Primary Government	$ 348,806,024	159,332,406	18,974,341	6,708,458	(158,250,321)	(5,540,498)	(163,790,819)	0
COMPONENT UNIT								
Sunrise Key	$ 142,377	0	0	0	0	0	0	(142,377)
General Revenues								
Property Taxes					81,614,549	0	81,614,549	81,726
Utility Taxes					34,912,119	0	34,912,119	0
Franchise Taxes					12,395,361	0	12,395,361	0
Other Taxes					20,874,807	0	20,874,807	0
Grants and Contributions not Restricted to Specific Programs					226,150	0	226,150	0
Unrestricted Investment Earnings					3,230,398	3,337,080	6,567,478	3,195
Miscellaneous					1,352,473	22,341	1,374,814	0
Transfers					2,494,427	(2,494,427)	0	0
Total General Revenues and Transfers					157,100,284	864,994	157,965,278	84,921
Change in Net Assets					(1,150,037)	(4,675,504)	(5,825,541)	(57,456)
Net Assets - Beginning of Period - As Restated					141,952,022	445,973,368	587,925,390	124,771
Net Assets - End of Period					$ 140,801,985	441,297,864	582,099,849	67,315

The accompanying notes are an integral part of these financial statements

CITY OF FORT LAUDERDALE, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2003

	GENERAL	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	$ 1,803,142	26,277,983	28,081,125
Investments	0	33,978	33,978
Receivables			
Property Taxes	2,349,574	197,735	2,547,309
Accounts and Loans	3,990,762	38,315	4,029,077
Unbilled Service	138,413	0	138,413
Assessments	0	184,482	184,482
Due from Other Funds	0	2,025,379	2,025,379
Due from Other Governments	7,602,822	4,032,903	11,635,725
Inventories	125,284	17,812,242	17,937,526
Restricted Assets			
Cash and Cash Equivalents	0	96,959	96,959
Investments	0	39,613,702	39,613,702
Accrued Dividends and Interest	0	66,189	66,189
Due from Other Funds	0	14,432	14,432
Deposits	69,158	0	69,158
Total Assets	$ 16,079,155	90,394,299	106,473,454
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Vouchers Payable	$ 1,110,560	1,951,413	3,061,973
Contracts Payable	0	1,418,954	1,418,954
Accrued Payroll	4,976,983	102,367	5,079,350
Due to Other Funds	0	1,648,811	1,648,811
Due to Other Governments	209,163	13,525	222,688
Payable from Restricted Assets			
Vouchers Payable	0	1,129,409	1,129,409
Contracts Payable	0	798,557	798,557
Due to Other Funds	0	391,000	391,000
Compensated Absences and Longevity	334,102	0	334,102
Deposits	1,692,767	433,250	2,126,017
Deferred Revenue	3,206,101	6,244,467	9,450,568
Total Liabilities	11,529,676	14,131,753	25,661,429
FUND BALANCES			
Reserved for			
Encumbrances	1,318,677	15,056,903	16,375,580
Inventories	125,284	17,812,242	17,937,526
Endowments			
Expendable	0	5,933,031	5,933,031
Nonexpendable	0	6,672,924	6,672,924
Debt Service	0	369,904	369,904
Unreserved Reported in			
General Fund			
Designated for Subsequent Years' Expenditures	2,230,396	0	2,230,396
Undesignated	875,122	0	875,122
Special Revenue			
Designated for Subsequent Years' Expenditures	0	4,109,564	4,109,564
Undesignated	0	2,638,635	2,638,635
Capital Projects			
Designated for Subsequent Years' Expenditures	0	24,970,713	24,970,713
Undesignated	0	(1,301,370)	(1,301,370)
Total Fund Balances	4,549,479	76,262,546	80,812,025
Total Liabilities and Fund Balances	$ 16,079,155	90,394,299	106,473,454

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

CITY OF FORT LAUDERDALE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
AS OF SEPTEMBER 30, 2003

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

Total fund balances of governmental funds in the balance sheet, page 14	$ 80,812,025
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	167,906,619
Other long-term assets are not available to fund current operations and, therefore, are deferred in the governmental funds.	492,510
Internal service funds are used by management to charge the costs of City insurance, communications, printing and central stores services and for operation of a maintenance facility for City vehicles. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	8,869,323
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	(117,278,492)
Net assets of governmental activities, page 11	$ 140,801,985

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

CITY OF FORT LAUDERDALE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	GENERAL	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Property Taxes	$ 81,122,039	0	81,122,039
Utility Taxes	34,912,119	0	34,912,119
Franchise Taxes	12,395,361	0	12,395,361
Licenses and Permits	10,839,138	0	10,839,138
Fines and Forfeitures	3,051,535	610,522	3,662,057
Intergovernmental			
Federal	0	13,160,883	13,160,883
State	14,110,625	2,765,075	16,875,700
Other Local Units	3,384,761	7,943,466	11,328,227
Charges for Services	15,503,916	48,000	15,551,916
Other			
Assessments and Other Fees	7,111,919	29,422	7,141,341
Interest and Dividends	403,941	1,605,039	2,008,980
Rents and Concession	2,013,700	184,607	2,198,307
Contributions and Donations	277,911	226,150	504,061
Net Increase in Fair Value of Investments	0	880,182	880,182
Interfund Service Charges	15,684,333	130,456	15,814,789
Sale of Cemetery Plots	0	376,827	376,827
Miscellaneous	725,074	770,913	1,495,987
Total Revenues	201,536,372	28,731,542	230,267,914
EXPENDITURES			
Current			
General Government	27,400,492	91,024	27,491,516
Public Safety	124,134,847	3,750,677	127,885,524
Physical Environment	6,630,614	543,742	7,174,356
Transportation	3,065,318	539,388	3,604,706
Economic Environment	1,364,393	14,315,489	15,679,882
Culture and Recreation	31,812,143	93,816	31,905,959
Debt Service			
Principal Retirement	388,542	9,238,000	9,626,542
Interest and Fiscal Charges	46,919	3,739,559	3,786,478
Capital Outlay	0	22,593,382	22,593,382
Total Expenditures	194,843,268	54,905,077	249,748,345
Excess Revenues Over (Under) Expenditures	6,693,104	(26,173,535)	(19,480,431)
OTHER FINANCING SOURCES (USES)			
Debt Issuance	740,685	14,195,000	14,935,685
Advance Refunding Debt Issuance	0	38,593,212	38,593,212
Transfers In	318,679	17,687,154	18,005,833
Transfers Out	(11,984,012)	(4,088,708)	(16,072,720)
Payments to Refunding Escrow Agent	0	(38,154,498)	(38,154,498)
Total Other Financing Sources (Uses)	(10,924,648)	28,232,160	17,307,512
Net Change in Fund Balances	(4,231,544)	2,058,625	(2,172,919)
Fund Balances - Beginning of Period - As Restated	8,781,023	74,203,921	82,984,944
Fund Balances - End of Period	$ 4,549,479	76,262,546	80,812,025

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

CITY OF FORT LAUDERDALE, 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, 2003

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

Net change in fund balances of governmental funds, page 16	$	(2,172,919)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.		10,783,781
The net effect of various transactions involving capital assets (sales, trade-ins and donations) is to decrease net assets.		(62,039)
Some revenues reported in the statement of activities are not considered current financial resources and, therefore, are not reported as revenues in governmental funds.		492,510
The issuance of long-term debt (e.g., bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(5,033,064)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(1,580,742)
Internal service funds are used by management to charge the costs of City insurance, communications, printing and central stores services and for operation of a maintenance facility for City vehicles. The net revenue (expense) of certain activities of the internal service funds is reported with governmental activities.		(3,577,564)
Change in net assets of governmental activities, page 12	$	(1,150,037)

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

CITY OF FORT LAUDERDALE, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	BUDGETED AMOUNTS			VARIANCE FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
REVENUES				
Property Taxes	$ 82,268,944	82,268,944	81,122,039	(1,146,905)
Utility Taxes	34,592,396	34,592,396	34,912,119	319,723
Franchise Taxes	12,870,175	12,870,175	12,395,361	(474,814)
Licenses and Permits				
Occupational Licenses	2,576,600	2,576,600	2,728,188	151,588
Contractor Permits	5,468,377	5,468,377	8,110,950	2,642,573
Fines and Forfeitures				
Court Fines and Forfeitures	1,450,000	1,450,000	1,423,842	(26,158)
Code Enforcement Fines	407,100	1,007,100	1,082,600	75,500
Other Fines and Forfeitures	350,000	350,000	545,093	195,093
Intergovernmental				
State				
State Revenue Sharing	3,863,214	3,863,214	3,746,028	(117,186)
Half Cent Sales Tax	9,746,583	9,746,583	9,741,018	(5,565)
State Other	486,355	486,355	623,579	137,224
Other Local Units				
County Shared Gas Tax	2,115,184	2,115,184	1,823,502	(291,682)
County Other	240,000	240,000	1,481,789	1,241,789
Downtown Development Authority	160,622	160,622	79,470	(81,152)
Charges for Services				
General Government	685,360	685,360	912,178	226,818
Public Safety				
Police Service Fees	764,300	854,300	912,609	58,309
Communications System	350,000	350,000	349,716	(284)
Alarm Fees	550,000	550,000	528,896	(21,104)
Fire Services	1,247,800	1,247,800	1,180,409	(67,391)
EMS Transport Fees	4,213,127	4,213,127	3,506,251	(706,876)
Transportation-Parking	570,912	591,912	842,178	250,266
Culture and Recreation				
Auditorium	1,182,500	1,182,500	1,142,782	(39,718)
Stadiums	418,000	418,000	495,493	77,493
Swimming Pools	312,900	312,900	398,828	85,928
Tennis Courts	405,200	405,200	429,591	24,391
Parks	838,393	838,393	735,590	(102,803)
Docks	2,244,796	2,244,796	2,032,121	(212,675)
Program Fees	1,008,500	1,008,500	1,174,667	166,167
Special Events	620,000	620,000	551,023	(68,977)
Miscellaneous	202,326	202,326	311,584	109,258
Other				
Assessments and Other Fees	6,631,265	6,631,265	7,111,919	480,654
Interest and Dividends	1,011,900	1,011,900	403,941	(607,959)
Rents and Concession	2,174,834	2,174,834	2,013,700	(161,134)
Interfund Service Charges	15,546,372	15,961,865	15,684,333	(277,532)
Miscellaneous	601,110	1,311,110	1,002,985	(308,125)
Total Revenues	198,175,145	200,011,638	201,536,372	1,524,734

