

CITY OF FORT LAUDERDALE, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2004

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	SUNRISE KEY
ASSETS				
Cash and Cash Equivalents	\$ 79,161,479	102,191,642	181,353,121	44,889
Investments	28,422	0	28,422	0
Receivables, Net				
Property Taxes	1,136,336	0	1,136,336	0
Accounts and Loans	6,775,148	6,483,568	13,258,716	0
Unbilled Service	117,661	3,266,465	3,384,126	0
Assessments	131,116	1,331,760	1,462,876	0
Due from Fiduciary Funds	0	2,563,138	2,563,138	0
Due from Other Governments	11,018,971	3,873,658	14,892,629	0
Internal Balances	(2,176,622)	2,527,246	350,624	0
Inventories	8,576,970	754,926	9,331,896	0
Restricted Assets				
Cash and Cash Equivalents	144,478	8,390,238	8,534,716	0
Investments	47,559,754	71,403,162	118,962,916	0
Accrued Interest and Dividends	56,934	0	56,934	0
Internal Balances	(350,624)	0	(350,624)	0
Capital Assets				
Land and Construction in Process	61,959,936	93,150,939	155,110,875	0
Other (Net of Accumulated Depreciation)	135,350,565	308,797,539	444,148,104	0
Investment in Joint Venture	0	1,121,251	1,121,251	0
Deferred Debt Issuance Costs	489,242	1,272,494	1,761,736	0
Deposits	88,252	0	88,252	0
Total Assets	<u>350,068,018</u>	<u>607,128,026</u>	<u>957,196,044</u>	<u>44,889</u>
LIABILITIES				
Vouchers and Other Current Liabilities	18,328,081	12,638,226	30,966,307	0
Due to Other Governments	0	2,117,684	2,117,684	0
Deposits	1,802,551	777,976	2,580,527	0
Deferred Revenue	8,819,840	1,959,687	10,779,527	0
Payable from Restricted Assets				
Vouchers and Other Current Liabilities	2,939,671	5,596,248	8,535,919	0
Utility Deposits	0	4,636,337	4,636,337	0
Noncurrent Liabilities				
Due Within One Year	29,555,617	3,258,246	32,813,863	0
Due in More Than One Year	121,365,609	103,114,196	224,479,805	0
Total Liabilities	<u>182,811,369</u>	<u>134,098,600</u>	<u>316,909,969</u>	<u>0</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	126,094,360	369,661,225	495,755,585	0
Restricted for				
Debt Service	391,445	162,500	553,945	0
Capital Improvements	0	4,478,970	4,478,970	0
Endowments				
Expendable	6,549,683	0	6,549,683	0
Nonexpendable	7,100,732	0	7,100,732	0
Other Purposes	0	3,112,897	3,112,897	0
Unrestricted	27,120,429	95,613,834	122,734,263	44,889
Total Net Assets	<u>\$ 167,256,649</u>	<u>473,029,426</u>	<u>640,286,075</u>	<u>44,889</u>

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, 2004

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS			COMPONENT UNIT SUNRISE KEY
	EXPENSES	CHARGES	OPERATING	CAPITAL	GOVERNMENTAL	PRIMARY GOVERNMENT		
		FOR SERVICES	GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS		BUSINESS-TYPE ACTIVITIES	TOTAL	
PRIMARY GOVERNMENT								
Governmental Activities								
General Government	\$ 33,482,611	13,801,756	945,061	0	(18,735,794)	0	(18,735,794)	0
Public Safety	125,108,165	33,553,963	2,464,062	0	(89,090,140)	0	(89,090,140)	0
Physical Environment	7,922,113	1,772,150	0	686,000	(5,463,963)	0	(5,463,963)	0
Transportation	5,414,255	4,471,625	653,955	2,080,131	1,791,456	0	1,791,456	0
Economic Environment	13,807,924	209,660	13,409,987	0	(188,277)	0	(188,277)	0
Culture and Recreation	30,451,406	8,110,116	289,546	5,512,117	(16,539,627)	0	(16,539,627)	0
Interest on Long-term Debt	3,404,667	0	0	0	(3,404,667)	0	(3,404,667)	0
Total Governmental Activities	<u>219,591,141</u>	<u>61,919,270</u>	<u>17,762,611</u>	<u>8,278,248</u>	<u>(131,631,012)</u>	<u>0</u>	<u>(131,631,012)</u>	<u>0</u>
Business-type Activities								
Water and Sewer	57,986,571	70,754,315	0	2,758,957	0	15,526,701	15,526,701	0
Sanitation	20,413,119	22,187,902	0	0	0	1,774,783	1,774,783	0
Parking System	7,927,309	10,292,948	0	15,000	0	2,380,639	2,380,639	0
Airport	4,804,348	5,061,743	0	4,861,375	0	5,118,770	5,118,770	0
Stormwater	2,621,054	3,363,594	0	309,207	0	1,051,747	1,051,747	0
Total Business-type Activities	<u>93,752,401</u>	<u>111,660,502</u>	<u>0</u>	<u>7,944,539</u>	<u>0</u>	<u>25,852,640</u>	<u>25,852,640</u>	<u>0</u>
Total Primary Government	<u>\$ 313,343,542</u>	<u>173,579,772</u>	<u>17,762,611</u>	<u>16,222,787</u>	<u>(131,631,012)</u>	<u>25,852,640</u>	<u>(105,778,372)</u>	<u>0</u>
COMPONENT UNIT								
Sunrise Key	\$ <u>65,200</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(65,200)</u>
General Revenues								
Property Taxes					89,413,561	0	89,413,561	41,965
Utility Taxes					33,622,403	0	33,622,403	0
Franchise Taxes					13,433,621	0	13,433,621	0
Other Taxes					19,753,891	0	19,753,891	0
Grants and Contributions not Restricted to Specific Programs					1,601,609	0	1,601,609	0
Unrestricted Investment Earnings					2,602,690	2,643,779	5,246,469	809
Miscellaneous					893,044	0	893,044	0
Transfers					(3,235,143)	3,235,143	0	0
Total General Revenues and Transfers					<u>158,085,676</u>	<u>5,878,922</u>	<u>163,964,598</u>	<u>42,774</u>
Change in Net Assets					26,454,664	31,731,562	58,186,226	(22,426)
Net Assets - Beginning of Period - As Restated					140,801,985	441,297,864	582,099,849	67,315
Net Assets - End of Period					<u>\$ 167,256,649</u>	<u>473,029,426</u>	<u>640,286,075</u>	<u>44,889</u>

