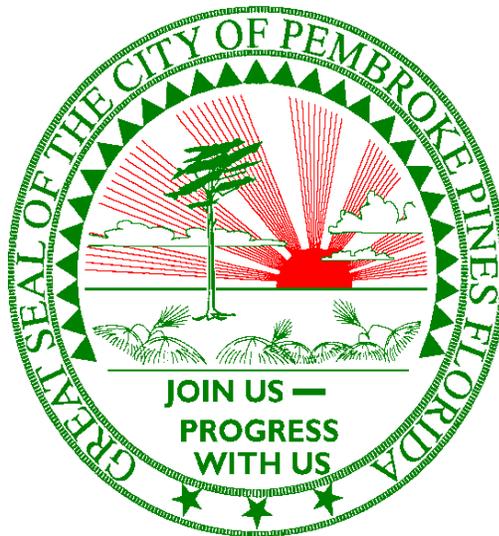




**Comprehensive Annual Financial  
Report  
and Compliance Reports  
of the  
City of Pembroke Pines, Florida**



**For the  
Fiscal Year Ended  
September 30, 2013**

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

**For the Fiscal Year Ended  
September 30, 2013**



**Prepared by  
The Finance Department**

# City of Pembroke Pines, Florida

Fiscal Year Ended September 30, 2013

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# I. INTRODUCTORY SECTION

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





# City of Pembroke Pines



Frank C. Ortis, Mayor  
Angelo Castillo, Vice Mayor  
Charles F. Dodge, City Manager

Jay Schwartz, Commissioner  
Carl Shechter, Commissioner  
Iris A. Siple, Commissioner

March 19, 2014

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

State law requires that every general-purpose local government publish within nine months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with auditing standards generally accepted in the United States, and government auditing standards by a firm of licensed certified public accountants. Additionally, the City's charter requires an annual audit of the books of account, financial records and transactions of all departments of the City by independent certified public accountants. Pursuant to these requirements, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Pembroke Pines for the fiscal year ended September 30, 2013.

This report consists of management's representations concerning the finances of the City of Pembroke Pines. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the City administration has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Pembroke Pines' financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As administrators, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by GLSC & Company PLLC, a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ended September 30, 2013 are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Pembroke Pines' financial statements for the fiscal year ended September 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Pembroke Pines was part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards and state financial assistance. There were no Single Audit findings during the fiscal year ended September 30, 2013.

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

## **Profile of the Government**

The City of Pembroke Pines is a city in Broward County, Florida. The City had a population of 155,565 according to the April 2013 estimate by the Florida Legislative Office of Economic and Demographic Research, making it the 2nd most populous city in Broward County, and the 11th most populous in Florida. The City is located about 15 miles southwest of Fort Lauderdale, in Broward County. Pembroke Pines has an area of approximately 34.25 square miles and is bordered on the east by the City of Hollywood and extends westerly to the Conservation District, and the Everglades. To the south of the City is the City of Miramar, to the northwest are the communities of Southwest Ranches, and Weston, and to the north and northeast are Cooper City, and the Town of Davie. Commercial support includes over 50 neighborhood and community shopping centers, which are capable of supplying needed goods and services for the area.

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

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

The annual budget serves as the foundation for the City of Pembroke Pines' financial planning and control. All departments of the City are required to submit proposed budgets to the City Manager, who makes any necessary revisions. The City Manager then presents to the City Commission for their review, a budget estimate of the expenditures and revenues of all the City's departments and divisions. Two public hearings are conducted to inform the taxpayers of the proposed budget, to receive their comments, and to respond to their questions on the proposed budget. A majority affirmative vote of the quorum is needed to adopt the budget, which is legally enacted prior to October 1st by the passage of an Ordinance. Section 5.06 of the City Charter provides that no officer, department, or agency may legally expend or contract to expend amounts in excess of the amounts appropriated for that general classification of expenditures. The City's budget is approved at the department level. The City Manager and the Finance Director may amend the adopted budget for adjustments within a department. The City Commission must approve all other budget adjustments as well as any supplemental appropriations. Budget-to-actual comparisons are provided in this report for the General Fund for which an appropriated annual budget has been adopted. The General Fund budgetary comparison schedule, and notes to the budgetary comparison schedule are presented as part of the Required Supplementary Information.

The City owns and operates seven Charter Schools. These Schools are considered special revenue funds of the City and have a fiscal year ending June 30th. The governing body of the Schools is the City Commission comprising five voting members which consist of the City of Pembroke Pines Mayor, Vice Mayor, and three Commissioners. The Pembroke Pines City Manager also serves as the Superintendent of the Charter Schools.

The Schools operate under a charter of the sponsoring school district, the Broward County School Board (the District) and the Florida State University (FSU). Annual budgets are legally adopted for all Charter School funds which are governmental funds. The Charter Schools' budgets are approved via resolution at a public hearing conducted by the City Commission. The adopted budgets are integrated into the accounting software system effective July 1st. Section 30.30(F) of the Code of Ordinances requires a majority affirmative vote of the quorum to adopt the budgets, which prior to July 1st, are legally enacted through passage of a resolution. Section 5.06 of the City Charter provides that no officer, department or agency may legally expend or contract to expend the amounts in excess of the amounts appropriated for that general classification of expenditures. The budget is adopted at the school level, which is the legal level of control.

### **Factors Affecting Financial Condition**

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

### **The Economy**

The City of Pembroke Pines' positioning for progress is undoubtedly ensured for periods that extend far beyond the fifty-four years of its existence due to its geographic location surrounded by the affluent tri-county markets of Miami-Dade, Broward, and Palm Beach Counties. The Miami-Fort Lauderdale-Pompano Beach, Metropolitan Statistical Area (MSA), known as the "Gateway to the Americas", is an ideal location for conducting international business, especially in Latin America. As such, the MSA accounts for the majority of Florida's total export of goods to overseas markets. The total population based on the 2012 US Census Bureau estimates, is approximately 5.8 million and has the largest and most diverse labor force in the State. It also remains the 8<sup>th</sup> most populous MSA in the United States. Furthermore, it has access to a superb transportation system, including the superhighway connecting the Fort Lauderdale/Hollywood International Airport and Port Everglades, the deepest seaport between Norfolk and New Orleans, and the number one cruise ship port in Florida, and among the busiest container ports in the United States.

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

The U.S. economic recovery continues to show positive signs of improvement over last year although they have been modest gains. The economy also faced a number of challenges, including a 16-day shutdown of the government in October and an unusually cold winter that has weighed on activity since late December. Growth has also been dampened by the expiration of long-term unemployment benefits, cuts to food stamps and businesses placing fewer orders with manufacturers as they work through the unsold goods in their warehouses.

The nation’s Gross Domestic Product (GDP), which is the value of all goods and services produced in the economy, increased at the end of 2013, according to the second estimate of fourth quarter GDP which was released by the U.S Department of Commerce in February 2014. GDP rose at an annual rate of 2.4% from October through December, as compared with 4.1% for the previous quarter ending September 2013. This second estimate was lower by 80 basis point from the advanced estimate previously reported. Consumer spending was revised downwards, but still grew by its fastest pace in almost two years, which is a reflection of the improvement in the underlying economic fundamentals. The National Economic Estimating Conference expects GDP to grow by 2.6% in 2014; and 2.8% in 2015.

GDP is a broad measure of economic activity in the United States. According to the release, the increase in real GDP in the fourth quarter primarily reflected positive contributions from personal consumption expenditures, exports, nonresidential fixed investment, and private inventory investment that were partly offset by negative contributions from federal government spending, residential fixed investment, and state and local government spending. Imports, which are a subtraction in the calculation of GDP, increased.

Due to the efforts of the Federal Reserve, inflation has not posed any issues for the economy throughout the last four years. Nationwide the inflation rate, as measured by the percent change in the Consumer Price Index (CPI) for all urban consumers, increased by 1.6% in the 12 months ending in January 2014, the same pace a year ago. The CPI index for all items less food and energy rose 0.1% in January, and 1.6% over the last 12 months, which is the smallest 12-month change since June last year. The CPI for the Miami-Fort Lauderdale MSA increased 1.9% in the two months ended December 2013. Overall, a low level of inflation leaves consumers with more money to spend, which benefits both the local and the wider economy. Most economists foresee inflation remaining low for at least two more years. Federal Reserve policymakers have forecast that inflation will be approximately 1.7% to 2% in 2016.

The level of unemployment continues to be a critical issue in the recovery process, and has improved over the last year. According to the National Estimating Economic Conference, “from a long-term perspective, the unemployment rate will continue its downward trend over the next several years, eventually reaching a new rate of around 5%”. The City's average unemployment rate during the year in contrast to the other levels of government is shown below:

	<u>FY2013*</u>	<u>FY2012*</u>
City of Pembroke Pines	5.8%	7.4%
Broward County	6.2%	8.0%
State of Florida	7.7%	9.1%
United States	7.6%	8.3%

**\* Average unemployment data for 2013 & 2012 is on a fiscal year basis October 1<sup>st</sup> though September 30<sup>th</sup>. Information may contain preliminary data.**

According to the U.S Department of Labor, for the entire United States, the unemployment rate was 6.6% in January 2014, which represents approximately 10.2 million people. At the start of the recession in December 2007, the number of unemployed persons was 7.7 million, and the unemployment rate was 5.0%. In January 2014, the economy added 113,000 jobs.