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

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CITY OF FORT LAUDERDALE, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	BUDGETED AMOUNTS			VARIANCE FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
EXPENDITURES				
General Government				
City Commission	$ 262,879	262,879	272,578	(9,699)
City Manager	3,426,716	3,348,888	3,201,609	147,279
City Attorney	2,340,917	2,379,946	2,281,665	98,281
City Clerk	1,104,692	1,316,817	1,293,707	23,110
Administrative Services	9,125,128	8,908,752	8,742,781	165,971
Finance	3,807,323	3,663,498	3,586,140	77,358
Community and Economic Development	73,492	73,492	52,372	21,120
Public Services	5,455,338	5,453,363	5,344,259	109,104
Unclassified	2,431,365	2,778,865	3,115,308	(336,443)
Total General Government	28,027,850	28,186,500	27,890,419	296,081
Public Safety				
Public Services	6,602,353	6,799,471	6,781,461	18,010
Community and Economic Development	3,657,235	3,432,795	3,458,058	(25,263)
Fire Rescue	41,197,465	43,914,642	43,212,376	702,266
Police	69,616,503	71,716,043	71,207,204	508,839
Total Public Safety	121,073,556	125,862,951	124,659,099	1,203,852
Physical Environment				
Public Services	7,318,132	7,001,216	6,636,631	364,585
Transportation				
Parks and Recreation	26,259	26,259	444,358	(418,099)
Public Services	2,316,052	2,317,915	2,672,804	(354,889)
Total Transportation	2,342,311	2,344,174	3,117,162	(772,988)
Economic Environment				
Community and Economic Development	1,370,236	1,331,592	1,390,007	(58,415)
Culture and Recreation				
Parks and Recreation	29,561,819	30,997,123	30,781,026	216,097
Community and Economic Development	1,365,161	1,257,608	1,252,140	5,468
Total Culture and Recreation	30,926,980	32,254,731	32,033,166	221,565
Debt Service				
Principal Retirement	303,331	383,331	388,542	(5,211)
Interest and Fiscal Charges	70,319	70,319	46,919	23,400
Total Debt Service	373,650	453,650	435,461	18,189
Total Expenditures	191,432,715	197,434,814	196,161,945	1,272,869
Excess Revenues Over Expenditures	6,742,430	2,576,824	5,374,427	2,797,603
OTHER FINANCING SOURCES (USES)				
Proceeds from Debt Issuance	0	740,685	740,685	0
Transfers In				
Law Enforcement Confiscated Property Fund	0	150,000	150,000	0
General Obligation Construction Fund 1997	0	168,679	168,679	0
Total Transfers In	0	318,679	318,679	0

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

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CITY OF FORT LAUDERDALE, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	BUDGETED AMOUNTS			VARIANCE FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
OTHER FINANCING SOURCES (USES) Continued				
Transfers Out				
Intergovernmental Revenue Fund	$ (112,240)	(128,848)	(128,848)	0
Community Redevelopment Agency Fund	(1,599,004)	(1,599,004)	(662,377)	936,627
Excise Tax Bonds Fund	(2,762,091)	(2,762,091)	(1,703,018)	1,059,073
Florida Intergovernmental Loans Fund	0	0	(170,518)	(170,518)
General Obligation Bonds Fund	(6,582,932)	(6,582,932)	(6,591,099)	(8,167)
Sunshine State Loans Fund	(177,478)	(177,478)	(60,902)	116,576
General Capital Projects Fund	(2,539,621)	(2,585,756)	(2,376,200)	209,556
Parking System Fund	(127,129)	(127,129)	0	127,129
Central Services Fund	(29,157)	(29,157)	0	29,157
Vehicle Rental Fund	(125,277)	(291,050)	(291,050)	0
Total Transfers Out	(14,054,929)	(14,283,445)	(11,984,012)	2,299,433
Total Other Financing Sources (Uses)	(14,054,929)	(13,224,081)	(10,924,648)	2,299,433
Net Change in Fund Balances	(7,312,499)	(10,647,257)	(5,550,221)	5,097,036
Fund Balances - Beginning of Period - As Restated	7,456,773	7,456,773	5,590,297	(1,866,476)
Encumbrances at September 30, 2002	3,190,726	3,190,726	3,190,726	0
Fund Balances - End of Period	$ 3,335,000	242	3,230,802	3,230,560

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

Continued from Prior Page

CITY OF FORT LAUDERDALE, FLORIDA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2003

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	MAJOR FUNDS				
	WATER AND SEWER	SANITATION	NONMAJOR FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
ASSETS					
Current Assets					
Cash and Cash Equivalents	$ 57,682,502	2,511,954	29,281,796	89,476,252	22,028,831
Receivables					
Accounts	4,533,715	1,044,079	625,720	6,203,514	92,703
Unbilled Service	3,009,273	748,402	0	3,757,675	0
Assessments	1,609,724	0	304,174	1,913,898	0
Due from Other Funds	5,061,094	0	0	5,061,094	0
Due from Other Governments	0	0	252,897	252,897	0
Inventories	792,129	0	0	792,129	139,900
Total Current Assets	72,688,437	4,304,435	30,464,587	107,457,459	22,261,434
Noncurrent Assets					
Restricted Assets					
Cash and Cash Equivalents	8,174,229	803,949	1,396,025	10,374,203	17,877
Investments	84,778,981	0	0	84,778,981	0
Accrued Dividends and Interest	84,074	0	0	84,074	0
Capital Assets (Net of Accumulated Depreciation)	309,293,559	2,050,868	49,305,318	360,649,745	18,332,212
Investment in Joint Venture	0	0	1,155,443	1,155,443	0
Deferred Debt Issuance Costs	680,089	76,349	16,298	772,736	0
Deposits	0	0	0	0	25,000
Total Noncurrent Assets	403,010,932	2,931,166	51,873,084	457,815,182	18,375,089
Total Assets	475,699,369	7,235,601	82,337,671	565,272,641	40,636,523
LIABILITIES					
Current Liabilities					
Vouchers Payable	6,206,914	587,413	898,704	7,693,031	1,005,563
Contracts Payable	1,312,599	0	306,677	1,619,276	0
Accrued Payroll	641,548	138,415	161,325	941,288	58,735
Due to Other Governments	0	0	15,243	15,243	0
Current Portion of Long-Term Debt	2,733,248	402,347	1,440,682	4,576,277	11,134,859
Payable from Restricted Assets					
Vouchers Payable	736,361	0	0	736,361	0
Contracts Payable	205,995	0	0	205,995	0
Accrued Interest	303,812	20,867	1,225	325,904	17,877
Deposits	3,481,584	783,082	0	4,264,666	0
Total Current Liabilities	15,622,061	1,932,124	2,823,856	20,378,041	12,217,034
Noncurrent Liabilities					
Due to Other Governments	2,117,684	0	0	2,117,684	0
Deposits	1,404,233	0	18,751	1,422,984	0
Deferred Revenue	1,382,552	0	387,452	1,770,004	0
Long-Term Debt	88,715,373	9,286,117	370,257	98,371,747	19,464,483
Total Noncurrent Liabilities	93,619,842	9,286,117	776,460	103,682,419	19,464,483
Total Liabilities	109,241,903	11,218,241	3,600,316	124,060,460	31,681,517

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

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CITY OF FORT LAUDERDALE, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2003

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	MAJOR FUNDS				
	WATER AND SEWER	SANITATION	NONMAJOR FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	301,503,193	2,050,868	47,986,719	351,540,780	12,615,960
Restricted for					
Debt Service	160,833	0	0	160,833	0
Replacement and Improvement	1,753,648	0	5,764	1,759,412	0
Capital Improvements	3,894,262	0	1,389,036	5,283,298	0
Unrestricted	59,145,530	(6,033,508)	29,355,836	82,467,858	(3,660,954)
Total Net Assets	$ 366,457,466	(3,982,640)	78,737,355	441,212,181	8,955,006
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				85,683	
Net Assets of Business-type Activities				$ 441,297,864	

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

Continued from Prior Page

CITY OF FORT LAUDERDALE, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	MAJOR FUND				
	WATER AND SEWER	SANITATION	NONMAJOR FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
OPERATING REVENUES					
Charges for Services	$ 66,537,612	15,133,678	11,024,886	92,696,176	42,205,753
Equity in Earnings of Joint Venture	0	0	62,799	62,799	0
Private Collectors Operating Fees	0	3,395,123	0	3,395,123	0
Parking Citations	0	0	2,833,057	2,833,057	0
Land Leases	0	0	2,968,019	2,968,019	0
Other	3,279,073	1,291,768	14,833	4,585,674	3,322,496
Total Operating Revenues	69,816,685	19,820,569	16,903,594	106,540,848	45,528,249
OPERATING EXPENSES					
Personal Services	20,922,286	4,564,039	5,185,253	30,671,578	1,963,788
Current Expenses	30,425,992	15,249,172	7,151,069	52,826,233	41,719,162
Depreciation	8,912,993	83,788	2,207,321	11,204,102	7,547,446
Loss on Impairment of Capital Assets	15,906,238	0	0	15,906,238	0
Total Operating Expenses	76,167,509	19,896,999	14,543,643	110,608,151	51,230,396
Operating Income (Loss)	(6,350,824)	(76,430)	2,359,951	(4,067,303)	(5,702,147)
NON-OPERATING REVENUES (EXPENSES)					
Revenues					
Interest	2,457,130	125,310	754,640	3,337,080	415,674
Other	42,106	8,623	79,291	130,020	389,817
Total	2,499,236	133,933	833,931	3,467,100	805,491
Expenses					
Interest and Fiscal Charges	2,102,936	260,106	78,687	2,441,729	216,734
Less Interest Capitalized	(78,586)	0	(18,325)	(96,911)	0
Loss on Advance Bond Refunding	0	0	101,496	101,496	0
Other	13,363	3,265	1,896	18,524	0
Total	2,037,713	263,371	163,754	2,464,838	216,734
Total Non-Operating Revenues (Expenses)	461,523	(129,438)	670,177	1,002,262	588,757
Income (Loss) Before Contributions and Transfers	(5,889,301)	(205,868)	3,030,128	(3,065,041)	(5,113,390)
Capital Contributions, Net	1,298,654	0	559,822	1,858,476	0
Transfers In	0	0	0	0	664,217
Transfers Out	(1,820,525)	0	(673,902)	(2,494,427)	(102,903)
Change In Net Assets	(6,411,172)	(205,868)	2,916,048	(3,700,992)	(4,552,076)
Net Assets - Beginning of Period	372,868,638	(3,776,772)	75,821,307	444,913,173	13,507,082
Net Assets - End of Period	$ 366,457,466	(3,982,640)	78,737,355	441,212,181	8,955,006
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				85,683	
Net Assets of Business-type Activities				$ 441,297,864	