The accompanying notes are an integral part of these financial statements

CITY OF FORT LAUDERDALE, FLORIDA

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2004

	<u>GENERAL</u>	<u>OTHER NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and Cash Equivalents	\$ 17,354,587	33,955,763	51,310,350
Investments	0	28,422	28,422
Receivables			
Property Taxes	959,513	176,823	1,136,336
Accounts and Loans	4,499,085	1,269,362	5,768,447
Unbilled Service	117,661	0	117,661
Assessments	0	131,116	131,116
Due from Other Funds	554,295	350,624	904,919
Due from Other Governments	3,471,134	7,131,296	10,602,430
Inventories	113,910	8,437,048	8,550,958
Restricted Assets			
Cash and Cash Equivalents	0	130,520	130,520
Investments	0	47,559,754	47,559,754
Accrued Dividends and Interest	0	56,934	56,934
Deposits	63,252	0	63,252
Total Assets	<u>\$ 27,133,437</u>	<u>99,227,662</u>	<u>126,361,099</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Vouchers Payable	\$ 1,080,714	4,506,736	5,587,450
Contracts Payable	0	998,470	998,470
Accrued Payroll	7,144,712	116,762	7,261,474
Due to Other Funds	0	554,295	554,295
Due to Other Governments	2,305,689	412,974	2,718,663
Payable from Restricted Assets			
Vouchers Payable	0	1,873,468	1,873,468
Contracts Payable	0	1,052,245	1,052,245
Due to Other Funds	0	350,624	350,624
Compensated Absences and Longevity	149,541	0	149,541
Deposits	1,368,685	433,866	1,802,551
Deferred Revenue	1,064,087	8,069,912	9,133,999
Total Liabilities	<u>13,113,428</u>	<u>18,369,352</u>	<u>31,482,780</u>
FUND BALANCES			
Reserved for			
Encumbrances	1,790,747	14,008,669	15,799,416
Inventories	113,910	8,437,048	8,550,958
Endowments			
Expendable	0	6,549,683	6,549,683
Nonexpendable	0	7,100,732	7,100,732
Debt Service	0	391,445	391,445
Unreserved Reported in			
General Fund			
Designated: Subsequent Year's Budget	4,509,477	0	4,509,477
Designated: Other Purposes	2,750,342	0	2,750,342
Undesignated	4,855,533	0	4,855,533
Special Revenue			
Designated: Other Purposes	0	6,126,368	6,126,368
Undesignated	0	3,056,974	3,056,974
Capital Projects			
Designated: Capital Improvements	0	31,778,784	31,778,784
Undesignated	0	3,408,607	3,408,607
Total Fund Balances	<u>14,020,009</u>	<u>80,858,310</u>	<u>94,878,319</u>
Total Liabilities and Fund Balances	<u>\$ 27,133,437</u>	<u>99,227,662</u>	<u>126,361,099</u>

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, 2004

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	\$ 94,878,319
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	181,066,845
Other long-term assets are not available to fund current operations and, therefore, are either deferred or not included in the governmental funds.	1,663,200
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.	14,579,849
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	<u>(124,931,564)</u>
Net assets of governmental activities, page 11	<u>\$ 167,256,649</u>

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, 2004

	GENERAL	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Property Taxes	\$ 89,591,912	0	89,591,912
Utility Taxes	33,622,403	0	33,622,403
Franchise Taxes	13,433,621	0	13,433,621
Licenses and Permits	10,674,843	0	10,674,843
Fines and Forfeitures	4,093,075	1,118,432	5,211,507
Intergovernmental			
Federal	0	12,751,150	12,751,150
State	14,636,365	2,982,884	17,619,249
Other Local Units	2,322,890	9,476,833	11,799,723
Charges for Services	17,497,036	48,000	17,545,036
Other			
Assessments and Other Fees	9,339,694	50,577	9,390,271
Interest and Dividends	334,641	1,276,191	1,610,832
Rents and Concession	2,292,678	156,206	2,448,884
Contributions and Donations	628,644	1,601,609	2,230,253
Net Increase in Fair Value of Investments	0	672,559	672,559
Interfund Service Charges	15,949,638	99,108	16,048,746
Sale of Cemetery Plots	0	427,809	427,809
Sale of Land Held for Resale	0	64,156	64,156
Miscellaneous	779,280	1,973,892	2,753,172
Total Revenues	<u>215,196,720</u>	<u>32,699,406</u>	<u>247,896,126</u>
EXPENDITURES			
Current			
General Government	32,181,343	1,078,516	33,259,859
Public Safety	123,657,292	3,090,442	126,747,734
Physical Environment	6,144,331	502,229	6,646,560
Transportation	2,549,567	813,916	3,363,483
Economic Environment	1,018,024	12,080,893	13,098,917
Culture and Recreation	26,306,845	198,021	26,504,866
Debt Service			
Principal Retirement	463,567	9,967,000	10,430,567
Interest and Fiscal Charges	51,215	2,966,607	3,017,822
Capital Outlay	0	26,451,998	26,451,998
Total Expenditures	<u>192,372,184</u>	<u>57,149,622</u>	<u>249,521,806</u>
Excess Revenues Over (Under) Expenditures	<u>22,824,536</u>	<u>(24,450,216)</u>	<u>(1,625,680)</u>
OTHER FINANCING SOURCES (USES)			
Debt Issuance	485,000	18,315,000	18,800,000
Transfers In	117,635	21,670,426	21,788,061
Transfers Out	(13,956,641)	(10,939,446)	(24,896,087)
Total Other Financing Sources (Uses)	<u>(13,354,006)</u>	<u>29,045,980</u>	<u>15,691,974</u>
Net Change in Fund Balances	9,470,530	4,595,764	14,066,294
Fund Balances - Beginning of Period	4,549,479	76,262,546	80,812,025
Fund Balances - End of Period	<u>\$ 14,020,009</u>	<u>80,858,310</u>	<u>94,878,319</u>

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, 2004

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

Net change in fund balances of governmental funds, page 16	\$ 14,066,294
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.	13,267,455
The net effect of various transactions involving capital assets (sales, trade-ins and donations) is to decrease net assets.	(107,229)
Some revenues reported in the statement of activities are not considered current financial resources and, therefore, are not reported as revenues in governmental funds.	1,170,690
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.	(8,218,158)
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.	565,086
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.	<u>5,710,526</u>
Change in net assets of governmental activities, page 13	<u><u>\$ 26,454,664</u></u>

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, 2004

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
Property Taxes	\$ 90,897,699	90,137,000	89,591,912	(545,088)
Utility Taxes	37,164,000	33,639,000	33,622,403	(16,597)
Franchise Taxes	12,750,000	13,783,200	13,433,621	(349,579)
Licenses and Permits				
Occupational Licenses	2,600,000	2,611,700	1,967,993	(643,707)
Contractor Permits	6,075,438	8,037,016	8,706,850	669,834
Fines and Forfeitures				
Court Fines and Forfeitures	1,440,000	1,169,383	1,187,495	18,112
Code Enforcement Fines	664,200	2,210,991	2,364,307	153,316
Other Fines and Forfeitures	538,000	524,000	541,273	17,273
Intergovernmental				
State				
State Revenue Sharing	3,925,000	3,775,000	4,264,724	489,724
Half Cent Sales Tax	9,000,000	10,300,000	9,862,355	(437,645)
State Other	520,000	511,406	509,286	(2,120)
Other Local Units				
County Shared Gas Tax	1,800,000	1,835,000	1,975,832	140,832
County Other	105,000	269,055	347,058	78,003
Charges for Services				
General Government	698,985	1,087,953	1,266,317	178,364
Public Safety				
Police Service Fees	945,300	345,528	406,820	61,292
Communications System	350,000	349,950	349,950	0
Alarm Fees	2,538,600	1,040,300	1,238,832	198,532
Fire Services	1,297,900	1,570,759	1,328,568	(242,191)
EMS Transport Fees	4,017,373	4,460,002	4,972,396	512,394
Transportation-Parking	683,200	868,930	893,963	25,033
Culture and Recreation				
Auditorium	1,282,500	1,050,000	1,028,439	(21,561)
Stadiums	329,500	488,850	512,773	23,923
Swimming Pools	342,900	361,900	410,565	48,665
Tennis Courts	413,000	430,000	407,654	(22,346)
Parks	787,000	766,660	786,442	19,782
Docks	2,095,788	1,988,789	2,058,308	69,519
Program Fees	1,128,600	1,090,982	1,127,985	37,003
Special Events	620,000	505,188	501,980	(3,208)
Miscellaneous	199,817	194,873	206,044	11,171
Other				
Assessments and Other Fees	8,725,000	8,815,000	9,339,694	524,694
Interest and Dividends	455,700	359,314	334,641	(24,673)
Rents and Concession	2,083,926	2,269,791	2,292,678	22,887
Interfund Service Charges	16,038,051	15,903,018	15,949,638	46,620
Miscellaneous	1,361,442	1,190,074	1,407,924	217,850
Total Revenues	<u>213,873,919</u>	<u>213,940,612</u>	<u>215,196,720</u>	<u>1,256,108</u>