The unemployment rate for Florida, as released by the U.S Department of Labor in January 2014, was 6.3% for December 2013, representing approximately 0.6 million people. This represents a 0.2% decline from last month. According to the Florida Economic Estimating Conference, Florida’s job market will take a long time to recover, as about 419,700 jobs have been lost since the most recent peak. Also, according to a study from progressive DC Think Tank Economic Policy Institute, Florida ranks second in the nation for long-term unemployment, with almost 46.2% of unemployed workers having been without a job for over six months. Tying for first place was New Jersey and the District of Columbia at 46.6%.

The housing market has continued to improve. More jobs and low mortgage rates are helping the once-battered housing market recover. Sales of new homes in the U.S. increased in January to the fastest pace in more than five years, offering hopes that housing could be regaining momentum after a slowdown last year caused by rising interest rates. According to the US Commerce Department, sales of new homes increased 9.6% in January to a seasonally adjusted annual rate of 468,000, which was the fastest pace since July 2008.

However, the National Association of Realtors reported that sales of existing homes plummeted in January to an annual rate of 4.62 million units. That was down 5.1% from the December pace. This decline was attributable to the freezing temperatures and snowstorms in the part of the country, coupled with an increase in mortgage rates.

According to the latest housing data released by Florida Realtors®, Florida's housing market reported more closed sales, higher median prices, more new listings, fewer days on the market, and the continued stabilization of inventory in January. The statewide median sales price for single-family existing homes in January was \$162,500, up 12.1% from the previous year, and the median sales price for townhouse-condo properties in January was \$131,000, up 17% over a year-ago.

This increase was also experienced closer to home as the Miami-Fort Lauderdale-Pompano Beach MSA had median sales price for single-family existing homes in January of \$248,000, up 15.6% from the previous year, and the median sales price for townhouse-condo properties in January was \$139,000, up 20.9% over a year-ago.

A key component of the economic recovery has focused on the business environment and overall economic development. From the President of the United States, to the Governor of the State of Florida, to our very own City Commission, there has been a unified effort to encourage business investment, with the aim of increasing employment opportunities at all levels.

The City continues to affirm its efforts to increase and encourage business investment. These efforts include, but are not limited to, continued support for the Miramar-Pembroke Pines Regional Chamber of Commerce, and eliminating burdens on businesses by expediting the permitting process. There are also many large retailers, companies and restaurants that are in the process of calling the City of Pembroke Pines their home. These are strong indications that all efforts are being made to encourage business and economic development in order to further stimulate the local economy.

### **Long-Term Financial Planning**

Financial planning continues to be of paramount importance to the City as we strive to meet the challenges of both the immediate and the foreseeable future. The major projects undertaken by the City have long-term financial implications on resources of the City. The planning and decisions undertaken by the City are always weighed in the context of the financial burden that will be placed on both current and prospective residents, as well as the potential economic and environmental impacts.

The long-term financial focus has been a shift away from growth to one of economic development and redevelopment opportunities, in order to continue to meet the City's long-term goals and objectives. The City had to re-examine the way it does business, seeking to harness operational efficiencies while maintaining the level of services that residents have come to expect. This has been particularly difficult in the face of increasing costs and declining revenues.

Pembroke Pines has always strived to maintain low property tax rates. The City's current millage rate for the fiscal year ending September 30th, 2014 is 6.2776, which is comprised of an operating millage of 5.6368 and a debt service millage of 0.6408. For the fiscal year ended September 30th, 2013, the City's millage rate was 6.3084, which was comprised of an operating millage of 5.6368 and a debt service millage of 0.6716. The 2014 operating millage rate, approved by the City Commission, represented a \$2.0 million or 4.5% increase in the budgeted revenues as compared to fiscal year 2013 adopted budget.

The development of the City's capital improvement plans, as well as the annual budget, has led the City to pursue a moderate and more conservative approach to revenue forecasts, as well as renewed focus on cost-reduction, especially for personnel-related costs which accounted for approximately \$112.3 million or 71.9% of total General Fund expenditures of the 2014 Adopted Budget.

Over the past few years, cost reductions were achieved through early retirements, eliminating vacancies, negotiated reductions to benefit packages for both new and existing employees, the outsourcing of various City positions to an external contractor, and the postponement of capital expenditures. The 2014 budget also included a number of function sourcing efforts and regionalization of services. Effective March 1, 2014, the City's E-911 communication system transitioned to the Broward County's Consolidated Regional E-911 Communications System. The City of Pembroke Pines has been recommended as one of the three regional dispatch centers. Removal of the E-911 project from the 2014 General Fund budget resulted in a \$1.4 million budget savings and a 25 net reduction in City employees.

Additionally, on October 31, 2013 the City's Water and Wastewater Utility System including utility billing, customer service, and meter reading services is being operated and managed by a third party vendor. The City will continue to be responsible for capital improvements, utilities, and payments to the City of Hollywood under the Large-User contract for sewer services east of Flamingo Road. Implementation of this function sourcing is estimated to result in budget savings of \$1.2 million with \$0.8 million in the Utility Fund, \$0.2 million in the General Fund and \$0.2 million in the Road and Bridge Fund. This arrangement will affect 27 city positions and 79 contractual positions.

In addition, the City has contracted with a third party regarding the operation and maintenance of the City's facilities and buildings, effective November 1, 2013. The City will retain responsibility for capital improvements and providing utilities to the facilities. The associated General Fund budget savings is estimated at \$0.5 million and 78 contractual positions will be affected.

Long-term financial planning has also been taken into account for some major projects undertaken by the City, including the "Building Our Future Program" whereby the City issued \$90.0 million in General Obligation bonds, and the City Center Project. Both are providing and are expected to provide and create new economic opportunities for the City. Some of these projects are discussed in more detail below under "Major Initiatives".

### **Relevant Financial Policies**

The City adopts various financial policies in order to facilitate effective goal setting and decision making. These policies establish the framework for sound financial oversight of the City's operations. In light of the economic and credit crisis, it is important that debt issues be undertaken in a prudent manner, in accordance with the City's "Debt Management Policy" as adopted by the City Commission on November 1, 2006. Understanding and managing the risks associated with these transactions is critical to the City's financial health. The City is currently in compliance with its Debt Management and Derivative Policy. The Debt Management Policy stipulates that debt refunding undertaken by the City must ensure that the net present value savings, as a percentage of the par amount of the refunding bonds, equal or exceed 3% and equal or exceed \$100,000. On October 15, 2013, the City refunded \$34,660,000 of the Taxable

Communications Services Tax Revenue Bonds, Series 2003A, which resulted in a net present value savings of \$1,867,401. The City is also in the process of reviewing additional refunding opportunities, and as part of this, recently awarded a request for proposal for underwriting services to six firms. The senior manager and co-managers will be selected based on the particular financing undertaken by the City in consultation with the Financial Advisor.

Over the last year, the City has developed the budget in such a way as to preserve unassigned fund balance in the General Fund at not less than 10% of the total annual General Fund expenditures. This also provides a contingency for unexpected future events. The importance of monitoring the City's fund balance levels has become such an integral part of its overall financial planning. The City's adopted Fund Balance Policy covers the General Fund and specifies the course of action in the event that the unassigned fund balance falls below the minimum level. The City's General Fund unassigned fund balance for 2013 is \$42.1 million which is 28.1% of budgeted expenditures and falls within the established policy guidelines. This reflects an increase of \$3.8 million over last year. It was the City's demonstrated ability to increase fund balance and manage spending that facilitated Fitch's AA G.O. Bond rating.

Another relevant financial policy is the City's five year Capital Improvement Program. Over the last three years during the economic downturn, the City had postponed spending for some major capital items.

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

### **Major Initiatives**

There are many projects and initiatives that have been undertaken by the City over the last year, some of which have spanned numerous years. Some of the City's major initiatives and projects are discussed below.

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

The projects funded from the proceeds of the bonds range from various roadwork projects and recreational and cultural amenities to economic development and neighborhood revitalization. Some of these projects are direct responses to requests made from the citizenry, while others are a result of the visions of progress, and the proactive stance of the City's Mayor and Commissioners. Many of the projects have focused on additions and improvements to the City's parks and recreational facilities, and major improvements to several strategic roadways throughout the City.

A total of 153 projects were approved by the City Commission relating to the "Building Our Future Program". As of December 2013, 105 projects were fully completed, 7 projects were in the construction phase, 4 projects were in the design/planning phase, 13 projects were re-allocated, 22 projects were eliminated, and 2 projects had not yet begun. The current budget is \$96.6 million (the difference between the current budget and the \$90.0 million borrowed is due mainly to interest earned). Of the \$96.6 million, \$82.3 million or 85.12% has been spent or allocated to projects as of December 31, 2013.

The City is excited to commence the implementation of Phase 1 of the City wide streetscape program. Phase 1 of the streetscape program, which is funded by the 2005 GO bonds, is a \$250,000 project based upon recently created citywide streetscape design guidelines. The Citywide streetscape design guidelines were created through a collaborative effort between citizens, Commission and Board members, staff, and design professional Miller Legg and Associates. The guidelines provide the City's conceptual designs for landscape and 20 gateway signs on rights-of-ways throughout the City.