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

CITY OF FORT LAUDERDALE, FLORIDA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	MAJOR FUNDS				
	WATER AND SEWER	SANITATION	NONMAJOR FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	$ 65,907,168	19,560,056	16,401,047	101,868,271	0
Receipts from Other Funds	3,143,301	0	416,768	3,560,069	43,787,681
Other Operating Receipts	0	0	0	0	1,657,174
Payments to Suppliers	(17,281,517)	(12,359,862)	(2,367,540)	(32,008,919)	(37,954,302)
Payments for Services of Employees	(20,507,869)	(4,493,406)	(5,137,865)	(30,139,140)	(1,989,681)
Payments to Other Funds	(10,834,271)	(3,561,366)	(4,377,498)	(18,773,135)	(671,159)
Net Cash Provided (Used) by Operating Activities	20,426,812	(854,578)	4,934,912	24,507,146	4,829,713
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Repayment of Loans to Other Funds	161,562	0	0	161,562	0
Operating Grant Receipts	28,388	0	79,291	107,679	0
Transfers from Other Funds	0	0	0	0	664,217
Loans to Other Funds	(5,061,094)	0	0	(5,061,094)	0
Transfers to Other Funds	(1,820,525)	0	(673,902)	(2,494,427)	(102,903)
Net Cash Provided (Used) by Non-Capital Financing Activities	(6,691,669)	0	(594,611)	(7,286,280)	561,314
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from Disposal of Capital Assets	13,718	0	0	13,718	391,695
Proceeds from Debt Issuance	88,410,469	0	(117,731)	88,292,738	0
Capital Contributions	1,980,686	0	2,002,789	3,983,475	0
Investment in Joint Venture	0	0	104,705	104,705	0
Acquisition of Capital Assets	(34,143,020)	(161,172)	(5,148,261)	(39,452,453)	(6,397,270)
Retirement of Debt	(960,000)	(285,000)	(2,030,000)	(3,275,000)	653,027
Interest Paid on Debt	(1,775,081)	(261,311)	(81,761)	(2,118,153)	(216,240)
Net Cash Provided (Used) by Capital and Related Financing Activities	53,526,772	(707,483)	(5,270,259)	47,549,030	(5,568,788)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from Sales and Maturities of Investments	4,439,006	486,439	0	4,925,445	0
Interest and Dividends on Investments	2,373,056	125,310	754,640	3,253,006	415,674
Purchase of Investments	(89,217,987)	0	0	(89,217,987)	0
Net Cash Provided (Used) by Investing Activities	(82,405,925)	611,749	754,640	(81,039,536)	415,674
Net Increase (Decrease) In Cash And Cash Equivalents	(15,144,010)	(950,312)	(175,318)	(16,269,640)	237,913
Cash And Cash Equivalents - Beginning of Period	81,000,741	4,266,215	30,853,139	116,120,095	21,808,795
Cash And Cash Equivalents - End of Period	$ 65,856,731	3,315,903	30,677,821	99,850,455	22,046,708

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

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CITY OF FORT LAUDERDALE, FLORIDA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	BUSINESS-TYPE ACTIVITIES- MAJOR FUNDS				GOVERNMENTAL ACTIVITIES
	WATER AND SEWER	SANITATION	NONMAJOR FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
OPERATING INCOME (LOSS)	$ (6,350,824)	(76,430)	2,359,951	(4,067,303)	(5,702,147)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Depreciation	8,912,993	83,788	2,207,321	11,204,102	7,547,446
Equity in Earnings of Joint Venture	0	0	(62,799)	(62,799)	0
Decrease in Landfill Closure Costs	0	8,623	0	8,623	0
Loss on Impairment of Capital Assets	15,906,238	0	0	15,906,238	0
Changes in Assets and Liabilities					
(Increase) Decrease in Receivables					
Accounts	(562,847)	(131,516)	148,680	(545,683)	(82,219)
Unbilled Service	(445,190)	(204,710)	0	(649,900)	0
(Increase) Decrease in Inventories	(117,925)	0	0	(117,925)	218,553
Decrease in Deferred Debt Issue Costs	18,870	11,545	28,206	58,621	0
Decrease in Deposits	0	0	0	0	125,000
Increase (Decrease) in Vouchers Payable	2,409,259	(192,225)	390,577	2,607,611	15,109
Increase (Decrease) in Accrued Payroll	70,042	16,977	15,737	102,756	(1,767)
Increase in Due to Other Governments	0	0	(12,752)	(12,752)	0
Increase in Estimated Insurance Claims Payable	0	0	0	0	2,733,864
Increase in Deposits Payable from Restricted Assets	233,363	75,714	0	309,077	0
Increase (Decrease) in Compensated Absences and Longevity	344,375	53,656	31,652	429,683	(24,126)
Increase in Deposits	731,245	0	3,124	734,369	0
Decrease in Deferred Revenue	(722,787)	0	(174,785)	(897,572)	0
Decrease in Landfill Closure Costs	0	(500,000)	0	(500,000)	0
Total Adjustments	26,777,636	(778,148)	2,574,961	28,574,449	10,531,860
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 20,426,812	(854,578)	4,934,912	24,507,146	4,829,713

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

Continued from Prior Page

CITY OF FORT LAUDERDALE, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2003

	PENSION TRUST	AGENCY ARTS AND SCIENCE DISTRICT GARAGE	TOTAL
ASSETS			
Cash and Cash Equivalents	$ 0	86,514	86,514
Investments, at Fair Value			
U.S. Treasury Securities	39,677,935	0	39,677,935
U.S. Government Agency Securities	47,419,835	0	47,419,835
Corporate Obligations	50,728,124	0	50,728,124
Other Bonds	1,184,934	0	1,184,934
Bond Index Funds	88,355,693	0	88,355,693
Money Market Mutual Funds	87,347,252	0	87,347,252
Common Stock	291,249,171	0	291,249,171
Stock Funds	11,817,047	0	11,817,047
Real Estate	855,408	0	855,408
Total Investments	618,635,399	0	618,635,399
Receivables			
Accounts	3,561,227	0	3,561,227
Accrued Dividends and Interest	1,545,979	0	1,545,979
Capital Assets (Net of Accumulated Depreciation)	10,005	0	10,005
Deposits	2,175	0	2,175
Total Assets	623,754,785	86,514	623,841,299
LIABILITIES			
Vouchers Payable	4,676,103	1,509	4,677,612
Accrued Payroll	14,344	4,980	19,324
Due to Other Funds	5,061,094	0	5,061,094
Due to Other Governments	0	80,025	80,025
Total Liabilities	9,751,541	86,514	9,838,055
NET ASSETS			
Held in Trust for Pension Benefits	$ 614,003,244	0	614,003,244

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

CITY OF FORT LAUDERDALE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

ADDITIONS	
Contributions	
City	$ 15,407,409
Employee	6,856,746
State	3,695,313
County	37,585
Total	25,997,053
Investment Income	
Interest	7,606,643
Dividends	3,866,607
Net Appreciation in Fair Value of Investments	71,221,201
Total	82,694,451
Investment Expense	1,324,009
Net Investment Income	81,370,442
Other Income	154,523
Transfer from General Employees Fund	69,875
Total Additions (Deductions) Net	107,591,893
DEDUCTIONS	
Benefits Paid	
Retirement	37,364,289
Disability	914,733
Death	3,433,538
Total	41,712,560
Employee Contribution Refunds	324,929
Administrative Costs	793,476
Transfer to Police and Fire Fund	69,875
Total Deductions	42,900,840
Change In Net Assets	64,691,053
Net Assets - Beginning of Period	549,312,191
Net Assets - End of Period	$ 614,003,244

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

CITY OF FORT LAUDERDALE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the City of Fort Lauderdale, Florida (the City) have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) applicable to governmental units. The following is a summary of the more significant accounting policies of the City:

(A) The Financial Reporting Entity

The City was incorporated in the State of Florida in 1911 and covers an area of approximately 35.5 square miles. The City is governed by an elected five-member commission composed of a Mayor and four District Commissioners and provides services to its approximately 167,600 residents in many areas, including law enforcement, community enrichment and development and various human services. As required by GAAP, these financial statements present the City of Fort Lauderdale (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.

(B) Individual Component Unit Disclosure

The criteria for including component units consists of identification of legally separate organizations for which the elected officials of the City are financially accountable. This criteria 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. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

The Fort Lauderdale Community Redevelopment Agency (CRA) is governed by a five-member board appointed by the City Commission (currently composed of the City Commission, itself). Although it is legally separate from the City, the CRA is reported as part of the primary government because its sole purpose is to finance and redevelop the City's designated redevelopment areas. The CRA is reported within the special revenue fund type using the blended method. Separate financial information for the CRA can be obtained from the City's Community and Economic Development department.

The Sunrise Key Safe Neighborhood Improvement District (SK) is governed by a seven-member board appointed by the City Commission. While legally separate from the City, it is reported as part of the reporting entity under the discretely presented method because the City's elected officials are financially accountable for SK. The City Commission has the power to approve, disapprove or modify the budget and millage rates or assessments submitted by the board. Separate financial information can be obtained from SK.