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, 2004

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
EXPENDITURES				
General Government				
City Commission	\$ 294,333	290,790	289,927	863
City Manager	2,835,877	2,666,620	2,624,495	42,125
City Attorney	2,484,187	2,437,065	2,388,825	48,240
City Clerk	932,012	905,623	902,858	2,765
Administrative Services	9,321,866	8,716,512	8,143,069	573,443
Community and Economic Development	7,188	0	0	0
Finance	3,696,899	3,594,681	3,582,645	12,036
Human Resources	0	552,156	434,476	117,680
Office of Professional Standards	488,669	413,792	362,075	51,717
Public Services	7,083,588	7,379,380	7,092,291	287,089
Other General Government	3,838,968	7,796,620	7,139,309	657,311
Total General Government	<u>30,983,587</u>	<u>34,753,239</u>	<u>32,959,970</u>	<u>1,793,269</u>
Public Safety				
Public Services	4,618,499	4,843,570	4,702,885	140,685
Community and Economic Development	3,637,798	3,674,874	3,519,734	155,140
Fire Rescue	44,971,529	43,924,369	43,915,045	9,324
Police	74,106,753	72,112,312	72,092,898	19,414
Total Public Safety	<u>127,334,579</u>	<u>124,555,125</u>	<u>124,230,562</u>	<u>324,563</u>
Physical Environment				
Public Services	7,199,487	6,355,406	6,213,275	142,131
Transportation				
Parks and Recreation	496,288	442,924	427,597	15,327
Public Services	2,529,095	2,565,894	2,298,271	267,623
Total Transportation	<u>3,025,383</u>	<u>3,008,818</u>	<u>2,725,868</u>	<u>282,950</u>
Economic Environment				
Community and Economic Development	1,441,330	1,307,576	1,018,024	289,552
Culture and Recreation				
Parks and Recreation	26,327,074	26,087,517	25,299,790	787,727
Community and Economic Development	1,222,702	1,176,745	1,200,660	(23,915)
Total Culture and Recreation	<u>27,549,776</u>	<u>27,264,262</u>	<u>26,500,450</u>	<u>763,812</u>
Debt Service				
Principal Retirement	463,567	463,617	463,567	50
Interest and Fiscal Charges	51,216	51,216	51,215	1
Total Debt Service	<u>514,783</u>	<u>514,833</u>	<u>514,782</u>	<u>51</u>
Total Expenditures	<u>198,048,925</u>	<u>197,759,259</u>	<u>194,162,931</u>	<u>3,596,328</u>
Excess Revenues Over Expenditures	<u>15,824,994</u>	<u>16,181,353</u>	<u>21,033,789</u>	<u>4,852,436</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Debt Issuance	0	485,000	485,000	0
Transfers In				
Law Enforcement Confiscated Property Fund	0	(22,365)	25,635	48,000
City Insurance Fund	0	0	92,000	92,000
Parking System Fund	425,000	0	0	0
Total Transfers In	<u>425,000</u>	<u>(22,365)</u>	<u>117,635</u>	<u>140,000</u>

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

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - BUDGET BASIS
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
OTHER FINANCING SOURCES (USES) Continued				
Transfers Out				
Intergovernmental Revenue Fund	\$ 0	(189,641)	(186,762)	2,879
Community Redevelopment Agency Fund	(1,100,255)	(1,258,697)	(777,092)	481,605
Excise Tax Bonds Fund	(2,773,463)	(2,273,463)	(1,495,711)	777,752
Florida Intergovernmental Loans Fund	(1,250,000)	(1,250,000)	(1,206,700)	43,300
General Obligation Bonds Fund	(6,449,968)	(6,387,200)	(6,462,248)	(75,048)
Sunshine State Loans Fund	(2,287,718)	(2,287,718)	(2,208,987)	78,731
General Capital Projects Fund	(806,320)	(1,392,988)	(1,592,671)	(199,683)
Central Services Fund	0	(5,730)	(5,730)	0
Vehicle Rental Fund	12,723	(20,740)	(20,740)	0
Total Transfers Out	<u>(14,655,001)</u>	<u>(15,066,177)</u>	<u>(13,956,641)</u>	<u>1,109,536</u>
Total Other Financing Sources (Uses)	<u>(14,230,001)</u>	<u>(14,603,542)</u>	<u>(13,354,006)</u>	<u>1,249,536</u>
Net Change in Fund Balances	1,594,993	1,577,811	7,679,783	6,101,972
Fund Balances - Beginning of Period	86,330	875,122	3,230,802	2,355,680
Encumbrances at September 30, 2003	1,318,677	1,318,677	1,318,677	0
Fund Balances - End of Period	<u>\$ 3,000,000</u>	<u>3,771,610</u>	<u>12,229,262</u>	<u>8,457,652</u>

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, 2004

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL
	MAJOR FUNDS			TOTAL ENTERPRISE FUNDS	ACTIVITIES
	WATER AND SEWER	SANITATION	NONMAJOR FUNDS		INTERNAL SERVICE FUNDS
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 70,967,422	3,736,899	27,487,321	102,191,642	32,231,163
Receivables					
Accounts	4,957,946	1,067,442	458,180	6,483,568	74,201
Unbilled Service	2,623,126	643,339	0	3,266,465	0
Assessments	1,096,502	0	235,258	1,331,760	0
Due from Other Funds	2,560,861	0	2,277	2,563,138	0
Due from Other Governments	5,248	298,298	3,570,112	3,873,658	0
Inventories	754,926	0	0	754,926	26,012
Restricted Assets					
Cash and Cash Equivalents	6,077,604	897,017	1,415,617	8,390,238	13,958
Investments	71,403,162	0	0	71,403,162	0
Total Current Assets	<u>160,446,797</u>	<u>6,642,995</u>	<u>33,168,765</u>	<u>200,258,557</u>	<u>32,345,334</u>
Noncurrent Assets					
Capital Assets (Net of Accumulated Depreciation)	339,003,813	1,988,390	60,956,275	401,948,478	16,243,656
Investment in Joint Venture	0	0	1,121,251	1,121,251	0
Deferred Debt Issuance Costs	1,207,039	65,455	0	1,272,494	0
Deposits	0	0	0	0	25,000
Total Noncurrent Assets	<u>340,210,852</u>	<u>2,053,845</u>	<u>62,077,526</u>	<u>404,342,223</u>	<u>16,268,656</u>
Total Assets	<u>500,657,649</u>	<u>8,696,840</u>	<u>95,246,291</u>	<u>604,600,780</u>	<u>48,613,990</u>
LIABILITIES					
Current Liabilities					
Vouchers Payable	7,393,653	949,488	1,261,667	9,604,808	1,222,275
Contracts Payable	838,786	0	571,166	1,409,952	0
Accrued Payroll	1,144,526	231,785	247,155	1,623,466	72,954
Current Portion of Long-Term Debt Payable from Restricted Assets	2,765,086	411,858	81,302	3,258,246	11,680,463
Vouchers Payable	3,950,505	0	0	3,950,505	0
Contracts Payable	1,325,558	0	0	1,325,558	0
Accrued Interest	300,587	19,598	0	320,185	13,958
Deposits	3,758,918	877,419	0	4,636,337	0
Total Current Liabilities	<u>21,477,619</u>	<u>2,490,148</u>	<u>2,161,290</u>	<u>26,129,057</u>	<u>12,989,650</u>
Noncurrent Liabilities					
Due to Other Governments	2,117,684	0	0	2,117,684	0
Deposits	750,422	0	27,554	777,976	0
Deferred Revenue	1,629,185	0	330,502	1,959,687	0
Long-Term Debt	93,882,815	8,894,034	337,347	103,114,196	18,517,245
Total Noncurrent Liabilities	<u>98,380,106</u>	<u>8,894,034</u>	<u>695,403</u>	<u>107,969,543</u>	<u>18,517,245</u>
Total Liabilities	<u>119,857,725</u>	<u>11,384,182</u>	<u>2,856,693</u>	<u>134,098,600</u>	<u>31,506,895</u>