Streetscape improvements enhance and update the City's infrastructure in a cost-effective manner as well as provide the City with much needed identity at its borders. The streetscape plan is an ongoing project with full cost to implement estimated at over \$7.5 million dollars. The City Commission will implement Phase 1 with proceeds from the GO bonds. Scope of work, additional costs, and funding sources for future phases of this project will be determined by the City Commission at a later date. Phase 1 construction is expected to be completed within the next year.

The plans for "City Center" remain to be a project of significant importance in terms of both financial implications and resource allocation needed for its development. This project initially started in fiscal year 2003 with the purchase of approximately 115 acres of undeveloped land adjacent to City Hall for \$22.0 million. This site is the last major piece of undeveloped property along the Pines Boulevard corridor, and will provide a unique opportunity for the City to ensure that the needs and well-being of our residents are properly evaluated and provided for in a controlled environment. The City is overseeing the development of this property as a "City Center" for the benefit of residents. In addition to the initial investment, the City has spent an additional \$39.2 million for spine roads, infrastructure and hardscape development.

The City Commission and the administration have worked arduously to develop strategies to promote the sale and development of City Center. On January 25, 2011, the City Commission gave the final approval for the sale of 27.2 acres at City Center to Mill Creek Residential Trust LLC, which will develop a total 700 multifamily units and related amenities such as a clubhouse, outdoor playground, and parking for a total purchase price of \$18.7 million. Mill Creek Residential Trust has begun construction of phase 2 of the Modera Pembroke Pines apartment complex. The developer has completed construction of Phase 1, consisting of 422 units; which are currently available for lease. Phase 2 of the project will add 278 units and should be completed in early 2015.

October 3, 2012, City Commission approved the sale of approximately 11 acres at City Center to Related Development Group LLC for \$9.5 million. Related Development LLC, intends to build 365 market rate multi-family units on the property. It is estimated that the City will receive additional annual revenues of approximately \$0.4 million as a result of this sale. This project is scheduled to close at the end of March and begin construction in April 2014.

Furthermore, on October 16, 2013, the City Commission gave approval to proceed with the advertising for a design-build solicitation for a Civic Center which will include a new City Hall and Art Gallery. The conceptual project drawings were developed and presented by Manny Sinalovski Associates, LLC. As part of this overall project, the City has issued a Request for Offers (RFO) to enter into negotiations to complete the sale of all or a part of the City Hall Complex and adjacent property located generally south of Pines Boulevard and west of Palm Avenue. The entire Civic Center/City Hall project is estimated to cost approximately \$38.0 million. The proceeds would come from the sale of various properties, including the existing City Hall site, and available bond proceeds. The overall design and concept as presented will make this facility the "Crown Jewel" of the City Center project, and perhaps even the entire City.

The City has also been involved in other real estate transactions in order to encourage economic development as well as provide additional services to the residents of the City. On November 19, 2013, the City approved the sale of 79.88 acres of the remaining Raintree Property to Hoyer Homes LLC in the amount of \$7.1 million. Hoyer Homes LLC previously purchased 32.9 acres of this property in February 2013 for \$3.1 million. They are scheduled to build 300 multi-family and single family units. The City originally acquired the Raintree Golf and Country Club back in February 2009 for \$9.1 million, using G.O. Bond proceeds.

Another significant project that the City is involved with is the construction of the Pembroke Road/I-75 Overpass. This project will require the collaboration of multiple agencies including the Florida Department of Transportation (FDOT), Broward County, the City of Miramar, and the City of Pembroke Pines.

The I-75 improvements and the Pembroke Road overpass bridge construction projects are scheduled to start by the first quarter of 2014, and will be completed under two contracts. This first contract includes the approaches to the overpass bridge, and the second contract is the overpass bridge itself along with the I-75 improvements. The first contract is being managed by Broward County and includes the western approach to the bridge from Silver Shores Blvd east to I-75, the eastern approach from SW 145th Avenue west to I-75, and construction of a sound barrier wall. Construction under this contract is expected to be completed in May 2015.

The second contract is being managed by FDOT and includes the I-75 Express Lanes and the Pembroke Road overpass bridge. The express lanes improvements generally consist of a sound barrier wall, divided 4-lane tolled roadway (two 12-foot travel lanes in each direction), and reconstruction of the Miramar Parkway Interchange. Bids were received for the first contract on November 13th, 2013 for the approaches to the overpass bridge. FDOT received price proposals for the I-75 overpass bridge in January 2014. The completion date for the bridge itself will be known when the second contract is awarded. In August 2013, the City committed \$2.1 million from the Road & Bridge Fund to this project.

### **Awards and Acknowledgements**

The City of Pembroke Pines continues to receive many awards and accolades, some of these are listed below, and some are listed in the Statistical Section of this report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pembroke Pines for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2012.

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

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

The City also received the Government Finance Officers Association's Distinguished Budget Presentation Award for the annual appropriated budget for the fiscal year beginning October 1, 2012. The City of Pembroke Pines has received this award consecutively for sixteen years since the fiscal year beginning October 1, 1997. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including meeting program criteria as a policy document, as a financial plan, as an operational guide, and as a communications device.

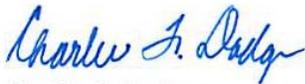
A Distinguished Budget Presentation Award is valid for a period of one year only. We believe that our current budget continues to meet the Distinguished Budget Presentation Award program's requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

The City's Charter Schools' budget also received the GFOA Distinguished Budget Presentation Award for their fiscal year beginning July 1, 2013. This is the tenth consecutive year that the Charter Schools received this award since the fiscal year beginning July 1, 2004.

Additionally, individuals have received awards on behalf of the City and the City's Charter Schools. In 2013, Mrs. Devarn Flowers, principal of the City of Pembroke Pines Charter School West Campus received the "Charter Principal of the Year Award" from the Florida Consortium of Public Charter Schools (FCPCS). Mayor Frank Ortis also received multiple awards including the "Coceano Community Leadership Award" from the Miramar/Pembroke Pines Regional Chamber of Commerce, the "Small Business Advocate Award" from the Partner America/U.S. Conference of Mayors, and the "E. Drew Harris Award" from the Florida League of Cities.

Undoubtedly, the City of Pembroke Pines is unique in many ways, and continues to make many strides and advancements in the right direction. We are fully and completely dedicated to materialize our vision and live out our motto "Join us – progress with us". The City remains committed to exploring all avenues to ensure that residents are provided excellent services in the most cost-efficient manner, while providing a greater level of transparency in government. We look forward to meeting the challenges that face us with determination, and with an expectancy to excel, so that we can continue to provide a bright and sustainable future for our community.

Sincerely,



Charles F. Dodge  
City Manager



René González, CPA, CGFO, CPFO  
Finance Director



Government Finance Officers Association

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

Presented to

**City of Pembroke Pines  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2012**

Executive Director/CEO

# List of City Officials

## City Commission:

*Frank C. Ortis, Mayor*

*Angelo Castillo, Vice Mayor – District 4*

*Carl Shechter, Commissioner – District 1*

*Jay Schwartz, Commissioner – District 2*

*Iris Siple, Commissioner – District 3*

## City Manager:

*Charles F. Dodge*

## City Attorney:

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

## City Clerk:

*Judith A. Neugent*

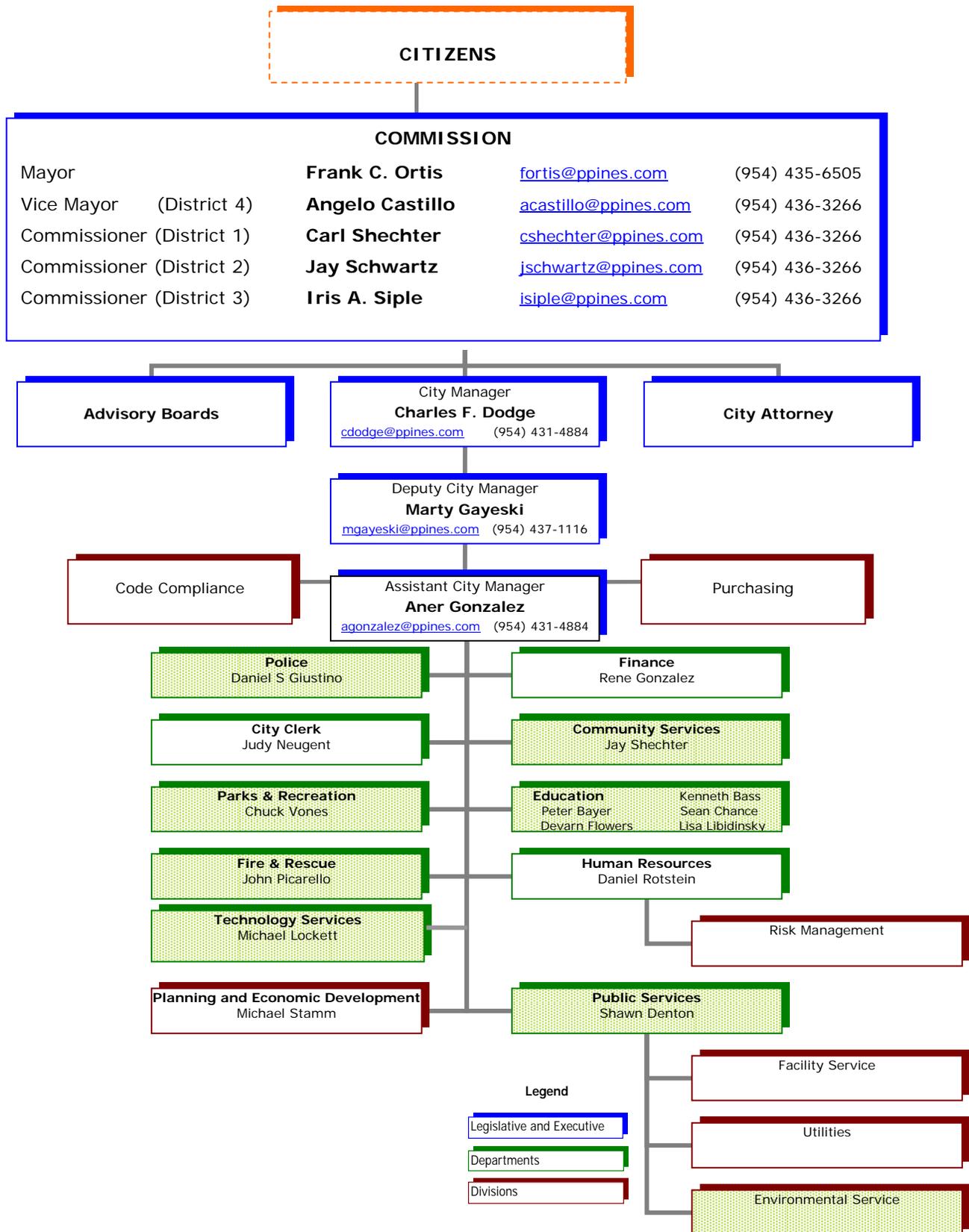
## Finance Director:

*René D. González*



# CITY OF PEMBROKE PINES

## Organizational Chart



## **II. FINANCIAL SECTION**

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



# Independent Auditors' Report





## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Pembroke Pines, Florida as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pension Trust Funds for Firefighters and Police Officers, which represents 65% of the net position, 66% of additions, and 59% of deductions of the fiduciary fund totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Trust Funds for Firefighters and Police Officers, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pembroke Pines, Florida, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of contributions and funding progress, and budgetary comparison information on pages 4 - 22 and 134 - 139, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pembroke Pines' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedule of revenues, expenditures, and changes in fund balances – budget to actual and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, state financial assistance projects and local awards is presented for purposes of additional analysis as required by U.S. office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General, and is also not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, schedule of revenues, expenditures, and changes in fund balances – budget to actual on pages 140 through 155 and the schedule of expenditures of federal awards, state financial assistance projects and local awards on pages 197 through 199 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of revenues, expenditures, and changes in fund balances – budget to actual, and the schedule of federal awards, state financial assistance projects and local awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Honorable Mayor, City Commission and City Manager  
City of Pembroke Pines, Florida  
Page 3

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated March 17, 2014, on our consideration of the City of Pembroke Pines, Florida's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

GLSC & Company, PLLC

Miami, Florida  
March 17, 2014

# Management's Discussion and Analysis



# **City of Pembroke Pines, Florida**

## **Management's Discussion and Analysis**

As management of the City of Pembroke Pines, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2013. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal, which can be found on pages i to x of this report.

### **Financial Highlights**

- The assets and deferred outflows of resources of the City of Pembroke Pines exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$363.1 million (*net position*), as compared with \$357.4 million for the previous fiscal year. Of this amount, \$96.6 million (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$5.7 million (1.6%) during the current fiscal year. Included in the total net position is the governmental net position which increased by \$1.3 million (0.9%), and the business-type net position, which increased by \$4.4 million (2.0%).
- At the end of the current fiscal year, unrestricted net position of the City's governmental activities had a surplus of \$21.5 million, or 9.3% of total governmental activities expenses. The unrestricted net position of the business-type activities was \$75.1 million, or 178.8% of total business-type expenses for the year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$104.3 million, a decrease of 1.9 million (-1.8%) in comparison with the prior year. Approximately \$42.1 million (40.4%) of this total amount is available for spending at the City's discretion (*unassigned fund balance*).

### **Overview of the Financial Statements**

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

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

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference between these components is the *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The statement of activities distinguishes functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental

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

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

The government-wide financial statements can be found on pages 23-24 of this report.

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

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

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

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Debt Service and Capital Projects funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements on pages 140-143 of this report.

The City adopts an annual budget for its General Fund. A budgetary comparison schedule and the notes to the budgetary comparison schedule have been provided for the General Fund to demonstrate compliance with the budget, on pages 136-139. The basic governmental fund financial statements can be found on pages 25-28 of this report.

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

The basic proprietary fund financial statements can be found on pages 29-33 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

# City of Pembroke Pines, Florida

## Management's Discussion and Analysis

The basic fiduciary fund financial statements can be found on pages 34-35 of this report.

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

The notes to the basic financial statements can be found on pages 36-133 of this report.

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

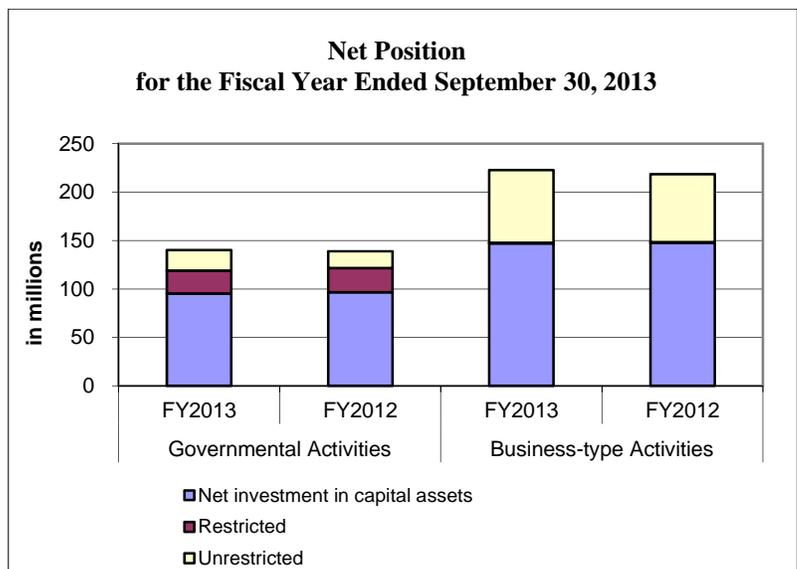
Required supplementary information can be found on pages 134-139 of this report.

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

Combining and individual fund statements and schedules can be found on pages 140-143 of this report.

### Government-wide Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of the City's financial position. In the case of the City of Pembroke Pines, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$363.1 million at the close of the most recent fiscal year, which represents a 1.6% increase compared to last year's net position of \$357.4 million. By far the largest portion of the City's net position, \$242.3 million (66.7%), represents net investment in capital assets, which is net of related debt. This includes land, construction-in-progress, buildings, improvements other than buildings, machinery and equipment, infrastructure, and intangibles, net of accumulated depreciation and less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, they are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources as the capital assets themselves cannot be used to liquidate these liabilities.



Another portion of the City's net position, \$24.2 million (6.7%), represents resources that are subject to external restrictions on how they may be used. This balance decreased by approximately \$1.5 million (-5.8%), which was mainly attributable to a \$0.9 million decrease in the governmental activities restricted net position related to the charter schools and a \$0.6 million decrease related to the restricted net position for the Florida Department of Law Enforcement (FDLE) confiscated fund.

## City of Pembroke Pines, Florida

### Management's Discussion and Analysis

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

	<b>Net Position (in millions) **</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Current and other assets	\$ 105.0	\$ 94.7	\$ 73.1	\$ 67.8	\$ 178.1	\$ 162.5
Restricted assets	42.8	43.9	10.5	10.4	53.3	54.3
Negative net pension obligation	58.2	58.0	2.3	2.4	60.5	60.4
Unamortized bond issue costs	4.5	4.9	-	-	4.5	4.9
Capital assets, not being depreciated	70.2	66.1	11.3	10.5	81.5	76.6
Capital assets, being depreciated, net	272.4	282.5	140.4	142.3	412.8	424.8
<b>Total assets</b>	<b>553.1</b>	<b>550.1</b>	<b>237.6</b>	<b>233.4</b>	<b>790.7</b>	<b>783.5</b>
Total Deferred outflows of resources	6.6	13.4	-	-	6.6	13.4
Long-term liabilities	381.0	388.7	11.4	12.2	392.4	400.9
Other liabilities	31.9	22.5	3.3	2.7	35.2	25.2
<b>Total liabilities</b>	<b>412.9</b>	<b>411.2</b>	<b>14.7</b>	<b>14.9</b>	<b>427.6</b>	<b>426.1</b>
Total Deferred inflows of resources	6.6	13.4	-	-	6.6	13.4
Net investment in capital assets	95.2	96.4	147.1	147.7	242.3	244.1
Restricted	23.5	25.0	0.7	0.7	24.2	25.7
Unrestricted	21.5	17.5	75.1	70.1	96.6	87.6
<b>Total net position</b>	<b>\$ 140.2</b>	<b>\$ 138.9</b>	<b>\$ 222.9</b>	<b>\$ 218.5</b>	<b>\$ 363.1</b>	<b>\$ 357.4</b>

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

In both fiscal year 2013 and 2012, the City continued to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate business-type activities.