(C) Related Organizations

The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not significantly

extend beyond making the appointments. The City Commission appoints the governing board of the City of Fort Lauderdale Downtown Development Authority (DDA) and the Housing Authority of the City of Fort Lauderdale (HA). The City is not financially accountable for either the DDA or HA.

(D) Joint Ventures

The City is a participant with the Performing Arts Center Authority (PACA) and the DDA in a joint venture to own and operate the 950 space Arts and Science District Parking Garage. The City has an ongoing financial interest in this joint venture which is discussed in note 8.

(E) Government-wide and Fund Financial Statements

The government-wide financial statements, including the *statement of net assets* and the *statement of activities*, report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from the statements. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely extensively on fees and charges for support. Likewise, the City's primary government is reported separately from its legally separate component unit for which the City is financially accountable.

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

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

(F) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual, i.e., measurable and available to finance the City's operations. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are

collected within 60 days of the end of the current fiscal year. Expenditures are recognized in the accounting period in which the related fund liabilities are incurred, if measurable, except for interest on long-term debt and the long-term portion of accumulated compensated absences and longevity pay, which are recognized when due.

Property taxes are recorded as revenues in the fiscal year levied, provided they are collected in the current period or within sixty days thereafter. Those remaining uncollected are recorded as deferred revenues. The major utility and franchise taxes are recorded as revenues when earned. Licenses and permits, fines and forfeitures, charges for services, and other revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment income is recorded as revenue when earned. Special assessments are recorded as revenues only to the extent that individual installments are considered available.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if susceptible to accrual.

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

> The Water and Sewer Fund accounts for the provision of water and sewer services to the residents of the City and surrounding areas.
>
> The Sanitation Fund accounts for the provision of solid waste disposal services to City residents.

Additionally, the City reports the following fund types:

> Internal service funds account for the financing of goods and services provided to departments within the City in the following three areas: 1) costs of insuring the City in the areas of general liability, auto liability, workers' compensation, police professional liability, employee relations and medical benefits; 2) communications, printing and central stores operations; and 3) operation of a maintenance facility for City vehicles.
>
> Pension trust funds account for the activities of the General Employees' Retirement System and the Police and Firefighters Retirement System which accumulate resources for pension benefit payments to qualifying City employees.

The Arts and Science District Garage Fund accounts for the operation by the City of the District's parking garage.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and charges between the City's enterprise funds and the General Fund as well as cost reimbursement transactions between the enterprise funds and various other functions of City government. Elimination of these charges would distort the direct costs and program revenues reported for those sectors.

The 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 Water and Sewer, Sanitation and Parking System funds and all the internal service funds are charges to customers for sales and services. The Sanitation fund also collects operating fees from private collectors and the Parking System fund collects fines for parking citations. The City Insurance fund bills the other funds to cover insurance premiums and claims. Operating expenses for the enterprise and internal service 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.

The preparation of the basic financial statements in conformity with GAAP requires management to make use of estimates that affect reported amounts in the basic financial statements. Actual results could differ from estimates.

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.

(G) Assets, Liabilities and Net Assets or Equity

(1) Cash and Cash Equivalents

The City considers cash on hand, cash with fiscal agents, demand deposits, certificates of deposit and bank repurchase agreements as cash and cash equivalents. In addition, each fund's equity in the City's investment pool has been treated as a cash equivalent since cash may be deposited or withdrawn from the pool at any time without prior notice or penalty.

(2) Investments

Investments are stated at fair value. Income from investments held by the individual funds is recorded in the respective fund as it is earned. All other investments owned

by the City are accounted for in the City's investment pool. Income earned from this pool is allocated to the respective funds based upon average monthly equity balances.

(3) Receivables and Payables

Activity between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year of a short-term nature and any other outstanding balances between funds are reported as due to and due from other funds. The long-term portion of any borrowings between funds is reported as advances to and from other funds. Long-term advances of the governmental funds are recorded by the advancing fund as a receivable and a reservation of fund balance. Repayments reduce the corresponding receivable and the reserve. Any residual outstanding balances between the governmental activities and business-type activities at year-end are reported in the government-wide financial statements as internal balances.

All accounts and notes receivable are reported net of any allowances for uncollectibles.

(4) Inventories

Inventories in the governmental funds are composed of land held for redevelopment or resale and are stated at cost. Inventories of materials and supplies in the enterprise and internal service funds are based on year-end physical counts priced at weighted average cost. Inventories are recognized as expenditures or expenses when consumed.

(5) Restricted Assets

Certain proceeds of long-term bonds issued by the capital project, enterprise and internal service funds, as well as resources set aside for their repayment, are classified as restricted assets on the statement of net assets and their use is limited by applicable bond covenants.

(6) Capital Assets

Capital assets, including land, buildings, improvements other than buildings, infrastructure (i.e., roads, bridges, street lighting and other similar items) and equipment are reported in the applicable governmental and business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of $500 or more and an estimated useful life of more than one year. Such assets are stated at cost or estimated historical cost. Contributions or donations of capital assets received from Federal, state or local sources are recorded as contributions when received and are stated at estimated fair value. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Interest is capitalized on projects during the construction period based upon average accumulated project expenditures.

Depreciation of capital assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40-50 years
Improvements	20-50 years
Infrastructure	15-50 years
Equipment	3-15 years

(7) Employee Compensated Absences and Longevity

City employees are granted sick, vacation and longevity pay in varying amounts based on length of service. Compensatory time is granted to employees in lieu of overtime pay at the employee's request. Sick leave payments to terminated employees are based on length of service. Unused vacation pay and compensatory time are paid upon an employee's termination. Longevity pay is paid to eligible employees annually based on length of service. Accumulated compensated absences and longevity are recorded as expenses in the government-wide and proprietary fund financial statements when earned. Expenditures for accumulated compensated absences and longevity have been recorded in the governmental funds to the extent that such amounts will be paid from expendable available resources.

(8) Estimated Insurance Claims Payable

The City is self-insured for general liability, automobile liability, police professional liability, workers' compensation, employee relations and certain death benefits and medical plans. The operating funds are charged premiums by the City insurance internal service fund. The accrued liability for estimated claims represents an estimate of the eventual loss on claims arising prior to year-end including claims incurred and not yet reported.

(9) Landfill Closure Costs

Landfill closure and postclosure care costs represent an estimate of the City's share of total current costs to close and monitor the City's landfill. The landfill is accounted for in the Sanitation enterprise fund.

(10) Other Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental and business-type activities and proprietary fund financial statements. Bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premiums and discounts. Issuance costs are reported as deferred charges.

In the governmental fund financial statements, bond premiums, discounts and issuance costs are recognized during the current period. The face amount of debt issued and any premiums received are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

(11) Fund Equity

In the governmental funds, reservations of fund balances are reported to indicate that portion of fund balance that is legally segregated for specific purposes.

Encumbrance accounting, under which purchase orders and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

(H) Prior Period Adjustment

During the current year, it was determined that certain restricted revenues totaling $1,427,033 as of September 30, 2002, were incorrectly recorded as deposits in the General Fund. To correct this error, the beginning fund balance of the General Fund of $7,353,990, as originally reported, has been increased to $8,781,023. In addition, beginning net assets for governmental activities of $140,524,989, as originally reported, has been increased to $141,952,022.

(2) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

(A) Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds. The details of this $117,278,492 difference are as follows:

Bonds payable	$ 59,922,000
Notes payable	29,115,000
Capital lease obligations	1,796,494
Compensated absences and longevity pay	23,722,007
Accrued interest payable	484,916
Deferred debt issuance costs	(404,791)
Unamortized bond discount	(300,464)
Unamortized gains and losses on advance refunding of bonds	(1,436,704)
Elimination of investment in special assessment loan	4,380,034
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	$ 117,278,492

(B) Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and changes in net assets – governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains

that governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this $10,783,781 difference are as follows:

Capital outlay	$ 19,483,814
Depreciation expense	(8,700,033)
Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net assets – governmental activities	$ 10,783,781

Another element of that reconciliation states that the net effect of various miscellaneous transactions involving capital assets is to decrease net assets. In the statement of activities, only the gain on the sales of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of the capital assets sold of $(62,039).

Another element of that reconciliation states that the issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The details of this $(5,033,064) difference are as follows:

Principal repayments	
Bonds payable	$ 6,993,000
Notes payable	2,245,000
Capital lease obligations	388,542
Payments to refunding bond escrow agent	38,154,498
Debt issued	
Debt proceeds	(14,935,685)
Advance refunding proceeds	(38,593,212)
Debt issuance costs	446,760
Bond discounts	268,033
Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net assets – governmental activities	$ (5,033,064)

Another element of the reconciliation states that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this $(1,580,742) difference are as follows:

Accrued interest payable	$ 180,309
Amortization of deferred debt issuance costs	(41,969)
Amortization of bond discounts	(24,358)
Amortization of gains and losses on advance refunding of bonds	(107,793)
Compensated absences and longevity pay	(1,586,931)
Net adjustment to decrease net changes in fund balance – total governmental funds to arrive at changes in net assets – governmental activities	$ (1,580,742)

(3) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

(A) Budgetary Data

The City Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

(1) Prior to August 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.
(2) Public hearings are conducted.
(3) Prior to October 1, the budget is legally enacted.
(4) The level of control (level at which expenditures may not exceed budget) is the department. The City Manager is authorized to transfer budgeted amounts within departments of any fund. Any revisions that alter the total expenditures of any department must be approved by the City Commission. Unencumbered balances of appropriations lapse at year-end.
(5) Annual budgets are adopted for all governmental and proprietary funds except the Law Enforcement Confiscated Property Special Revenue Fund and the capital project funds. The budgets have been adopted on a basis consistent with GAAP with the following exceptions: Advances from other funds are presented as revenues, and encumbrances, advances to other funds and principal on the proprietary funds' long-term debt are presented as expenditures or expenses.

The reported budgetary data represents the final approved budget after amendments adopted by the City Commission with one exception. Budgets for grants and shared revenues from other governmental units which do not lapse at year-end are only reported to the extent of revenues recognized and expenditures incurred for the current year. Individual amendments were not material in relation to the original adopted budget.