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, 2004

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES
	MAJOR FUNDS				INTERNAL SERVICE FUNDS
	WATER AND SEWER	SANITATION	NONMAJOR FUNDS		
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	306,716,560	1,988,390	60,956,275	369,661,225	11,771,858
Restricted for					
Debt Service	162,500	0	0	162,500	0
Replacement and Improvement	3,103,954	0	8,943	3,112,897	0
Capital Improvements	3,072,296	0	1,406,674	4,478,970	0
Unrestricted	<u>67,744,614</u>	<u>(4,675,732)</u>	<u>30,017,706</u>	<u>93,086,588</u>	<u>5,335,237</u>
Total Net Assets	<u>\$ 380,799,924</u>	<u>(2,687,342)</u>	<u>92,389,598</u>	470,502,180	<u>17,107,095</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>2,527,246</u>	
Net Assets of Business-type Activities				<u>\$ 473,029,426</u>	

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, 2004

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL
	MAJOR FUND			TOTAL ENTERPRISE FUNDS	ACTIVITIES
	WATER AND SEWER	SANITATION	NONMAJOR FUNDS		INTERNAL SERVICE FUNDS
OPERATING REVENUES					
Charges for Services	\$ 69,878,215	14,840,698	12,999,560	97,718,473	52,767,388
Equity in Earnings of Joint Venture	0	0	45,328	45,328	0
Private Collectors Operating Fees	0	3,416,160	0	3,416,160	0
Parking Citations	0	0	2,506,838	2,506,838	0
Land Leases	0	0	3,150,655	3,150,655	0
Other	876,100	3,931,044	15,904	4,823,048	1,257,832
Total Operating Revenues	<u>70,754,315</u>	<u>22,187,902</u>	<u>18,718,285</u>	<u>111,660,502</u>	<u>54,025,220</u>
OPERATING EXPENSES					
Personal Services	19,760,010	4,867,741	5,654,190	30,281,941	1,933,557
Current Expenses	27,519,580	15,731,477	7,841,488	51,092,545	37,536,828
Depreciation	8,895,060	88,784	2,258,242	11,242,086	6,847,371
Total Operating Expenses	<u>56,174,650</u>	<u>20,688,002</u>	<u>15,753,920</u>	<u>92,616,572</u>	<u>46,317,756</u>
Operating Income	<u>14,579,665</u>	<u>1,499,900</u>	<u>2,964,365</u>	<u>19,043,930</u>	<u>7,707,464</u>
NON-OPERATING REVENUES (EXPENSES)					
Revenues					
Interest	2,127,459	81,724	434,596	2,643,779	321,361
Other	0	0	0	0	458,511
Total	<u>2,127,459</u>	<u>81,724</u>	<u>434,596</u>	<u>2,643,779</u>	<u>779,872</u>
Expenses					
Interest and Fiscal Charges	3,829,990	248,098	39,914	4,118,002	208,130
Less Interest Capitalized	(542,593)	0	(12,128)	(554,721)	0
Other	3,515	9,848	748	14,111	0
Total	<u>3,290,912</u>	<u>257,946</u>	<u>28,534</u>	<u>3,577,392</u>	<u>208,130</u>
Total Non-Operating Revenues (Expenses)	<u>(1,163,453)</u>	<u>(176,222)</u>	<u>406,062</u>	<u>(933,613)</u>	<u>571,742</u>
Income Before Contributions and Transfers	13,416,212	1,323,678	3,370,427	18,110,317	8,279,206
Capital Contributions, Net	2,758,957	0	5,185,582	7,944,539	0
Transfers In	6,500	500	5,355,833	5,362,833	77,280
Transfers Out	(1,839,211)	(28,880)	(259,599)	(2,127,690)	(204,397)
Change In Net Assets	14,342,458	1,295,298	13,652,243	29,289,999	8,152,089
Net Assets - Beginning of Period	<u>366,457,466</u>	<u>(3,982,640)</u>	<u>78,737,355</u>		<u>8,955,006</u>
Net Assets - End of Period	<u>\$ 380,799,924</u>	<u>(2,687,342)</u>	<u>92,389,598</u>		<u>17,107,095</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>2,441,563</u>	
Changes in Net Assets of Business-type Activities				<u>\$ 31,731,562</u>	

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, 2004

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL
	MAJOR FUNDS			TOTAL ENTERPRISE FUNDS	ACTIVITIES
	WATER AND SEWER	SANITATION	NONMAJOR FUNDS		INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 70,105,969	21,821,701	18,355,510	110,283,180	0
Receipts from Other Funds	480,418	243,940	431,063	1,155,421	53,335,876
Other Operating Receipts	0	0	0	0	708,667
Payments to Suppliers	(12,917,170)	(10,718,601)	(1,834,856)	(25,470,627)	(35,331,630)
Payments for Services of Employees	(19,067,338)	(4,777,583)	(5,642,051)	(29,486,972)	(1,927,641)
Payments to Other Funds	(13,341,030)	(4,719,267)	(5,598,110)	(23,658,407)	(1,024,296)
Net Cash Provided by Operating Activities	<u>25,260,849</u>	<u>1,850,190</u>	<u>5,711,556</u>	<u>32,822,595</u>	<u>15,760,976</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Repayment of Loans to Other Funds	5,061,094	0	0	5,061,094	0
Transfers from Other Funds	6,500	500	251,000	258,000	77,280
Loans to Other Funds	(2,560,861)	0	(2,277)	(2,563,138)	0
Transfers to Other Funds	(1,839,211)	(28,880)	(855,863)	(2,723,954)	(204,397)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>667,522</u>	<u>(28,380)</u>	<u>(607,140)</u>	<u>32,002</u>	<u>(127,117)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from Disposal of Capital Assets	0	0	0	0	462,437
Proceeds from Debt Issuance	6,332,498	0	0	6,332,498	0
Capital Contributions	3,266,931	0	1,943,060	5,209,991	0
Investment in Joint Venture	0	0	79,520	79,520	0
Acquisition of Capital Assets	(34,206,342)	(36,154)	(7,932,233)	(42,174,729)	(4,762,741)
Retirement of Debt	(1,935,000)	(300,000)	(1,325,000)	(3,560,000)	(1,244,454)
Interest Paid on Debt	(3,785,515)	(249,367)	(79,242)	(4,114,124)	(212,049)
Net Cash Used by Capital and Related Financing Activities	<u>(30,327,428)</u>	<u>(585,521)</u>	<u>(7,313,895)</u>	<u>(38,226,844)</u>	<u>(5,756,807)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from Sales and Maturities of Investments	82,944,321	0	0	82,944,321	0
Interest and Dividends on Investments	2,211,533	81,724	434,596	2,727,853	321,361
Purchase of Investments	(69,568,502)	0	0	(69,568,502)	0
Net Cash Provided by Investing Activities	<u>15,587,352</u>	<u>81,724</u>	<u>434,596</u>	<u>16,103,672</u>	<u>321,361</u>
Net Increase (Decrease) In Cash And Cash Equivalents	11,188,295	1,318,013	(1,774,883)	10,731,425	10,198,413
Cash And Cash Equivalents - Beginning of Period	65,856,731	3,315,903	30,677,821	99,850,455	22,046,708
Cash And Cash Equivalents - End of Period	<u>\$ 77,045,026</u>	<u>4,633,916</u>	<u>28,902,938</u>	<u>110,581,880</u>	<u>32,245,121</u>