# City of Pembroke Pines, Florida

## Management's Discussion and Analysis

**Governmental activities.** Net position of the City's governmental activities increased by \$1.3 million (0.9%) from \$138.9 million in the last fiscal year to \$140.2 million in the current fiscal year.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues:						
Charges for services	\$118.2	\$118.0	\$43.2	\$41.9	\$161.4	\$159.9
Operating grants & contributions	5.3	6.7	-	-	5.3	6.7
Capital grants & contributions	0.6	1.6	2.1	1.0	2.7	2.6
General Revenues:						
Property taxes	51.8	51.1	-	-	51.8	51.1
Utility taxes	11.7	11.2	-	-	11.7	11.2
Communications services tax	7.6	7.5	-	-	7.6	7.5
Insurance premium taxes	2.5	2.3	-	-	2.5	2.3
Local option gas tax	2.7	2.7	-	-	2.7	2.7
Franchise fees	14.9	14.6	-	-	14.9	14.6
Local business tax	3.2	3.2	-	-	3.2	3.2
Intergovernmental - unrestricted	13.4	12.5	-	-	13.4	12.5
Investment earnings (losses) - not restricted	(0.3)	2.1	1.1	1.5	0.8	3.6
Other miscellaneous	1.1	0.7	-	-	1.1	0.7
Total revenues	<u>232.7</u>	<u>234.2</u>	<u>46.4</u>	<u>44.4</u>	<u>279.1</u>	<u>278.6</u>
Expenses:						
General government services	20.5	18.2	-	-	20.5	18.2
Public safety	99.2	91.0	-	-	99.2	91.0
Physical environment	8.5	2.5	-	-	8.5	2.5
Transportation	7.6	8.8	-	-	7.6	8.8
Economic environment	10.2	11.4	-	-	10.2	11.4
Human services	55.6	52.0	-	-	55.6	52.0
Culture/recreation	12.1	17.0	-	-	12.1	17.0
Interest on long-term debt	17.7	17.8	-	-	17.7	17.8
Water utility services	-	-	5.1	4.7	5.1	4.7
Sewer/wastewater services	-	-	12.7	12.6	12.7	12.6
Water-sewer combined service	-	-	24.2	23.6	24.2	23.6
Total expenses	<u>231.4</u>	<u>218.7</u>	<u>42.0</u>	<u>40.9</u>	<u>273.4</u>	<u>259.6</u>
Increase in net position before transfers	1.3	15.5	4.4	3.5	5.7	19.0
Transfers	-	2.7	-	(2.7)	-	-
Increase in net position	1.3	18.2	4.4	0.8	5.7	19.0
Net position, beginning	138.9	120.7	218.5	217.7	357.4	338.4
<b>Net position, ending</b>	<b><u>\$140.2</u></b>	<b><u>\$138.9</u></b>	<b><u>\$222.9</u></b>	<b><u>\$218.5</u></b>	<b><u>\$363.1</u></b>	<b><u>\$357.4</u></b>

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

# City of Pembroke Pines, Florida

## Management's Discussion and Analysis

**Revenues and Transfers:**

Revenues from Governmental activities decreased by approximately \$1.5 million (-0.6%) over last year. Total program revenues, consisting of charges for services, operating grants and contributions, and capital grants and contributions, decreased overall by \$2.2 million (-1.7%), and general revenues increased by \$0.7 million (0.6%).

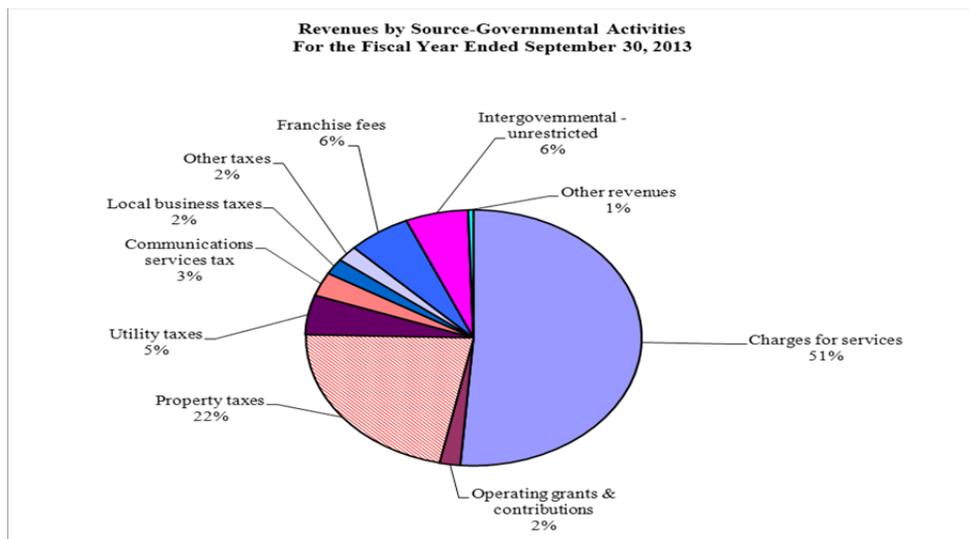
Program revenues showed a slight \$0.2 million increase in charges for services, a \$1.4 million decrease in operating grants and contributions, and a \$1.0 million decrease in capital grants and contributions.

Operating grants and contributions decreased by \$1.4 million. This decrease a result of a \$0.7 million Federal Disaster Relief grant that was received and expended in fiscal year 2012, but was not available in fiscal year 2013. There was also a \$0.6 million decrease in the State Housing Initiative Partnership (SHIP) grant. These funds are received in advance and only recognized as revenues as funds are expended for eligible purposes. In fiscal year 2013, the City also eliminated the ADA Paratransit Grant program which reduced revenues by \$0.3 million.

Capital grants and contributions decreased by \$1.0 million, mainly as a result of a contribution in aid of construction to the Capital Projects Fund that was made last fiscal year.

General revenues, not including transfers, increased by \$0.7 million (0.6%). Overall, all revenue categories, with the exception of investment earnings (loss) –unrestricted experienced an increase over last year as the economy experienced positive growth. Property taxes increased by \$0.7 million as a result an increase in property tax values and intergovernmental revenues-unrestricted also increased by \$0.9 million due to increased state-shared sales tax proceeds. However, increases in general revenues were offset by a \$2.4 million decrease investment earnings (loss) –unrestricted, due to a rise in interest rates. As interest rates rose, the market value on longer-term fixed income declined. The City has since taken steps to shorten the duration of its bond portfolio to minimize any further reductions.

There were no transfers in fiscal year 2013, but in the prior year governmental activities had a transfer of \$2.7 million from the business-type activities. This comprised of a \$3.5 million of capital transfer from the Utility Fund to the Road & Bridge and was offset by a \$0.8 million transfer from the Community Development Block Grant (CDBG) fund to the Utility Fund.



## City of Pembroke Pines, Florida

### Management's Discussion and Analysis

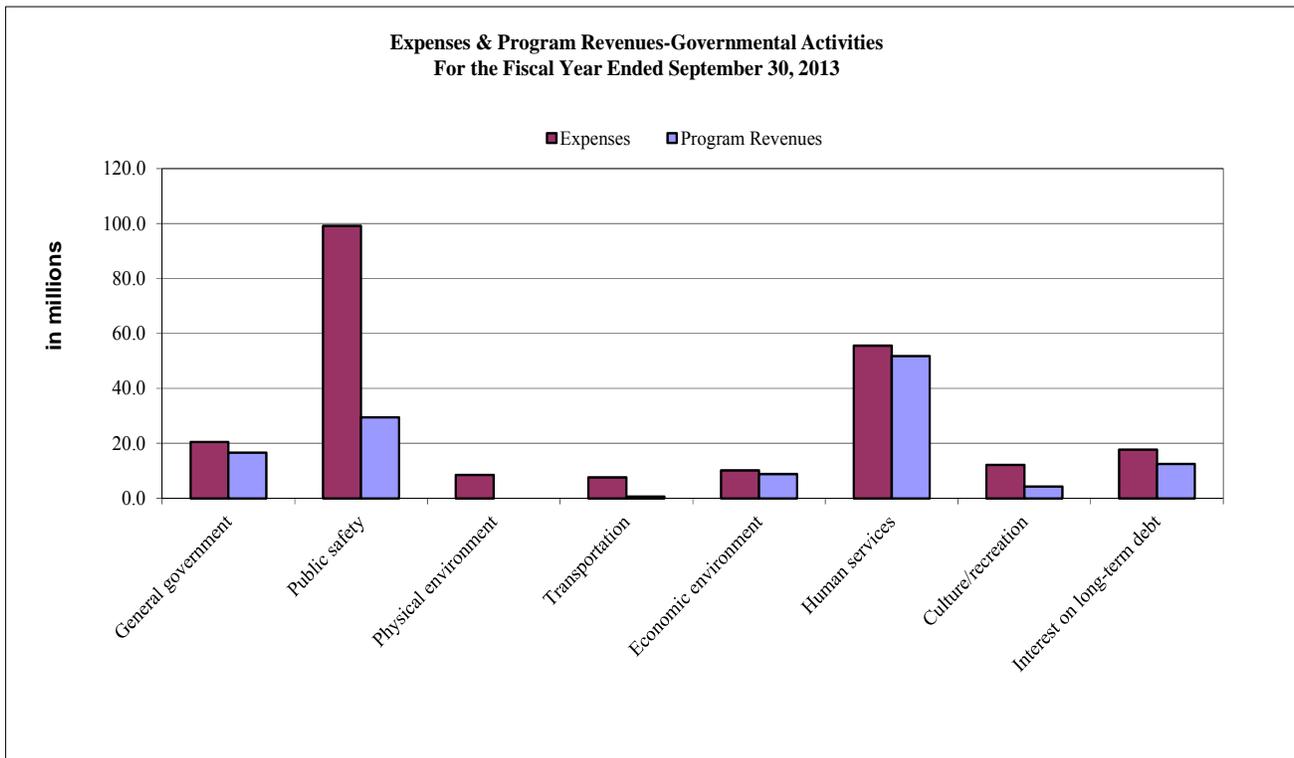
**Expenses:**

Governmental activity expenses increased by \$12.7 million (5.8%) over last year. This increase took place in all governmental functions/programs except transportation, economic environment, culture/recreation and interest on long-term debt.