(B) Comparison of Budget to Actual Results

As discussed above, certain adjustments are necessary to compare actual data on a GAAP versus budget basis. Adjustments necessary to compare the fund balances of the General Fund at year-end follow:

Statement of revenues, expenditures and Changes in fund balances – page 16	$ 4,549,479
Basis of accounting adjustments	
Encumbrances	(1,318,677)
Statement of revenues, expenditures and Changes in fund balances – budget and actual – page 20	$ 3,230,802

(C) Excess of Expenditures over Appropriations

The following departments within the General Fund had an excess of actual expenditures over budget for the year.

City Commission	$ 9,699
Community and Economic Development	57,090
Parks and Recreation	202,002
Unclassified	336,443

(D) Deficit Fund Equity

The Tax Increment Construction 2003 capital project fund has a fund balance deficit of $1,792,261 resulting from preliminary work on construction projects prior to the issuance of debt financing expected to be received on January 29, 2004. A reimbursement resolution was approved by the City Commission to permit the reimbursement of these costs from debt proceeds. In addition, the Sanitation enterprise fund has a net assets deficit of $3,982,640 that resulted from its estimated landfill closure liability of $4,300,000. This liability represents post closure care costs being amortized over a period of 30 years with 28 years remaining.

The City Insurance internal service fund has a net assets deficit of $20,578,678, one-third of which resulted from the City's self-insured health program implemented in September 2000. This deficit has been addressed through a combination of increased premiums from both the City and covered employees and through benefit design changes including additional self-insured health maintenance options, insured dental coverage and increased co-pays. Increased City premiums were made in each of the past two years and will continue at least through FY2004 with an added $2 million provided for in the adopted budget. Increased employee deductions will continue for the next 4.5 years.

The balance of the deficit resulted from outside actuarial estimates for non-health related self-insured claims including incurred but not reported claims for workers' compensation, general liability, automobile liability, police professional and employment practices. The City is aggressively seeking to fill vacant positions in the Risk Management division, has added an additional claims adjuster to proactively handle claims outside of the litigation process and improved managed care in the worker's compensation area with a change in third party administrators. The deficit is being amortized over a five-year period and a mid-year actuarial review is planned to determine fund requirements for the FY2005 budget.

Approximately 70% of the premiums for the City Insurance fund are allocated to the General fund. The General fund's unreserved fund balance at September 30, 2003 is $3,105,518.

(4) CASH AND CASH EQUIVALENTS AND INVESTMENTS:

The City maintains a common cash and investment pool for use by all funds. In addition, cash and investments are separately held by the City's special revenue, debt service, capital projects, enterprise and trust funds.

Cash and Cash Equivalents

At September 30, 2003 the carrying amount of the City's deposits was $993,901 with a bank balance of $4,206,037. Of the bank balance, $462,765 was covered by Federal depository insurance or by collateral held by the City's agent in the City's name and $3,743,272 was insured

via participation by the bank in the Florida Security for Public Deposits Act. Included in the carrying amount of deposits was $63,801 cash on hand.

Investments

In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", all investments are reported at fair value. Florida Statutes and City Ordinances authorize City officials to invest pooled funds in United States and corporate bonds and obligations, guaranteed United States agency issues, Florida state, county, municipal, school district and other political subdivision general, excise and revenue obligations, the Florida State Investment Pool, the Florida Municipal Investment Trust, Florida bank certificates of deposit, bankers acceptances, repurchase agreements, reverse repurchase agreements and prime commercial paper issues. In addition, the trust funds are authorized to invest in corporate bonds and stocks, money market funds, real estate and mortgages and notes.

The City's investments are categorized by type to give an indication of the level of credit risk assumed by the City at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the City's counterparty, or by its trust department or agent, but not in the City's name.

Open market securities and mutual fund fair values were determined using the quoted market values on the exchange in which the securities are traded. The value of the City's investment in the Florida State Investment Pool, which is not Securities and Exchange Commission (SEC) registered but which qualifies as an SEC 2a7-like pool, is the same as the pool's share price. This local government surplus fund investment pool is administered by the Florida State Board of Administration, an agency of the State of Florida, with regulatory oversight exercised by the State. Likewise, the Florida Municipal Investment Trust, a local government investment trust administered by the Florida League of Cities, is not SEC registered, but qualifies as an SEC 2a7-like pool. The value of the City's investment in the trust is based upon changes in market value of the underlying securities. The City's real estate holding is comprised of its share in a real estate investment trust. The value of the trust property portfolio is based upon its most recent appraised value. The fair value and category of credit risk of the City's investments at September 30, 2003 follow:

	Category 1	Fair Value
U.S. Treasury Securities	$ 69,135,630	69,135,630
U.S. Government Agency Securities	95,421,810	95,421,810
Commercial Paper	3,568,000	3,568,000
Corporate Obligations	144,981,808	144,981,808
Guaranteed Investment Contract	83,293,365	83,293,365
Common Stock	295,437,902	295,437,902
	$ 691,838,515	691,838,515
Money Market Mutual Funds		103,819,061
Florida State Investment Pool		75,473,655
Florida Municipal Investment Trust		15,014,587
Real Estate Investments		855,408
		$ 887,001,226

As of September 30, 2003, the Florida State Investment Pool (Pool) contained no floating or variable rate notes, which could be classified as "derivative" investments under GASB Technical Bulletin No. 2003-1. Derivatives are generally defined as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate or index. During the year, all floating and variable rate notes owned by the Pool were index based floaters derived from the fixed prime rate and/or one and three month London Inter-Bank Offered Rates.

Interest receivable on the City's investment pool amounted to $848,660 at September 30, 2003.

(5) PROPERTY TAXES:

The City's property tax is levied, becomes a lien on real and personal property located in the City and is recorded as a receivable on November 1 of each year based upon the assessed value listed as of the prior January 1. Assessed values are established by the Broward County Property Appraiser. The assessed value at January 1, 2002, upon which the 2002-03 levy was based, was approximately $16.4 billion.

The City is permitted by state law to levy taxes up to 10 mills of assessed valuation for General Fund operations exclusive of voted debt levies. Taxes levied for the General Fund for the 2002-03 fiscal year were 4.8472 mills for operations and 0.4213 for debt service.

All taxes are due from property holders on March 31, become delinquent on April 1 and become subject to the issuance of tax sale certificates on June 1. Current tax collections for the year ended September 30, 2003 were approximately 98.6% of the total tax levy.

(6) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

Individual interfund receivable and payable balances at September 30, 2003 follow:

	Due From Other Funds	Due From Other Funds-Restricted	Due To Other Funds	Due To Other Funds-Restricted
Non-Major Governmental Funds				
Special Revenue Funds				
Community Redevelopment Agency	$ 1,648,811	0	0	0
Capital Projects Funds				
General Capital Projects	376,568	0	0	0
Sunshine State Construction 1996	0	14,432	0	0
Tax Increment Construction 2003	0	0	1,648,811	0
Excise Tax Construction 1998C	0	0	0	14,432
Permanent Funds				
Perpetual Care	0	0	0	376,568
	$ 2,025,379	14,432	1,648,811	391,000
Enterprise Funds				
Water and Sewer	$ 5,061,094	0	0	0
Pension Trust Funds				
General Employees Pension	0			1,594,533
Police and Fire Pension	0			3,466,561
	$ 0	0	0	5,061,094

The Tax Increment Construction 2003 payable to the Community Redevelopment Agency of $1,648,811 represented a short-term borrowing that will be repaid in FY2004 using proceeds from tax increment revenue bonds issued by the Agency. The payables to the Water and Sewer fund from the pension trust funds totaling $5,061,094 were for operating expenses of the funds paid by the City that were reimbursed from the pension trusts in October 2003. The amounts due to the capital projects funds are to fund related facilities being constructed and will be liquidated as cash is needed to meet contractor obligations.

The composition of interfund transfers for the year ended September 30, 2003 was as follows:

	Transfers In						
		Non-major Governmental Funds				Internal	
		Special	Debt	Capital		Service	
Transfers Out	General	Revenue	Service	Projects	Total	Funds	Total
General Fund	$ 0	791,225	8,525,537	2,376,200	11,692,962	291,050	11,984,012
Non-Major Governmental Funds							
Special Revenue Funds	168,679	432,490	901,615	0	1,334,105	258,974	1,761,758
Capital Projects Funds	150,000	218,747	1,516,357	8,555	1,743,659	23,291	1,916,950
Permanent Funds	0	0	0	410,000	410,000	0	410,000
	318,679	651,237	2,417,972	418,555	3,487,764	282,265	4,088,708
Enterprise Funds							
Water and Sewer Fund	0	0	407,990	1,392,010	1,800,000	20,525	1,820,525
Non-Major Enterprise Funds	0	603,525	0	0	603,525	70,377	673,902
	0	603,525	407,990	1,392,010	2,403,525	90,902	2,494,427
Internal Service Funds	0	0	102,903	0	102,903	0	102,903
	$ 318,679	2,045,987	11,454,402	4,186,765	17,687,154	664,217	18,670,050

The City transfers funds from the General fund and the Community Redevelopment Agency special revenue fund to the debt service funds to meet debt service requirements. Funds are provided from the corresponding revenues pledged for those purposes. Transfers from the General fund to the Community Redevelopment Agency special revenue fund represent tax increment revenues derived from appreciation of the tax bases in the redevelopment areas. Funding for non-debt financed governmental capital projects is provided through transfers from the General fund and Water and Sewer enterprise fund. Other transfers to the capital projects funds provide funding for specific projects within the capital improvement program. Transfers to the internal service funds are for capital equipment additions funded by the benefiting user departments.