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, 2004

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL
	MAJOR FUNDS				ACTIVITIES
	WATER AND SEWER	SANITATION	NONMAJOR FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
OPERATING INCOME	\$ 14,579,665	1,499,900	2,964,365	19,043,930	7,707,464
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Depreciation	8,895,060	88,784	2,258,242	11,242,086	6,847,371
Equity in Earnings of Joint Venture	0	0	(45,328)	(45,328)	0
Changes in Assets and Liabilities					
(Increase) Decrease in Receivables					
Accounts	(424,231)	(23,363)	167,540	(280,054)	18,502
Unbilled Service	386,147	105,063	0	491,210	0
Increase in Due from Other Governments	0	(298,298)	(5,777)	(304,075)	0
Decrease in Inventories	37,203	0	0	37,203	113,888
Decrease in Deferred Debt Issue Costs	37,438	10,894	60,802	109,134	0
Increase in Vouchers Payable	1,186,739	362,075	362,962	1,911,776	216,712
Increase in Accrued Payroll	502,978	93,370	85,830	682,178	14,219
Decrease in Due to Other Governments	0	0	(15,243)	(15,243)	0
Increase in Estimated Insurance Claims Payable	0	0	0	0	851,123
Increase in Deposits Payable from Restricted Assets	277,334	94,337	0	371,671	0
Increase (Decrease) in Compensated Absences and Longevity	189,694	(3,212)	(73,690)	112,792	(8,303)
Increase (Decrease) in Deposits	(653,811)	0	8,803	(645,008)	0
Increase (Decrease) in Deferred Revenue	246,633	0	(56,950)	189,683	0
Decrease in Landfill Closure Costs	0	(79,360)	0	(79,360)	0
Total Adjustments	10,681,184	350,290	2,747,191	13,778,665	8,053,512
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 25,260,849	1,850,190	5,711,556	32,822,595	15,760,976

NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES

During the year land valued at \$5,701,107 was transferred from the Community Redevelopment Agency Special Revenue Fund to the Parking System Enterprise Fund.

CITY OF FORT LAUDERDALE, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2004

	<u>PENSION TRUST</u>	<u>AGENCY ARTS AND SCIENCE DISTRICT GARAGE</u>
ASSETS		
Investments, at Fair Value		
U.S. Treasury Securities	\$ 45,408,480	0
U.S. Government Agency Securities	43,748,679	0
Corporate Obligations	50,763,478	0
Other Bonds	1,706,700	0
Bond Index Funds	78,110,360	0
Money Market Mutual Funds	98,267,389	0
Common Stock	326,307,099	0
Stock Funds	13,771,698	0
Real Estate	788,647	0
Total Investments	<u>658,872,530</u>	<u>0</u>
Receivables		
Accounts	8,043,629	0
Accrued Dividends and Interest	1,515,831	0
Due from Other Governments	0	20,162
Capital Assets (Net of Accumulated Depreciation)	8,834	0
Deposits	2,175	0
Total Assets	<u>668,442,999</u>	<u>20,162</u>
LIABILITIES		
Vouchers Payable	6,826,158	1,619
Accrued Payroll	16,295	7,253
Due to Other Funds	2,560,861	2,277
Due to Other Governments	0	9,013
Total Liabilities	<u>9,403,314</u>	<u>20,162</u>
NET ASSETS		
Held in Trust for Pension Benefits	<u>\$ 659,039,685</u>	<u>0</u>

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, 2004

ADDITIONS

Contributions	
City	\$ 24,432,649
Employee	7,250,140
State	4,105,057
County	34,142
Total	<u>35,821,988</u>
Investment Income	
Interest	8,246,242
Dividends	4,386,694
Net Appreciation in Fair Value of Investments	47,286,555
Total	<u>59,919,491</u>
Investment Expense	1,591,549
Net Investment Income	<u>58,327,942</u>
Other Income	<u>143,733</u>
Transfer from General Employees Fund	<u>13,549</u>
Total Additions	<u>94,307,212</u>

DEDUCTIONS

Benefits Paid	
Retirement	42,591,549
Disability	951,196
Death	4,235,353
Total	<u>47,778,098</u>
Employee Contribution Refunds	725,236
Administrative Costs	753,888
Transfer to Police and Fire Fund	<u>13,549</u>
Total Deductions	<u>49,270,771</u>
Change In Net Assets	45,036,441
Net Assets - Beginning of Period	<u>614,003,244</u>
Net Assets - End of Period	<u>\$ 659,039,685</u>

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

CITY OF FORT LAUDERDALE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

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CITY OF FORT LAUDERDALE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

(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 36 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 169,000 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

CITY OF FORT LAUDERDALE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

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

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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 and print center 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.

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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

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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 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 \$1,000 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:

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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.

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(11) Fund Balance and Net Assets

In the governmental funds, reservations of fund balances are reported to indicate that portion of fund balance that is legally segregated for specific purposes. Designations indicate tentative managerial plans or intent to use financial resources in a future period. Undesignated fund balance indicates the portion of fund balance that is available for future use.

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.

Net assets of the government-wide and proprietary funds are categorized as invested in capital assets net of related debt, restricted or unrestricted. Invested in capital assets, net of related debt consists of capital assets reduced by the outstanding debt issued to acquire, construct or improve those assets. Restricted net assets have third party limitations on their use.

(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 \$124,931,564 difference are as follows:

Bonds payable	\$ 71,205,000
Notes payable	25,865,000
Capital lease obligations	2,132,928
Compensated absences and longevity pay	22,911,381
Accrued interest payable	466,795
Deferred debt issuance costs	(489,242)
Unamortized bond discount	(265,108)
Unamortized gains and losses on advance refunding of bonds	(1,275,224)
Elimination of investment in special assessment loan	<u>4,380,034</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 124,931,564</u>

(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

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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 \$13,267,455 difference are as follows:

Capital outlay	\$ 22,019,635
Depreciation expense	<u>(8,752,180)</u>
Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net assets – governmental activities	\$ <u>13,267,455</u>

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 \$(107,229).

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 \$(8,218,158) difference are as follows:

Principal repayments	
Bonds payable	\$ 6,717,000
Notes payable	3,250,000
Capital lease obligations	463,567
Debt issued	
Debt proceeds	(18,800,000)
Debt issuance costs	<u>151,275</u>
Net adjustment to decrease net changes in fund balance – total governmental funds to arrive at changes in net assets – governmental activities	\$ (<u>8,218,158</u>)

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 \$565,086 difference are as follows:

Accrued interest payable	\$ 18,120
Amortization of deferred debt issuance costs	(66,825)
Amortization of bond discounts	(35,355)
Amortization of gains and losses on advance refunding of bonds	(161,480)
Compensated absences and longevity pay	<u>810,626</u>
Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net assets – governmental activities	\$ <u>565,086</u>

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(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	\$ 14,020,009
Basis of accounting adjustments	
Encumbrances	<u>(1,790,747)</u>
Statement of revenues, expenditures and	
Changes in fund balances – budget and actual – page 20	\$ <u>12,229,262</u>

(C) Deficit Net Assets

The Sanitation enterprise fund has a net assets deficit of \$2.7 million that resulted from its estimated landfill closure liability of \$4.2 million. This liability represents post closure care costs being amortized over a period of 30 years with 27 years remaining.