Culture and recreation had a \$4.9 million (-28.8%) decrease. This was mainly attributable to the fact that the maintenance of the City’s parks was transitioned to the public services department, which also explains the \$6.0 million (240.0%) increase in physical environment. This transition was done to achieve organizational efficiencies in personnel as well as equipment utilization.

Public safety also increased significantly by \$8.2 million (9.0%). This was mainly attributable to a \$2.6 million increase in pension costs, and a \$5.2 million increase in health, life and workers’ compensation benefits. There was also a \$1.2 million increase in expenses attributable to a repayment to the Federal Emergency Management Agency (FEMA).

Overall, the \$12.7 million increase resulted from an \$11.5 million increase in benefits, a \$1.0 million increase in salaries, a \$1.1 million increase in other charges, which is mainly attributable to the repayment to the Federal Emergency Management Agency (FEMA). These increases were offset by a \$0.9 million decrease in operating expenses. Of the \$11.5 million increase in benefits, pension costs increased by \$5.0 million, \$3.6 million attributable the General Employees’ pension and \$1.3 million for the Police Officers & Firefighters pension plan. Additionally, there was a \$4.0 million increase in workers’ compensation benefits, and a \$2.9 million increase in health insurance costs.



# City of Pembroke Pines, Florida

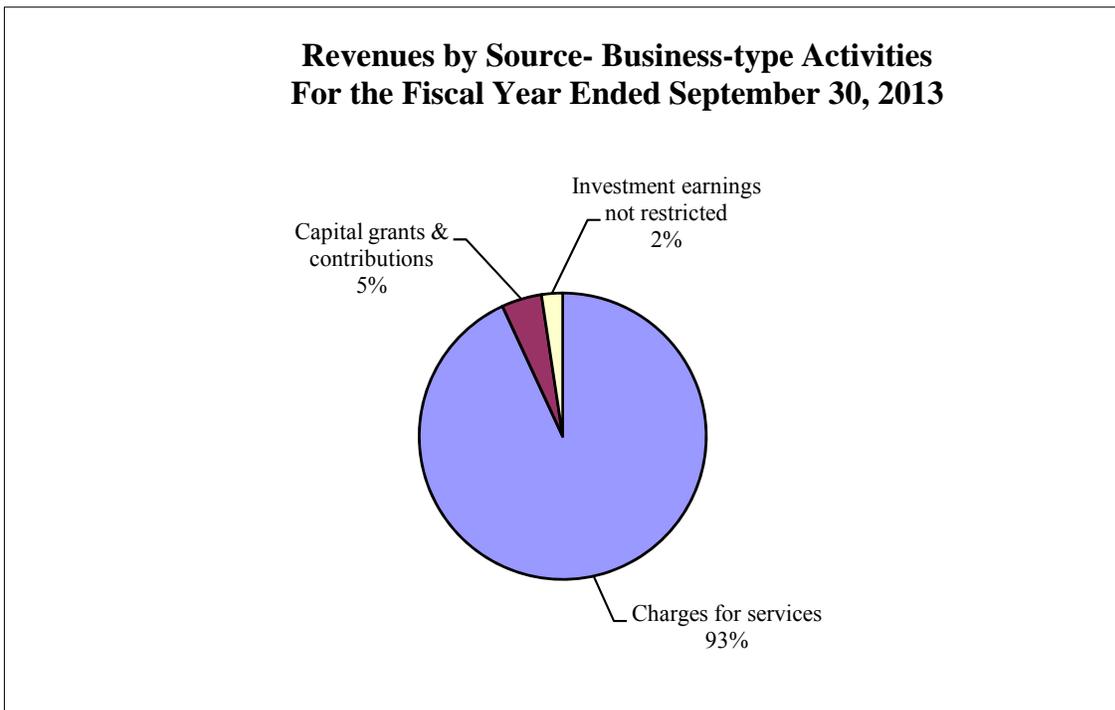
## Management's Discussion and Analysis

**Business-type activities.** The net position of the City's business-type activities increased by \$4.4 million (2.0%) from \$218.5 million in the last fiscal year to \$222.9 million in the current fiscal year.

***Revenues and Transfers:***

Revenues from business-type activities excluding transfers increased over last year by \$2.0 million (4.5%). The main factor contributing to this was an increase of \$1.3 million in charges for services and a \$1.1 million increase in capital grants and contributions.

Charges for services increased by \$1.3 million (3.1%) as a result of a 2.30% increase in water and sewer rates for all residential and commercial properties in accordance with the annual Consumer Price Index (CPI) adjustment. Additionally, the Mill Creek Residential Development was completed during fiscal year 2013, which included approximately 400 multi-family rental units, and related amenities such as a clubhouse, pool and outdoor playground. This development contributed to the increase in both charges for services and capital contributions.



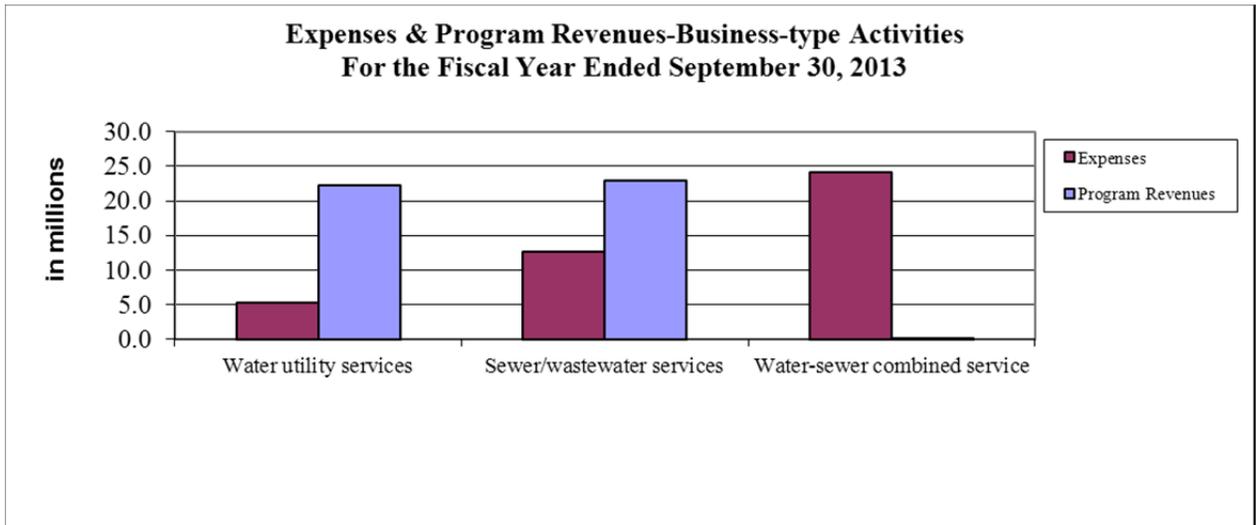
# City of Pembroke Pines, Florida

## Management's Discussion and Analysis

### **Expenses:**

Expenses of the business-type activities increased by \$1.1 million (2.7%) to \$42.0 million. This was attributable to a \$0.4 million increase in water utility services, a \$0.1 million increase in sewer/wastewater services and a \$0.6 million increase in water-sewer combined services.

Overall, for the business-type activities, personnel costs including benefits increased by \$0.6 million mainly as a result of a \$0.3 million increase in the City's pension contribution, and \$0.2 million increase in workers' compensation costs. Operating costs increased by \$0.5 million which was mainly due to a \$0.6 million increase in the services related to the City of Hollywood contract.