(7) CAPITAL ASSETS:

Capital Asset activity for governmental and business-type activities for the year ended September 30, 2003 was as follows:

	Beginning Balance	Additions	Impairments and Deletions	Ending Balance

Governmental activities:				
Capital assets not being depreciated				
Land	$ 29,990,931	721,309	0	30,712,240
Work in progress	11,872,105	15,627,398	8,374,042	19,125,461
Total capital assets not being depreciated	41,863,036	16,348,707	8,374,042	49,837,701
Capital assets being depreciated				
Buildings	90,138,880	2,998,816	0	93,137,696
Improvements	60,950,643	3,047,773	0	63,998,416
Infrastructure	108,239	19,750	0	127,989
Equipment	100,247,681	11,917,368	2,618,229	109,546,820
Total capital assets being depreciated	251,445,443	17,983,707	2,618,229	266,810,921
Less accumulated depreciation for:				
Buildings	24,622,317	2,010,946	0	26,633,263
Improvements	23,519,684	2,369,920	0	25,889,604
Infrastructure	0	4,446	0	4,446
Equipment	68,497,335	11,862,169	2,477,026	77,882,478
Total accumulated depreciation	116,639,336	16,247,481	2,477,026	130,409,791
Total capital assets being depreciated, net	134,806,107	1,736,226	141,203	136,401,130
Governmental activities capital assets, net	$ 176,669,143	18,084,933	8,515,245	186,238,831

	Beginning Balance	Additions	Impairments and Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated				
Land	$ 17,075,581	3,160,723	0	20,236,304
Work in progress	15,463,145	40,604,900	11,770,803	44,297,242
Total capital assets not being depreciated	32,538,726	43,765,623	11,770,803	64,533,546
Capital assets being depreciated				
Buildings	179,401,853	284,927	24,540,079	155,146,701
Improvements	277,786,353	10,220,533	0	288,006,886
Equipment	29,514,705	2,095,548	187,859	31,422,394
Total capital assets being depreciated	486,702,911	12,601,008	24,727,938	474,575,981
Less accumulated depreciation for:				
Buildings	65,636,600	3,598,904	7,590,803	61,644,701
Improvements	87,522,000	6,166,674	0	93,688,674
Equipment	21,857,218	1,438,524	169,335	23,126,407
Total accumulated depreciation	175,015,818	11,204,102	7,760,138	178,459,782
Total capital assets being depreciated, net	311,687,093	1,396,906	16,967,800	296,116,199
Business-type activities capital assets, net	$ 344,225,819	45,162,529	28,738,603	360,649,745

Depreciation expense, including the amortization of assets held under capital leases, was charged to the various functions of the City as follows:

Governmental activities:

General Government	$ 1,356,203
Public Safety	3,400,148
Physical Environment	76,103
Transportation	37,136
Economic Environment	23,800
Culture and Recreation	3,806,643
Capital assets held in the City's internal service funds are charged to general government	7,547,446
	$ 16,247,479
Business-type activities:	
Water and Sewer	$ 8,912,993
Sanitation	83,788
Parking system	932,606
Airport	1,016,798
Stormwater	257,917
	$ 11,204,102

During the year the City recognized a $15.9 million impairment loss on the value of it's wastewater biosolids compost plant in the Water and Sewer enterprise fund. See note 17 for further disclosure.

(8) INVESTMENT IN JOINT VENTURE:

The City has agreements with the PACA and the DDA for the operation of a 950 space parking garage in the Arts and Science District of the City. The City, as operating agent, has full and exclusive responsibility for operation and maintenance of the garage which is being accounted for as a joint venture in the Parking System Fund using the equity method of accounting.

The City collects all revenues and pays all operating expenses for the garage and determines the allocation to each of the participants monthly. Net income for the year was $539,573, derived exclusively from operations. The equity interests of the City, the PACA and the DDA totaled $1,155,443, $1,330,868 and $625,086, respectively at September 30, 2003. Separate financial statements for the joint venture are available from the City's Finance Department.

(9) RISK MANAGEMENT:

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City Insurance Internal Service Fund is used to account for and finance both uninsured and insured risks of loss. Coverage is provided for workers' compensation, employment practices, general liability, automobile liability, police professional liability and certain medical benefits. The City has obtained commercial insurance for workers' compensation claims in excess of $1 million for employees with statutory limits per accident. In addition, property insurance has been purchased for City structures with a $100,000 windstorm retention along with terrorism coverage and total limits in force of $283 million. Commercial, specific, stop-loss insurance is also purchased for medical claims in excess of $150,000 with two covered plan participants with higher deductibles.

The City also has coverage for employment practices liability with a $500,000 retention level. Settled claims have never exceeded the City's retention and excess coverage in force.

All operating funds of the City participate in the program and make payments to the fund based on estimates of the amounts needed to pay prior and current claims and to provide fund equity for catastrophic losses. The estimated insurance claims payable at September 30, 2003 of $24,659,180 is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues" as amended by GASB Statement No. 30 "Risk Financing Omnibus", which requires that claims liabilities be based upon the estimated ultimate costs of settling the claims. The liability also includes incurred but not reported claims developed through actuarial analysis of loss history. Changes in the balance of estimated insurance claims payable for the fiscal years ended September 30, 2002 and 2003 follow:

	Medical Benefits	Other	Total
Balance October 1, 2001	$ 2,452,000	15,545,124	17,997,124
New Claims and Changes in Estimates	16,995,851	12,250,149	29,246,000
Claim Payments	(17,025,486)	(8,292,322)	(25,317,808)
Balance September 30, 2002	2,422,365	19,502,951	21,925,316
New Claims and Changes in Estimates	12,797,658	9,756,022	22,553,680
Claim Payments	(12,774,862)	(7,044,954)	(19,819,816)
Balance September 30, 2003	$ 2,445,161	22,214,019	24,659,180

(10) CAPITAL LEASE OBLIGATIONS:

In June 2001, the City entered into a master lease agreement with SunTrust Bank as lessee for financing the acquisition of equipment on an as needed basis. The lease agreement qualifies as a capital lease for accounting purposes and, therefore has been recorded at the present value of the future lease payments as of the inception date. The capital assets acquired during the current year under this agreement follow:

Equipment	Lease Period Years	Annual Payment	Interest Rate	Lease Amount
Imaging system	5	$ 75,527	3.80%	$ 340,992
Police Vehicles	6	155,074	3.90%	822,500
Police Boats	6	81,696	3.07%	380,583
Police Boat Motors	2	70,044	3.07%	159,034
Fire SCBA Breathing Apparatus	5	128,873	3.03%	595,000
Fire Life Pacs	5	158,641	2.75%	740,685
Police Vehicles	6	313,560	2.75%	1,738,598
				$ 4,777,392

The future (minimum) lease obligations and the net present value of the lease payments as of September 30, 2003 are as follows:

Year Ending September 30	
2004	$ 1,152,582
2005	1,070,886
2006	1,070,886
2007	948,539
2008	540,461
2009	156,780
Total Lease Payment	4,940,134
Less: Amount of Interest	(377,388)
Present Value of Lease Payments	$ 4,562,746

(11) LONG-TERM DEBT:

Bonds outstanding at September 30, 2003 mature in varying amounts during succeeding fiscal years through 2023. Interest rates are as follows: 2.0% to 4.9% on general obligation bonds, 3.65% to 4.2% on excise tax bonds, 2.0% to 4.63% on water and sewer revenue bonds, 5.07% on sanitation revenue bonds and 3.19% to 4.25% on tax increment revenue bonds. The Sunshine State Financing Commission loans are variable rate instruments with the tax exempt loans averaging 1.42% and the taxable loan averaging 1.63%. The Florida Intergovernmental Financing Commission tax exempt loan is also a variable rate instrument averaging 1.59%.

The annual requirements to pay principal and interest on the bonds, notes and loans outstanding at September 30, 2003 (in thousands) follow and include estimated amounts for interest on the variable rate Sunshine State and Florida Intergovernmental Loans:

	Governmental Activities							
	General Obligation Bonds		Excise Tax Bonds		Tax Increment Bonds		Sunshine State Loans	
Year Ending September 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2004	$ 4,895	2,992	2,095	843	422	174	2,275	26
2005	5,105	1,353	2,165	714	439	156	2,380	28
2006	5,275	1,161	2,240	576	461	138	890	10
2007	5,390	958	2,340	430	420	119	920	11
2008	1,905	782	3,380	276	435	101	965	11
2009-2013	10,510	2,969	3,520	141	1,950	212	3,520	42
2014-2018	9,925	921	0	0	0	0	1,710	21
2019-2023	0	0	0	0	0	0	880	10
Total	$ 43,005	11,136	15,740	2,980	4,127	900	13,540	159

Year Ending	Governmental Activities		Business-Type Activities					
	Florida Governmental Loans		Water and Sewer Revenue Bonds		Sanitation Revenue Bonds		Florida Governmental Loans	
September 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2004	$ 975	13	1,935	3,636	300	247	1,325	18
2005	2,325	31	1,955	3,597	315	231	0	0
2006	1,125	15	1,985	3,556	335	215	0	0
2007	1,150	16	2,025	3,506	350	198	0	0
2008	700	9	2,070	3,453	370	180	0	0
2009-2013	3,775	51	11,365	16,189	2,205	589	0	0
2014-2018	4,525	61	13,740	13,796	1,060	68	0	0
2019-2023	1,000	14	17,015	10,641	0	0	0	0
2024-2028	0	0	21,430	6,398	0	0	0	0
2029-2031	0	0	15,520	1,281	0	0	0	0
Total	$ 15,575	210	89,040	66,053	4,935	1,728	1,325	18

General obligation bonds are secured by the full faith and credit of the City. The excise tax bonds are secured by a pledge of certain utility service, cigarette and franchise taxes. Tax increment revenue bonds are secured by a pledge of the tax increment revenues generated within the beach community redevelopment area. The sanitation revenue bonds are secured by a pledge of the net revenues of the Sanitation enterprise fund. The Sunshine State Financing Commission loans and the Florida Intergovernmental Financing Commission loans are secured by a pledge of non-ad valorem tax revenues and a covenant to budget and appropriate. In addition, the City of Pompano Beach, Florida has contractually agreed to pay 39% of the debt service costs on the Florida Intergovernmental loan that refunded the excise tax improvement bonds used to fund an 800 MHz public safety communications system for both cities.

The Sunshine State Governmental Commission and the Florida Intergovernmental Financing Commission (the Commissions) under interlocal agreements among the member governments, enable a limited number of qualifying governments to participate in pooled debt financings with pricing and cost structures not normally available to governmental entities acting individually. Loan obligations from the Commissions are reflected as debt by the participating governments. The City has no obligation and minimal event risk associated with the Commissions other than the repayment of its loans. Financial statements may be obtained from the individual Commissions.