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The City Insurance internal service fund has a net assets deficit of \$13.4 million of which \$12.6 million resulted from actuarially estimated self-insured claims including incurred but not reported claims for workers' compensation, general liability, automobile liability, police professional and employment practices. In FY2003 the City added an additional claims adjuster to proactively handle claims outside of the litigation process and improved managed care in the workers' compensation area with a change in third party administrators. These measures helped to reduce the deficit by \$1.2 million in FY2004. In addition, a funding plan to eliminate the deficit within three years was adopted as part of the FY2005 budget. The balance of the deficit in the fund is attributed to the City's self-insured health program. This portion of the deficit was reduced by \$6 million in FY2004 and will be eliminated in FY2005.

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, 2004 is \$12.1 million.

(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, 2004, the carrying amount of the City's deposits was \$9,190,388 with a bank balance of \$11,653,275. Of the bank balance, \$329,315 was covered by Federal depository insurance or by collateral held by the City's agent in the City's name and \$11,323,960 was insured via participation by the bank in the Florida Security for Public Deposits Act. Included in the carrying amount of deposits was \$63,476 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

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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, 2004 follow:

	<u>Category</u>	<u>Fair</u>
	<u>1</u>	<u>Value</u>
U.S. Treasury Securities	\$ 75,076,886	75,076,886
U.S. Government Agency Securities	88,229,794	88,229,794
Commercial Paper	3,108,750	3,108,750
Corporate Obligations	135,769,375	135,769,375
Common Stock	331,080,429	331,080,429
Preferred Stock	<u>1,064,855</u>	<u>1,064,855</u>
	<u>\$ 634,330,089</u>	634,330,089
Money Market Mutual Funds		117,051,777
Florida State Investment Pool		190,349,895
Florida Municipal Investment Trust		15,220,796
Real Estate Investments		<u>788,647</u>
		<u>\$ 957,741,204</u>

As of September 30, 2004, 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 \$820,113 at September 30, 2004.

(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, 2003, upon which the 2003-04 levy was based, was approximately \$18.2 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 2003-04 fiscal year were 4.8288 mills for operations and 0.3682 for debt service.

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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, 2004 were approximately 99.5% of the total tax levy.

(6) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

Individual interfund receivable and payable balances at September 30, 2004 follow:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Due To Other Funds- Restricted</u>
<u>Governmental Funds</u>			
General Fund	\$ 554,295	0	0
Non-Major Governmental Funds			
Intergovernmental Revenue Fund	0	554,295	0
General Capital Projects Fund	350,624	0	0
Perpetual Care Fund	0	0	350,624
	<u>904,919</u>	<u>554,295</u>	<u>350,624</u>
<u>Enterprise Funds</u>			
Water and Sewer Fund	2,560,861	0	0
Non-Major Enterprise Funds			
Parking System Fund	2,277	0	0
	<u>2,563,138</u>	<u>0</u>	<u>0</u>
<u>Fiduciary Funds</u>			
General Employees Pension Fund	0	0	278,913
Police and Fire Pension Fund	0	0	2,281,948
Arts and Science District Garage Fund	0	2,277	0
	<u>0</u>	<u>2,277</u>	<u>2,560,861</u>
	<u>\$ 3,468,057</u>	<u>556,572</u>	<u>2,911,485</u>

The Intergovernmental Revenue Fund payable to the General Fund of \$554,295 represented a short-term borrowing that will be repaid in FY2005 using grant receipts. The payables to the Water and Sewer fund from the pension trust funds totaling \$2,560,861 were for operating expenses of the funds paid by the City that were reimbursed from the pension trusts in October 2004. 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, 2004 was as follows:

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<u>Transfers Out</u>	Transfers In					
	Non-major Governmental Funds					
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Subtotal</u>
General Fund	\$ 0	963,854	11,373,646	1,592,671	0	13,930,171
Non-Major Governmental Funds						
Special Revenue Funds	25,635	180,649	789,257	0	0	969,906
Capital Projects Funds	0	2,738,062	0	114,432	0	2,852,494
Permanent Funds	0	0	0	0	1,986,578	1,986,578
	<u>25,635</u>	<u>2,918,711</u>	<u>789,257</u>	<u>114,432</u>	<u>1,986,578</u>	<u>5,808,978</u>
Enterprise Funds						
Water and Sewer Fund	0	0	407,990	1,392,010	0	1,800,000
Sanitation Fund	0	0	0	28,880	0	28,880
Non-Major Enterprise Funds	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>407,990</u>	<u>1,420,890</u>	<u>0</u>	<u>1,828,880</u>
Internal Service Funds	92,000	1,000	101,397	0	0	102,397
	<u>\$ 117,635</u>	<u>3,883,565</u>	<u>12,672,290</u>	<u>3,127,993</u>	<u>1,986,578</u>	<u>21,670,426</u>

<u>Transfers Out (Continued)</u>	Transfers In (Continued)					
	Enterprise Funds					
	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Non-Major Enterprise</u>	<u>Subtotal</u>	<u>Internal Service Funds</u>	<u>Total</u>
General Fund	\$ 0	0	0	0	26,470	13,956,641
Non-Major Governmental Funds						
Special Revenue Funds	0	0	5,104,833	5,104,833	0	6,100,374
Capital Projects Funds	0	0	0	0	0	2,852,494
Permanent Funds	0	0	0	0	0	1,986,578
	<u>0</u>	<u>0</u>	<u>5,104,833</u>	<u>5,104,833</u>	<u>0</u>	<u>10,939,446</u>
Enterprise Funds						
Water and Sewer Fund	0	0	0	0	39,211	1,839,211
Sanitation Fund	0	0	0	0	0	28,880
Non-Major Enterprise Funds	0	0	250,000	250,000	9,599	259,599
	<u>0</u>	<u>0</u>	<u>250,000</u>	<u>250,000</u>	<u>48,810</u>	<u>2,127,690</u>
Internal Service Funds	6,500	500	1,000	8,000	2,000	204,397
	<u>\$ 6,500</u>	<u>500</u>	<u>5,355,833</u>	<u>5,362,833</u>	<u>77,280</u>	<u>27,228,174</u>

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. The transfer between permanent funds was made to combine the General Reserve Endowment Fund with the Perpetual Care Fund. Transfers to the internal service funds are for capital equipment additions funded by the benefiting user departments.