# City of Pembroke Pines, Florida

## Management's Discussion and Analysis

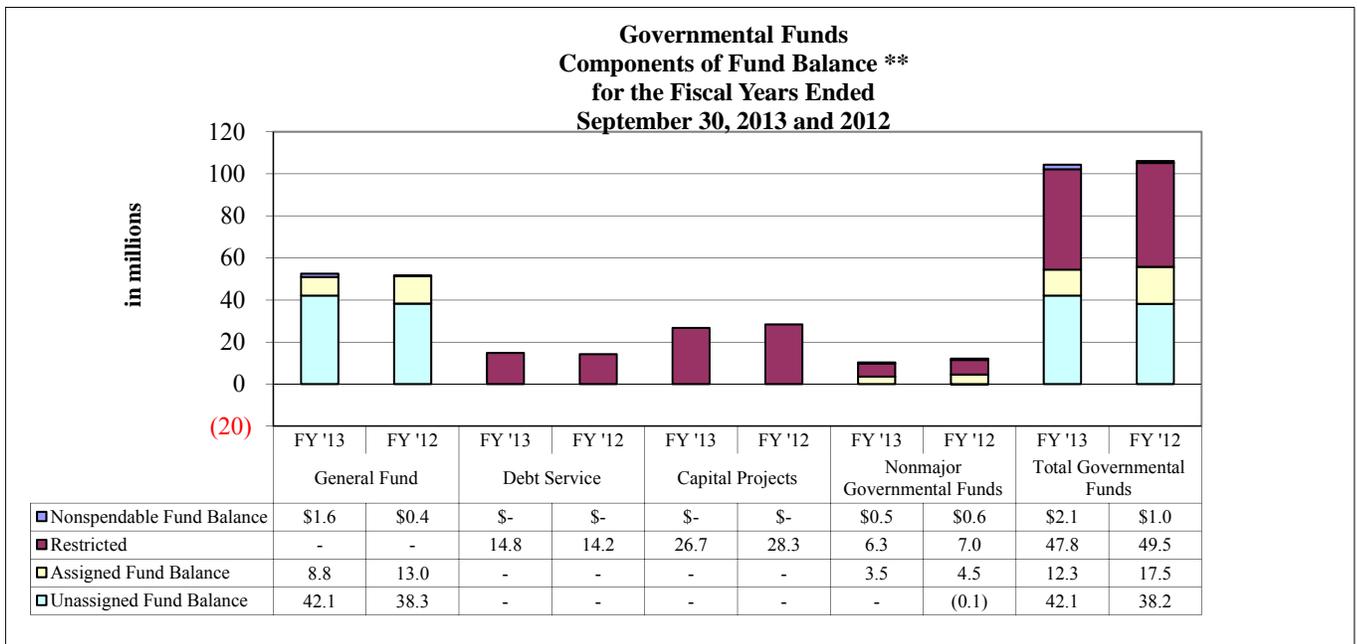
### Financial Analysis of the City's Governmental Funds

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

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the City's net resources available for discretionary use as they represent the portion of fund balance which has not earmarked for a particular purpose by either an external party, the City of Pembroke Pines itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Commission.

As of the end of the current fiscal year, the City's *governmental funds* reported combined ending fund balances of \$104.3 million, a decrease of \$1.9 million in comparison with the \$106.2 million prior year balance. Overall, governmental funds assets and liabilities decreased by \$3.3 million and \$1.4 million, respectively compared to last year.

Approximately \$42.1 million (40.4%) of total governmental fund balance represents unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is either nonspendable, restricted or assigned to indicate it is not available for new spending because it has already been set aside for a variety of purposes, such as construction projects, debt service, and grant expenditures, or has been assigned by the City administration for disaster assistance, rent payments and subsequent year's budget.



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

## City of Pembroke Pines, Florida

### Management's Discussion and Analysis

#### General Fund

The General Fund is the main operating fund of the City. General tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. General operating expenses, fixed charges and capital improvement costs not paid through other funds are paid from this fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$42.1 million, as compared with \$38.3 million in the prior year. For fiscal year 2013, unassigned fund balance represents 28.1% of total general fund expenditures, excluding transfers. Assigned fund balance decreased from \$13.0 million to \$8.8 million, the majority of which is assigned for the subsequent year's budget for technology upgrades.

#### General Fund Revenues:

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

<u>Revenue Sources:</u>	<b>General Fund Revenues (in millions) **</b>					
	<u>2013</u> <u>Amount</u>	<u>Percent</u> <u>of</u> <u>Total</u>	<u>2012</u> <u>Amount</u>	<u>Percent</u> <u>of</u> <u>Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>From 2012</u>	<u>% Increase</u> <u>(Decrease)</u> <u>From 2012</u>
Property taxes	\$46.3	30%	\$45.7	30%	\$0.6	1%
Utility taxes	9.9	7%	9.4	6%	0.5	5%
Communications services tax	1.1	1%	1.1	1%	-	-%
Other taxes	5.7	4%	5.5	3%	0.2	4%
Special assessments	20.8	14%	20.8	14%	-	-%
Permits, fees and licenses	13.5	9%	11.6	8%	1.9	16%
Intergovernmental	12.6	8%	11.8	8%	0.8	7%
Charges for services	28.6	19%	31.3	20%	(2.7)	(9)%
Fines and forfeitures	2.1	1%	2.5	2%	(0.4)	(16)%
Investment income(loss)	(0.3)	0%	1.2	1%	(1.5)	(125)%
Rental revenues	11.3	7%	11.1	7%	0.2	2%
Other revenues	0.3	0%	0.7	0%	(0.4)	(57)%
<b>Total revenues</b>	<b>\$151.9</b>	<b>100%</b>	<b>\$152.7</b>	<b>100%</b>	<b>(\$0.8)</b>	<b>(1)%</b>

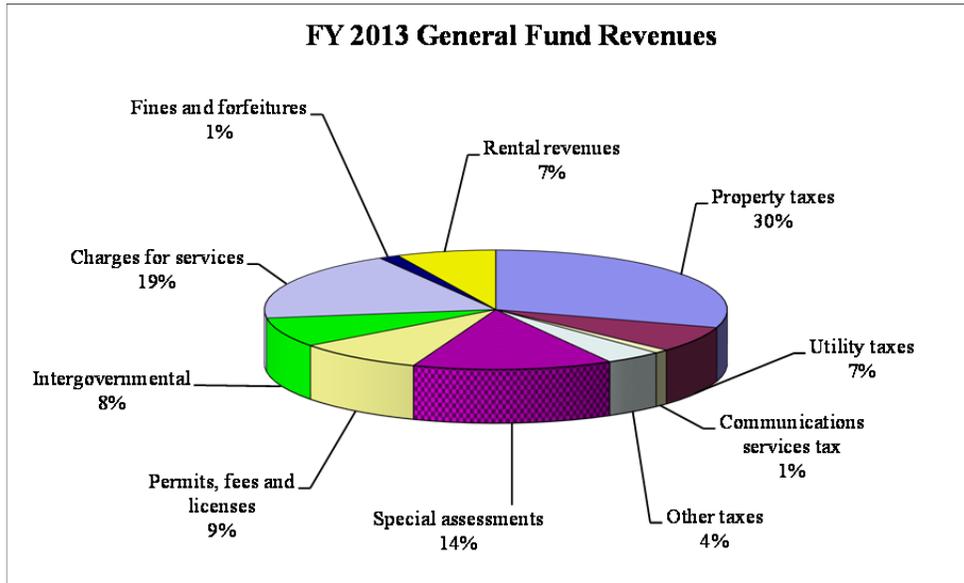
\*\* Amounts may differ from the Fund Financial Statements due to rounding.

Compared to the prior fiscal year, total General Fund revenues decreased by \$0.8 million or -1.0% in fiscal year 2013. This was mainly attributable to a \$2.7 million decrease in charges for services, and a \$1.5 million decrease in investment income. These declines were offset by increases in permits, fees and licenses of \$1.9 million, and a combined increase in taxes of \$1.3 million.

Charges for services decreased by \$2.7 million mainly as a result of a of \$2.5 million contract with the Town of Southwest Ranches to provide fire services that was in place in fiscal year 2012, but which has subsequently been terminated. The City is currently in litigation with the Town of Southwest Ranches as a result of the termination of this contract. The final outcome on this matter has not yet been determined. Investment earnings also decreased by \$1.5 million as compared to last year. The City lost approximately \$0.3 million in fiscal year 2013 as interest rates increased due to the Federal Reserve's announcement of it tapering. As interest rates increase, the market value of fixed income securities decline. The City has taken steps to shorten the duration of its fixed income portfolio.

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

Property tax revenues increased by \$0.6 million as the City maintained the same operating millage rate of 5.6368 mills. However, the City benefited from an increase in taxable values of approximately 1.2% as compared with a 0.2% increase in the previous year.



### **General Fund Expenditures:**

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

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

<u>Expenditures:</u>	<u>2013</u> Amount	<u>Percent</u> of Total	<u>2012</u> Amount	<u>Percent</u> of Total	<u>Increase</u> (Decrease) From 2012	<u>% Increase</u> (Decrease) From 2012
General government services	\$ 19.8	13%	\$ 17.7	13%	\$ 2.1	12%
Public safety	100.0	67%	93.2	66%	6.8	7%
Physical environment	8.1	5%	2.4	2%	5.7	238%
Economic environment	7.3	5%	7.0	5%	0.3	4%
Human services	5.5	4%	5.2	4%	0.3	6%
Culture/Recreation	9.2	6%	13.3	10%	(4.1)	(31)%
<b>Total expenditures</b>	<b>\$ 149.9</b>	<b>100%</b>	<b>\$ 138.8</b>	<b>100%</b>	<b>\$ 11.1</b>	<b>8%</b>

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

In fiscal year 2013, total General Fund expenditures increased \$11.1 million, the first increase since fiscal year 2010. General Fund expenditures declined in fiscal years 2012, 2011 and 2010 by \$1.6 million, \$6.2 million, and a \$1.0 million respectively.