The bond resolutions of the various excise tax improvement and revenue bond issues require that sufficient funds be available to meet the largest debt service requirement in any ensuing fiscal year. The City maintains a municipal bond debt service reserve fund insurance policy to satisfy this requirement for its outstanding excise tax improvement bonds, thereby eliminating the need to set aside funds for this purpose. At September 30, 2003, funds available met the debt service requirements for revenue bonds.

The bond resolutions of the revenue bond issues require that the City meet certain financial and operational covenants. On May 23, 2003, the City entered into an agreement with the lender of the sanitation revenue bonds waiving compliance with the annual debt service coverage requirement for fiscal years 2001-02 and 2002-03. Water and sewer revenue bonds covenants were met as of September 30, 2003.

The City has refinanced various bond issues through the issuance of refunding bonds or otherwise has defeased outstanding debt. The proceeds from the refunding issues have been deposited in irrevocable trusts at commercial banks and invested in U.S. Government securities, which together with interest earned thereon, will provide amounts sufficient for future payment of principal and interest on the issues refunded. The assets, liabilities, and financial transactions of these trust accounts are not reflected in the financial statements of the City. At September 30, 2003 total defeased debt outstanding was as follows:

General Obligation Bonds, Series 1997	$26,750,000

At September 30, 2003, the City had an arbitrage rebate liability of $363,455 on the 1998 Excise Tax Improvement Bonds. This liability is for the computation period extending from the issue date of December 17, 1998. The ultimate amount payable will be determined at the end of the bond construction period and may be greater or less than the current liability.

Periodically, the City will issue conduit debt to fulfill a public need or purpose. These obligations are not reported as liabilities in the City's financial statements and the City is not obligated in any manner for repayment of the debt. As of September 30, 2003, the only issue outstanding was for $30,000,000 Revenue Bonds, Series 2002 issued for Pine Crest Preparatory School, Inc. to provide a portion of the funds necessary to finance certain improvements at the Pine Crest private school facilities located in Fort Lauderdale and Boca Raton, Florida.

On November 26, 2002, the City sold $28,660,000 General Obligation Refunding Bonds, Series 2002 to refund $26,750,000 of Series 1997 General Obligation Bonds. The City advance refunded the bonds to reduce its total debt service payments over the next 14 years by $2,996,926 and to obtain an economic gain of $1,873,530. The issue provides for semi-annual principal and interest payments with interest rates ranging from 2.0% to 4.1% and a final maturity date of July 1, 2017.

On December 11, 2002, the City participated in the sale of $27,625,000 of Florida Intergovernmental Financing Commission Capital Revenue Bonds 2002 Series B and C with the City of Coral Springs, Florida. Coral Springs received the $8,875,000 proceeds of Series 2002B. The City received the $18,750,000 proceeds of Series C which were used to refund $3,355,000 of Series 1989A Excise Tax Improvement Bonds and $5,730,000 of Series 1993 Excise Tax Improvement Bonds. It also provided $10,000,000 financing for capital improvement projects. The advance refunding of the 1989A Excise Tax Improvement Bonds reduced the City's total debt service payments over the next 2 years by an estimated $167,552 resulting in an economic gain of $102,290. The advance refunding of the 1993 Excise Tax Improvement Bonds resulted in a reduction of total debt service payments over the next 4 years by an estimated $161,630 with an economic gain of $202,365. The bonds are variable rate instruments and provide for annual principal payments with final maturities of September 1, 2017 and 2019, respectively.

On January 23, 2003, the City sold $4,610,000 of CRA Tax Increment Revenue Bonds, Series 2003A and B. Series 2003A refunded $4,415,000 of Series 1992 Tax Increment Revenue Bonds and Series 2003B provided $195,000 financing for certain improvements. The advance refunding reduced total debt service payments over the next 9 years by an estimated $618,785 and produced an economic gain of $505,337. The bonds provide for semi-annual principal and interest payments with interest rates of 4.25% and 3.19% and final maturities on September 1, 2012 and 2006, respectively.

On March 20, 2003, the City sold $90,000,000 of Water and Sewer Revenue Bonds, Series 2003. The proceeds are being used to finance certain improvements and upgrades to the City's water and sewer system. The issue provides for semi-annual principal and interest payments with interest rates ranging from 2.0% to 4.625% and a final maturity on September 1, 2031.

The City entered into an agreement with the State of Florida on June 27, 2003 to participate in the State Revolving Loan Program to take advantage of low interest rates. The loan amount authorized under this agreement is $8,882,659. The loan program operates on a reimbursement basis. When proceeds are issued, the loan accrues interest based upon the rate approved by the State at the date of closing. The liability due to the State is the original loan amount plus accrued interest until the date repayments commence, which is in approximately three years time. The loan carries an interest rate of 2.9% and provides for semi-annual principal and interest payments. As of September 30, 2003, the City has not requested any loan proceeds under this agreement.

The following is a summary of long-term liabilities activity of the City for the fiscal year ended September 30, 2003:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 46,100,000	28,660,000	(31,755,000)	43,005,000	4,895,000
Excise Tax Bonds	23,360,000	0	(7,620,000)	15,740,000	2,095,000
Tax Increment Bonds	4,415,000	4,610,000	(4,898,000)	4,127,000	422,000
Florida Intergovernmental Loans	0	15,575,000	0	15,575,000	975,000
Sunshine State Loans	11,785,000	4,000,000	(2,245,000)	13,540,000	2,275,000
Unamortized Bond Discounts and Gains/Losses on Advance Refundings	0	(1,869,320)	132,152	(1,737,168)	0
Lease Purchase Agreements	2,887,577	2,479,283	(804,114)	4,562,746	1,013,020
Estimated Insurance Claims Payable	21,925,316	22,553,680	(19,819,816)	24,659,180	9,832,265
Compensated Absences	22,410,453	14,733,018	(12,863,452)	24,280,019	5,751,391
Total Governmental Activities	$ 132,883,346	90,741,661	(79,873,230)	143,751,777	27,258,676

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Excise Tax Bonds	$ 3,355,000	0	(3,355,000)	0	0
Revenue Bonds	5,220,000	90,000,000	(1,245,000)	93,975,000	2,235,000
Florida Intergovernmental Loans	0	3,175,000	(1,850,000)	1,325,000	1,325,000
Unamortized Bond Discounts	(45,748)	(908,052)	80,868	(872,932)	0
Land-fill Postclosure Costs	4,800,000	0	(500,000)	4,300,000	0
Compensated Absences	3,791,273	2,646,753	(2,217,070)	4,220,956	1,016,277
Total Business-Type Activities	$ 17,120,525	94,913,701	(9,086,202)	102,948,024	4,576,277

Internal service funds predominantly serve the governmental funds. Accordingly, their long-term liabilities totaling $30.6 million are included as part of the above totals for governmental activities. Also, for the governmental activities, compensated absences are generally liquidated by the General Fund.

(12) ESTIMATED LANDFILL CLOSURE COSTS:

The Wingate landfill and incinerator was an active disposal site from 1954 to 1978. In 1990, the site was designated by the Environmental Protection Agency (EPA) as a superfund site requiring the City to take remedial action. Based on the results of a 1994 Remedial Investigation and Feasibility Study, the EPA agreed to various remedies including a single layer cap in 1996 in a final Record of Decision at an estimated remediation cost of $20,500,000 which was recognized as a liability in the Sanitation Enterprise Fund. In 1998, the City entered into an agreement with the Potentially Responsible Parties (PRPs), know as the Wingate Superfund Group, to oversee compliance with a 1998 Consent Decree between the City, the EPA and the PRP's. As a result of the agreement, the City reduced its estimated remediation liability to $10,000,000.

The consent decree provided for payment of expenses associated with the remediation, promoted cost effective response actions, allocated management and financial responsibilities and resolved claims for cost recovery between the parties. The consent decree was validated December 28, 1999, allowing site remediation to commence. The agreement with the Wingate Superfund Group created a trust fund for collection and disbursement of funds for the remediation and limited the City's share of remediation costs to $8,325,000, excluding ancillary costs.

As of September 30, 2003, the site is substantially remediated and the liability stands at $4,300,000 to provide for estimated post closure care costs.

On December 21, 2001, the State of Florida Department of Environmental protection notified the City and the Wingate Superfund Group that areas adjacent to the site had dioxin levels that exceeded what they considered safe. They estimated the cost to remove these soils to be between $700,000 and $1,300,000 and stated that they intended to perform the work and seek recovery of the costs from the parties. The City and the other parties informed the State that the standards they were using to define what was considered safe were unrealistically low and not authorized in their rules. In late January 2002, the State began to remove the soils pursuant to their letter. After completion of the soil removal in early 2003, the State filed a lawsuit in State Circuit Court against the City to recover its costs of $1.2 million. This lawsuit was pending as of September 30, 2003. The City remains opposed to this action by the State on the grounds that it was unwarranted and unnecessary and has taken the position that the State will have to bear the burden for their actions.

(13) EMPLOYEE RETIREMENT SYSTEMS:

The City's pension plans are presented in accordance with GASB Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and No. 27, "Accounting for Pensions by State and Local Governmental Employers". The objective of these statements, prepared on the accrual basis of accounting, is to enhance the understandability and usefulness of pension information included in the financial statements of state and local governmental employers. Member and City contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. Plan investments are reported at fair value.

Defined Benefit Plans - Plan Descriptions and Funding Policies

General Employees Retirement System

The General Employees Retirement System is a single-employer defined benefit plan administered by an eight-member board of trustees which covers all City employees except police and firefighters. The City's payroll for employees covered by the plan applicable to the September 30, 2002 actuarial valuation was approximately $56,554,000. The total City payroll at that time was approximately $131,903,000. As of the valuation date, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	1,106
Terminated employees entitled to benefits but not yet receiving them	43
Fully, partially and non-vested active plan participants	1,354

Under the vesting provisions of the plan, most employees are entitled to 100% of normal retirement benefits after 5 years of service beginning at age 55. Certain employees hired on or after October 1, 1983 electing reduced benefits are entitled to 100% of normal retirement benefits after 10 years of service beginning at age 65. Members who terminate prior to vesting are entitled to a refund of employee contributions plus interest at 3% per year. Members who continue in employment past normal retirement may either accrue larger pensions or freeze their accrued benefit and enter the Deferred Retirement Option Plan (DROP). Each participant in the DROP has an account credited with benefits not received and investment earnings. Participation in the DROP must end no later than 36 months after normal retirement. These benefit provisions and all other requirements are established by City ordinance.