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(7) CAPITAL ASSETS:

Capital Asset activity for governmental and business-type activities for the year ended September 30, 2004 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 30,712,240	4,519,605	0	35,231,845
Construction in progress	<u>19,125,461</u>	<u>20,682,699</u>	<u>13,080,069</u>	<u>26,728,091</u>
Total capital assets not being depreciated	<u>49,837,701</u>	<u>25,202,304</u>	<u>13,080,069</u>	<u>61,959,936</u>
Capital assets being depreciated				
Buildings	93,137,696	6,946,371	0	100,084,067
Improvements	63,998,416	685,376	0	64,683,792
Infrastructure	127,989	146,407	0	274,396
Equipment	<u>109,546,820</u>	<u>7,167,688</u>	<u>6,455,516</u>	<u>110,258,992</u>
Total capital assets being depreciated	<u>266,810,921</u>	<u>14,945,842</u>	<u>6,455,516</u>	<u>275,301,247</u>
Less accumulated depreciation for:				
Buildings	26,633,263	2,071,316	0	28,704,579
Improvements	25,889,604	2,513,793	0	28,403,397
Infrastructure	4,446	5,434	0	9,880
Equipment	<u>77,882,478</u>	<u>11,009,008</u>	<u>6,058,660</u>	<u>82,832,826</u>
Total accumulated depreciation	<u>130,409,791</u>	<u>15,599,551</u>	<u>6,058,660</u>	<u>139,950,682</u>
Total capital assets being depreciated, net	<u>136,401,130</u>	<u>(653,709)</u>	<u>396,856</u>	<u>135,350,565</u>
Governmental activities capital assets, net	<u>\$ 186,238,831</u>	<u>24,548,595</u>	<u>13,476,925</u>	<u>197,310,501</u>
	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 20,236,304	5,701,107	0	25,937,411
Construction in progress	<u>44,297,242</u>	<u>46,072,972</u>	<u>23,156,686</u>	<u>67,213,528</u>
Total capital assets not being depreciated	<u>64,533,546</u>	<u>51,774,079</u>	<u>23,156,686</u>	<u>93,150,939</u>
Capital assets being depreciated				
Buildings	155,146,701	238,868	0	155,385,569
Improvements	288,006,886	22,794,454	0	310,801,340
Equipment	<u>31,422,394</u>	<u>904,217</u>	<u>507,017</u>	<u>31,819,594</u>
Total capital assets being depreciated	<u>474,575,981</u>	<u>23,937,539</u>	<u>507,017</u>	<u>498,006,503</u>
Less accumulated depreciation for:				
Buildings	61,644,701	3,113,137	0	64,757,838
Improvements	93,688,674	6,360,653	0	100,049,327
Equipment	<u>23,126,407</u>	<u>1,768,296</u>	<u>492,904</u>	<u>24,401,799</u>
Total accumulated depreciation	<u>178,459,782</u>	<u>11,242,086</u>	<u>492,904</u>	<u>189,208,964</u>
Total capital assets being depreciated, net	<u>296,116,199</u>	<u>12,695,453</u>	<u>14,113</u>	<u>308,797,539</u>
Business-type activities capital assets, net	<u>\$ 360,649,745</u>	<u>64,469,532</u>	<u>23,170,799</u>	<u>401,948,478</u>

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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	\$ 1,344,180
Public Safety	3,301,324
Physical Environment	70,957
Transportation	38,569
Economic Environment	22,965
Culture and Recreation	3,974,185
Capital assets held in the City's internal service funds are charged to general government	<u>6,847,371</u>
	<u>\$ 15,599,551</u>
Business-type activities:	
Water and Sewer	\$ 8,895,060
Sanitation	88,784
Parking System	938,180
Airport	1,057,463
Stormwater	<u>262,599</u>
	<u>\$ 11,242,086</u>

(8) INVESTMENT IN JOINT VENTURE:

The City has agreements with the Performing Arts Center Authority (PACA) and the Downtown Development Authority (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 \$430,376 derived exclusively from operations. The equity interests of the City, the PACA and the DDA totaled \$1,121,251, \$1,301,970 and \$621,550, respectively at September 30, 2004. 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 \$165,000. The City also has coverage for employment practices liability with a \$500,000 retention level.

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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, 2004 of \$25,510,303 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, 2003 and 2004 follow:

	Medical <u>Benefits</u>	<u>Other</u>	<u>Total</u>
Balance October 1, 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	<u>(12,774,862)</u>	<u>(7,044,954)</u>	<u>(19,819,816)</u>
Balance September 30, 2003	2,445,161	22,214,019	24,659,180
New Claims and Changes in Estimates	9,042,271	10,569,522	19,611,793
Claim Payments	<u>(9,916,525)</u>	<u>(8,844,145)</u>	<u>(18,760,670)</u>
Balance September 30, 2004	\$ <u>1,570,907</u>	<u>23,939,396</u>	<u>25,510,303</u>

(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:

<u>Equipment</u>	<u>Lease Period Years</u>	<u>Annual Payment</u>	<u>Interest Rate</u>	<u>Lease Amount</u>
Institutional Network Hardware	5	\$ 69,333	3.28%	\$ 315,000
Police Computers	3	171,540	3.48%	<u>485,000</u>
				<u>\$ 800,000</u>

The future (minimum) lease obligations and the net present value of capital lease payments as of September 30, 2004 are as follows:

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Year Ending
September 30

2005	\$ 1,311,759
2006	1,311,759
2007	1,189,411
2008	609,794
2009	<u>226,111</u>
Total Lease Payment	4,648,834
Less: Amount of Interest	<u>(299,107)</u>
Present Value of Lease Payments	<u>\$ 4,349,727</u>

(11) LONG-TERM DEBT:

Bonds outstanding at September 30, 2004 mature in varying amounts during succeeding fiscal years through 2031. Interest rates on fixed rate debt 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, 3.19% to 4.25% on tax increment revenue bonds and 2.7% to 2.9% on State revolving fund loans. The Sunshine State Financing Commission loans are variable rate instruments with the tax-exempt loans averaging 1.39% and the taxable loan averaging 1.84%. The Florida Intergovernmental Financing Commission tax-exempt loan is also a variable rate instrument averaging 1.65%. The average variable rate on tax increment revenue bonds is 2.25%.

The annual requirements to pay principal and interest on the bonds, notes and loans outstanding at September 30, 2004 (in thousands) follow and include estimated amounts for interest on the variable rate debt:

Year Ending <u>September 30</u>	<u>Governmental Activities</u>							
	General		Excise Tax Bonds		Tax Increment Bonds		Sunshine	
	<u>Obligation Bonds</u>						<u>State Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 5,105	1,353	2,165	714	759	573	2,380	173
2006	5,275	1,161	2,240	576	1,143	548	890	128
2007	5,390	958	2,340	430	1,112	513	920	115
2008	1,905	782	3,380	276	1,147	479	965	102
2009	1,965	725	3,520	141	1,192	444	995	89
2010-2014	10,875	2,616	0	0	16,352	1,396	2,870	263
2015-2019	7,595	548	0	0	0	0	1,645	109
2020-2021	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>600</u>	<u>12</u>
Total	<u>\$ 38,110</u>	<u>8,143</u>	<u>13,645</u>	<u>2,137</u>	<u>21,705</u>	<u>3,953</u>	<u>11,265</u>	<u>991</u>

CITY OF FORT LAUDERDALE, FLORIDA
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Year Ending September 30	Governmental Activities		Business-Type Activities					
	Florida		Water and Sewer		Sanitation		State Revolving	
	Governmental Loans		Revenue Bonds		Revenue Bonds		Fund Loans	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 2,325	235	1,955	3,597	315	231	0	0
2006	1,125	203	1,985	3,556	335	215	27	19
2007	1,150	184	2,025	3,506	350	198	157	117
2008	700	165	2,070	3,454	370	180	265	190
2009	700	153	2,125	3,390	395	161	273	183
2010-2014	3,925	580	11,770	15,772	2,325	476	1,485	791
2015-2019	4,675	237	14,320	13,236	545	21	1,712	564
2020-2024	0	0	17,800	9,884	0	0	1,974	303
2025-2029	0	0	22,465	5,404	0	0	1,004	42
2030-2031	0	0	10,590	619	0	0	0	0
Total	\$ 14,600	1,757	87,105	62,418	4,635	1,482	6,897	2,209

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, 2004, funds available met the debt service requirements for revenue bonds.