Employees contribute from 4% to 6% of their earnings to the plan. The City is required to contribute the remaining amounts necessary to fund the plan, based on an amount determined by the plan's actuaries as of September 30 each year. For the current year, the City's contribution rate as a percentage of annual covered payroll was 15.9%.

Changes in the benefit formula for most employees along with a reduction in the retirement age from 58 to 55 or 30 years of service and the implementation of the DROP increased computed contributions by 5.83% of payroll. In addition, assumed probabilities of retirement have been changed to reflect the plan amendments and the asset valuation method has been changed to recognize investment earnings over five years instead of four. These changes have resulted in a reduction in the annual contribution requirement of 0.31% of payroll.

Police and Firefighters Retirement System

The Police and Firefighters Retirement System is a single-employer defined benefit plan administered by an eight-member board of trustees which covers all police and firefighters. The City's payroll for employees covered by the plan applicable to the December 31, 2002 actuarial valuation was approximately $45,111,000. The total City payroll at that time was approximately $133,383,000. As of the valuation date, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	718
Terminated employees entitled to benefits but not yet receiving them	21
Fully, partially and non-vested active plan participants	754

Under the vesting provisions of the plan, employees are entitled to 100% of normal retirement benefits after 10 years of service beginning at age 47 or 50 or after 20 years of service, regardless of age. Members who terminate prior to vesting are entitled to a refund of employee contributions plus interest at 3% per year. Members who continue in employment past the later of age 47 and completion of 20 years of service may either accrue larger pensions or freeze their accrued benefit and enter the Deferred Retirement Option Plan (DROP). Each participant in the DROP has an account credited with benefits not received and investment earnings. Participation in the DROP must end no later than 36 months after normal retirement for firefighters or 60 months for police. These benefit provisions and all other requirements are established by City ordinance.

Employees contribute from 6% to 7% of their earnings to the plan. In addition, contributions are received from the State of Florida. The City is required to contribute the remaining amounts necessary to fund the plan, based on an amount determined by the plan's actuaries as of December 31 each year. For the current year, the City and State of Florida contribution rates as percentages of annual covered payroll were 14.4% and 8.3%, respectively.

Annual Pension Cost and Actuarial Methods and Assumptions

Annual Pension Cost (APC) is a measure of the periodic cost of an employer's participation in a defined benefit pension plan. The APC for the General Employees and Police and Firefighters plans for the last three fiscal years follow:

	General Employees		Police and Firefighters	
	Amount	Percent Contributed	Amount	Percent Contributed
Fiscal Year Ended In:				
2001	$ 5,002,774	100%	$ 4,441,207	100%
2002	5,202,884	100	5,481,000	100
2003	9,012,598	100	6,394,811	100

Since the City contributed 100% of the APC in each of the years indicated, there was no net pension obligation at the end of any year for either plan.

Actuarial methods and significant actuarial assumptions used to determine the annual required contributions for the current year follow:

	General Employees	Police and Firefighters
Valuation Date	September 30, 2002	December 31, 2001
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level Percent Closed	Level Percent Closed
Remaining Amortization Period	21-29 Years	1-30 Years
Asset Valuation Method	Five year smoothed market	Investment earnings greater than assumed rate over 4 year
Actuarial Assumptions:		
Investment Rate of Return	7.5% Including 4% Inflation	8% Including 4.5% Inflation
Projected Salary Increases	4.0% - 6.4%	5.2% - 8.2%
Cost-of-Living Adjustments (COLA)	Ad Hoc COLA's are granted with City Commission approval if investment earnings exceeded the funding assumptions in the prior year.	A COLA, limited to the change in the CPI, is granted each year to the extent it can be funded by the net experience gains during the prior year.

Six-year historical trend information is presented in supplementary schedules following these notes (see page 56). In addition, both the General Employees and Police and Firefighters Retirement Systems issue separate financial statements. The Police and Fire plan statements are issued annually and the General Employees plan statements are issued biennially.

Defined Contribution Plans

General Employees Special Class Plan

The General Employees Special Class Plan is a single-employer defined contribution plan administered by the City. It is available to City employees (except police and firefighters) as an alternative to participation in the General Employees Retirement System. The City's current year payroll for employees covered by the plan was approximately $1,807,000. The total City payroll for the year was approximately $139,777,000.

The City contribution requirement of 9% on earnings of participants was paid on a biweekly basis and amounted to $162,652 for the current year. Employee contributions are neither required nor permitted under the plan. Employees become fully vested in the plan upon entry. These benefit provisions and all other requirements are established by City ordinance.

Non-classified Employees Retirement Plan

The Non-classified Employees Retirement Plan is a single-employer defined contribution plan administered by the City which covers certain non-classified City employees who have elected not to participate in the City's General Employees Retirement System. The City's current year payroll for employees covered by the plan was approximately $1,587,000. The total City payroll for the year was approximately $139,777,000.
The City contribution requirement of 10.8% on earnings of participants was paid on a biweekly basis and amounted to $166,672 for the current year. Employee contributions are neither required nor permitted under the plan. Employees become fully vested in the plan upon entry. These benefit provisions and all other requirements are established by City ordinance.

(14) OTHER POSTEMPLOYMENT BENEFITS:

The City provides a postemployment health insurance benefit for its general employees and sworn police officers. Employees are paid from $100 to $400 per month upon normal retirement for the purchase of health insurance. The benefit continues until age 65 and is funded on a pay-as-you-go basis. As of September 30, 2003, there were 311 retired employees receiving the benefit with an additional 2,424 employees eligible for participation in the future. Payments totaled $987,152 for the year.

(15) DEFERRED COMPENSATION PLAN:

The City offers a deferred compensation plan to its employees in addition to the pension plans. Participation is optional. The City has adopted the provisions of IRS code Section 457(g) and GASB Statement No. 32, "Accounting and Financial Reporting for IRS Code Section 457 Deferred Compensation Plans". Under these provisions, all assets and income of the plan are held in trust for the exclusive benefit of participants. Accordingly, the assets and liabilities of the plan are not reported within the City's financial statements.

(16) OPERATING LEASES:

On September 1, 1962, the City entered into a lease agreement with Bahia Mar Yachting Center, Inc. (Bahia Mar) for the purpose of constructing and operating a restaurant, lounge, yacht club, motel/hotel, convention hall, marine facilities and other similar businesses. The cost of the property at the inception of the lease was $552,000. On June 30, 1994, this lease was assumed by RAHN Bahia Mar, LTD. and, as amended, will terminate on August 31, 2062, at which time, all additions to the property originally leased to Bahia Mar will revert to the City.

The lease agreement provides for a minimum guaranteed annual rental of $300,000 per year. In addition, the City receives contingent rentals ($557,745 in 2003) based upon escalating percentages of gross receipts for the duration of the agreement.

The City has various aviation leases and nonaviation land leases which are accounted for as operating leases in the Airport Fund. Minimum future rentals on these leases as of September 30, 2003 follow:

	Aviation Leases	Land Leases	Total
Fiscal Year Ending in:			
2004	$ 891,983	2,672,754	3,564,737
2005	891,983	2,672,754	3,564,737
2006	891,983	2,672,754	3,564,737
2007	866,338	2,672,754	3,539,092
2008	864,007	2,672,754	3,536,761
Later Years	12,610,406	77,814,942	90,425,348
	$ 17,016,700	91,178,712	108,195,412

Contingent rentals on these leases amounted to $935,142 in the current year.

(17) COMMITMENTS AND CONTINGENT LIABILITIES:

The City has outstanding commitments for construction and acquisition of property, plant and equipment in the various enterprise funds. The following is a summary of the more significant of these commitments at September 30, 2003:

Water and Sewer Fund	
Collection and Distribution Systems	$ 8,368,643
Wastewater Plant Improvements	8,808,542
Water Treatment Plants Improvements	4,827,821
Sanitary Sewers	10,715,111
Process Control Systems	4,591,902
Other	5,429,490
	42,741,509
Sanitation Fund	
Wingate Landfill Closure	343,370
Other	67,870
	411,240
Parking System	
Downtown Parking Garages	752,593
Airport Fund	
Airport Improvements	2,008,649
Stormwater Fund	
Storm Drainage	2,275,301
	$ 48,189,292

On August 9, 1990 the City's wastewater biosolids compost plant was voluntarily taken out of service due to mechanical and odor control system problems. To address the disposal of the wastewater solids generated at the City's regional wastewater treatment plant, the City determined, from both an economic and regulatory standpoint, that the most viable solution was land application of the solids. The cost of the existing plant was partially reimbursed by $15.8 million in EPA grant funds. On March 9, 2000, the EPA requested a refund of the grant of approximately $13.3 million. The City then began negotiations with the EPA to permanently close the facility. On August 19, 2003 the EPA reached a final decision on the disposition of the property. This decision provides for the sale of the property and reimbursement to the EPA of the Federal percentage of participation in the original acquisition of the property from the proceeds of the sale. The plant has been written down by $15.9 million to a value of $3.2 million and a liability of $2.1 million for the estimated amount payable to the EPA has been recorded in the Water and Sewer enterprise fund.

The EPA has conducted a remedial investigation at the City's Peele Dixie wellfield site to determine the source of ground water contamination. Primary sources for the contamination have been determined by the EPA to be a former waste oil reclamation facility and a site currently owned by the State of Florida. The EPA is using the Superfund process to recover remediation costs from the responsible parties. In late 2003, the EPA issued a Consent Order which provides for the City to be reimbursed for up to $1.2 of the costs it incurred at the site from payments to be made by the de minimus potentially responsible parties in settlement of their liabilities to the Federal government for site remediation.

Various substantial lawsuits have been filed against the City including personal injury claims, liability claims related to police activities and general liability claims. The estimated liabilities related to the various claims have been accrued in the City Insurance Internal Service Fund. In the opinion of City management, the expected liability for these claims would not materially exceed the amounts recorded in the financial statements.