At September 30, 2004, the City had an arbitrage rebate liability of \$39,348 on the Sunshine State Financing Commission loans. This liability is for the computation period extending from the issue dates. The ultimate amount payable will be determined at the end of the loan construction period and may be greater or less than the current liability.

CITY OF FORT LAUDERDALE, FLORIDA
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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, 2004, 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 January 29, 2004, the City sold \$18,000,000 of CRA Tax Increment Revenue Bonds, Series 2004A and B. Series 2004A non-AMT bonds provided \$12,500,000 and Series 2004B AMT bonds provided \$5,500,000 financing for certain improvements in the Northwest Progresso Flagler Heights area of the CRA. The bonds are variable rate instruments and provide for annual principal and semi-annual interest payments with final maturities on September 1, 2013.

In order to take advantage of low interest rates, the City is participating in the State of Florida revolving loan program to finance sewer system capital improvements and currently has two loans outstanding. 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 first loan authorized in FY 2003 was for \$8,882,659, carries an interest rate of 2.9% and provides for semi-annual principal and interest payments beginning in May 2007. As of September 30, 2004, the City's liability for this loan totaled \$5,491,763.

On June 29, 2004 a second loan agreement was entered into for \$20,350,400, carries an interest rate of 2.71% and provides for semi-annual principal and interest payments beginning in May 2006. As of September 30, 2004, the City's liability for this loan totaled \$1,405,123.

The following is a summary of long-term liabilities activity of the City for the fiscal year ended September 30, 2004:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 43,005,000	0	(4,895,000)	38,110,000	5,105,000
Excise Tax Bonds	15,740,000	0	(2,095,000)	13,645,000	2,165,000
Tax Increment Bonds	4,127,000	18,000,000	(422,000)	21,705,000	759,000
Florida Intergovernmental Loans	15,575,000	0	(975,000)	14,600,000	2,325,000
Sunshine State Loans	13,540,000	0	(2,275,000)	11,265,000	2,380,000
Unamortized Bond Discounts and Gains/Losses on Advance Refundings	(1,737,168)	0	196,836	(1,540,332)	0
Lease Purchase Agreements	4,562,746	800,000	(1,013,019)	4,349,727	1,179,808
Estimated Insurance Claims Payable	24,659,180	19,611,793	(18,760,670)	25,510,303	10,330,786
Compensated Absences	24,280,019	57,260	(1,060,751)	23,276,528	5,311,023
Total Governmental Activities	\$ 143,751,777	38,469,053	(31,299,604)	150,921,226	29,555,617

CITY OF FORT LAUDERDALE, FLORIDA
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	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Business-Type Activities:					
Revenue Bonds	\$ 93,975,000	0	(2,235,000)	91,740,000	2,270,000
State Revolving Fund Loans	0	6,896,886	0	6,896,886	0
Florida Intergovernmental Loans	1,325,000	0	(1,325,000)	0	0
Unamortized Bond Discounts	(872,932)	0	54,102	(818,830)	0
Land-fill Post Closure Costs	4,300,000	0	(79,360)	4,220,640	0
Lease Purchase Agreements	0	0	0	0	0
Estimated Insurance Claims Payable	0	0	0	0	0
Compensated Absences	<u>4,220,956</u>	<u>2,247,659</u>	<u>(2,134,869)</u>	<u>4,333,746</u>	<u>988,246</u>
 Total Business-Type Activities	 <u>\$ 102,948,024</u>	 <u>9,144,545</u>	 <u>(5,720,127)</u>	 <u>106,372,442</u>	 <u>3,258,246</u>

Internal service funds predominantly serve the governmental funds. Accordingly, their long-term liabilities totaling \$30.2 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, 2004, the site is remediated and the liability stands at \$4,200,000 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, 2004. The City remains opposed to this action by the State on the grounds that it

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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, 2003 actuarial valuation was approximately \$60,096,000. The total City payroll at that time was approximately \$139,777,000. As of the valuation date, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	1,116
Terminated employees entitled to benefits but not yet receiving them	56
Fully, partially and non-vested active plan participants	1,370

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 20.1%.

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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, 2003 actuarial valuation was approximately \$44,233,000. The total City payroll at that time was approximately \$139,952,000. As of the valuation date, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	778
Terminated employees entitled to benefits but not yet receiving them	16
Fully, partially and non-vested active plan participants	703

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 27.4% and 9.1%, respectively.

Changes in the benefit formula for firefighters along with assumption changes, a change in actuarial asset valuation methodology and changes in the actuarial cost method resulted in an increase in the annual contribution requirement of 4.07%.

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:

Fiscal Year Ended In:	<u>General Employees</u>		<u>Police and Firefighters</u>	
	Percent		Percent	
	<u>Amount</u>	<u>Contributed</u>	<u>Amount</u>	<u>Contributed</u>
2002	\$ 5,202,884	100%	\$ 5,481,000	100%
2003	9,012,598	100	6,394,811	100
2004	12,055,085	100	12,377,564	100

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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:

	<u>General Employees</u>	<u>Police and Firefighters</u>
Valuation Date	September 30, 2002	December 31, 2002
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 5 year
Actuarial Assumptions:		
Investment Rate of Return	7.5% Including 4% Inflation	7.75% Including 3.25% Inflation
Projected Salary Increases	4.0% - 6.4%	3.25% - 6.25%
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 55). 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 \$883,000. The total City payroll for the year ended September 30, 2004 was approximately \$131,536,000.

The City contribution requirement of 9% on earnings of participants was paid on a biweekly basis and amounted to \$83,398 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 \$1,268,000. The total City payroll for the year ended September 30, 2004 was approximately \$131,536,000.

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The City contribution requirement of 12.2% on earnings of participants was paid on a biweekly basis and amounted to \$158,627 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, 2004, there were 378 retired employees receiving the benefit with an additional 2,196 employees eligible for participation in the future. Payments totaled \$1,112,483 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 (\$464,774 in 2004) 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. Contingent rentals on these leases amounted to \$1,092,906 in the current year. Minimum future rentals on these leases as of September 30, 2004 follow:

	<u>Aviation Leases</u>	<u>Land Leases</u>	<u>Total</u>
Fiscal Year Ending in:			
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
2009	864,007	2,672,754	3,536,761
Later Years	<u>11,746,399</u>	<u>75,142,188</u>	<u>86,888,587</u>
	<u>\$ 16,124,717</u>	<u>88,505,958</u>	<u>104,630,675</u>

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(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, 2004:

<u>Water and Sewer Fund</u>	
Collection and Distribution Systems	\$ 24,777,123
Wastewater Plant Improvements	4,780,397
Water Treatment Plants Improvements	13,850,235
Sanitary Sewers	6,355,249
Process Control Systems	3,796,061
Other	<u>5,266,328</u>
	<u>58,825,393</u>
<u>Sanitation Fund</u>	
Wingate Landfill Closure	172,818
Other	<u>40,977</u>
	<u>213,795</u>
<u>Parking System</u>	
Downtown Parking Garages	<u>1,157,866</u>
<u>Airport Fund</u>	
Airport Improvements	<u>2,250,628</u>
<u>Stormwater Fund</u>	
Storm Drainage	<u>832,982</u>
	<u>\$ 63,280,664</u>

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 provided for the sale of the property by March 2005 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 was 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 was recorded in the Water and Sewer enterprise fund. The City is considering alternate uses for the site and has obtained an extension from the EPA on the deadline for sale of the property until a final decision is made on its disposition.

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 the City

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signed on January 27, 2004, and which provides for the City to be reimbursed for up to \$1.2 million 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. As of September 30, 2004 the City has recognized revenue of \$775,000 under the Consent Order.

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.