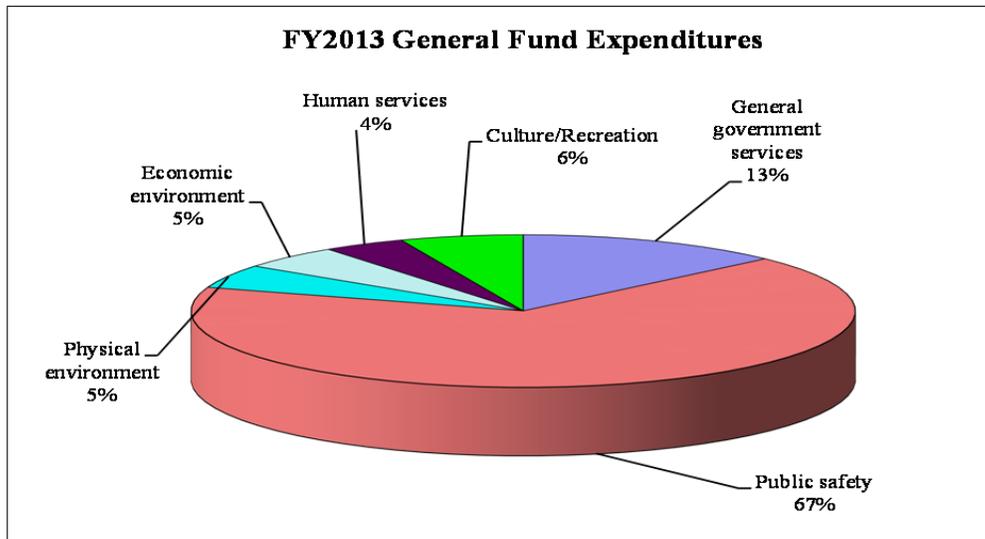
# City of Pembroke Pines, Florida

## Management's Discussion and Analysis

Overall, the main contributing factor to the \$11.1 million increase in General Fund expenditures is attributable to a \$7.1 million increase in benefits. Retirement contributions to the General Employees' pension increased by \$3.5 million, of this amount \$2.5 million represents an increase in the Annual Required Contribution (ARC) as determined by the actuary, and \$1.0 million represents an additional contribution to reduce the unfunded liability of the plan. The City's contribution to the Police Officers and Firefighters pension also increased by \$1.3 million all relating to an increase in the ARC. There was also a \$2.0 million increase in health and workers' compensation benefits.

The City's capital expenditures also contributed to the overall increase by \$1.3 million. This was mainly to replace law enforcement vehicles. The City has been postponing capital expenditure since the economic downturn. There was also a \$1.2 million increase in expenditures relating to a repayment agreement with the Federal Emergency Management Agency (FEMA). The City signed a two-year repayment agreement with FEMA but the full amount of the repayment was accrued in fiscal year 2013.

In addition, salaries for both full-time and part-time increased by \$0.6 million. This was mainly attributable to a one-time payment to both full-time and part-time employees of 4% to 6% of base pay, which amounted to \$1.4 million. This was offset by an overall decline in other salaries of \$0.8 million as positions continued to be transitioned to contractual.



### Other Major Governmental Funds:

#### Debt Service Fund

The fund balance in the Debt Service Fund increased by \$0.6 million (4.1%) as compared with 2012 mainly as a result of sinking fund and reserve balance requirements for the City's bond issues. Additional information can be found in the Capital Assets and Debt Administration section on pages 18-20.

#### Capital Projects Fund

Total fund balance of \$26.7 million in the Capital Projects Fund is restricted. The \$1.6 million decrease from last year is mainly attributable to an increase in spending related to the General Obligation Bonds and various other construction projects being undertaken by the City. In January 2013, the City also sold for \$3.1 million "Raintree", a parcel of land that was previously purchased with bond proceeds.

# **City of Pembroke Pines, Florida**

## **Management's Discussion and Analysis**

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

Unrestricted net position at the end of the year for the Utility Fund amounted to \$74.6 million compared to \$69.6 million in the prior year. Other factors concerning the finances of this major fund have already been addressed in the discussion of the City's business-type activities.

### **General Fund Budgetary Highlights**

#### **Revenues**

Actual revenues were \$1.1 million or 0.7% above the final budget due mostly to overages and shortfalls in the following categories:

- **Taxes** - \$1.1 million positive budget variance consisted primarily of \$0.6 million in property tax resulting from only some property owners taking advantage of the early payment discount.
- **Intergovernmental** - \$0.5 million positive budget variance mainly relates to sales taxes resulting from sales being more robust than anticipated.
- **Fines and forfeitures** - \$1.1 million positive budget variance was largely attributable to \$0.9 million of unbudgeted red zone infractions.
- **Miscellaneous** - \$1.8 million negative budget variance due principally to a \$0.9 million underperformance in investments income as a result of the economy and a \$0.7 million shortage in rental income from the State Hospital Site.

#### **Expenditures**

Actual expenditures excluding transfers to other funds were \$4.2 million or 2.7% above the final budget due largely to budget savings in the following functions:

- **General government services** - \$1.8 million budget savings consisted primarily of \$1.8 million in non-personnel related operating expenses in a myriad of accounts (mainly \$0.4 million each in repairs and maintenance, contractual services, and contingency as well as \$0.2 million in property/liability insurance) and \$0.2 million in capital. These savings were partially offset by a shortfall of \$0.2 million in compensation and benefits, mainly contribution to general employees' pension.
- **Human services** - \$0.7 million budget savings included \$0.2 million in unspent appropriations for the transitional housing grant, which was carried forward to fiscal year 2014. In addition, there was \$0.5 million in unexpended appropriations for the Early Development Centers (EDCs), with salaries and benefits accounting for \$0.4 million of that amount. The savings in the EDCs were due mainly to unmet enrollment expectations.
- **Physical environment** - \$0.7 million budget savings included principally \$0.4 million in non-personnel operating expenses (primarily contractual services) and \$0.4 million in capital expenses of which \$0.2 million was carried forward to fiscal year 2014. These were partially offset by a \$0.2 budget overrun in compensation and benefits, mainly contribution to general employees' pension.

## City of Pembroke Pines, Florida

### Management's Discussion and Analysis

- **Culture and recreation** - \$0.6 million budget savings consisted mainly of \$0.5 million in numerous non-personnel operating line items, with \$0.2 million in repairs and maintenance being the largest, and \$0.1 million in capital.
- **Public Safety** - \$0.1 million budget savings with \$1.2 million in the Fire Department being almost entirely offset by a \$1.1 million unbudgeted repayment to the Federal Emergency Management Agency in connection with Hurricane Wilma. The Fire Department savings included \$0.6 million in compensation and benefits (mainly health insurance), \$0.3 million in several non-personnel operating line items, and \$0.3 million in capital, which was carried forward to fiscal year 2014.

Fund balance was originally projected to decrease by \$3.6 million; subsequent budget amendments increased the unfavorable change to \$4.4 million. However, the actual change in fund balance was a favorable \$0.9 million, which resulted in a \$5.3 million favorable variance from the final budget. This variance consisted of favorable revenue budget variances of \$1.1 million and expenditure budget savings of \$4.2 million. Details of these variances are provided above.

#### Capital Assets and Debt Administration

**Capital Assets.** The City's capital assets for its governmental and business-type activities as of September 30, 2013, amounted to \$494.3 million (net of accumulated depreciation), compared with \$501.4 million last fiscal year. These assets include land, construction in progress, buildings, improvements other than buildings, machinery and equipment, and infrastructure. The total decrease in the City's capital assets for the current fiscal year was \$7.1 million (-1.4%).

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

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<u>Activities</u>		<u>Activities</u>		<u>Total</u>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Capital assets, not being depreciated:						
Land	\$63.0	\$65.6	\$3.0	\$3.0	\$66.0	\$68.6
Construction in progress	7.2	0.5	8.3	7.5	15.5	8.0
Total capital assets, not being depreciated	<u>70.2</u>	<u>66.1</u>	<u>11.3</u>	<u>10.5</u>	<u>81.5</u>	<u>76.6</u>
Capital assets, being depreciated, net						
Buildings	187.8	192.7	29.4	30.2	217.2	222.9
Improvements other than buildings	72.1	78.0	108.7	110.0	180.8	188.0
Machinery and equipment	9.6	8.8	2.3	2.1	11.9	10.9
Infrastructure	2.9	2.9	-	-	2.9	2.9
Intangibles	-	0.1	-	-	-	0.1
Total capital assets, being depreciated, net	<u>272.4</u>	<u>282.5</u>	<u>140.4</u>	<u>142.3</u>	<u>412.8</u>	<u>424.8</u>
 Total capital assets	 <u>\$342.6</u>	 <u>\$348.6</u>	 <u>\$151.7</u>	 <u>\$152.8</u>	 <u>\$494.3</u>	 <u>\$501.4</u>

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

## City of Pembroke Pines, Florida

### Management's Discussion and Analysis

Additions to capital assets for governmental activities included, but are not limited to the following:

- \$5.8 million was spent various capital projects funded by the 2005 and 2007 General Obligation (G.O.) Bonds such as:
  - \$2.5 million to build the Charter High School football stadium;
  - \$1.3 million to complete the construction of additional soccer fields at the West Pines Soccer Park, the total project cost was \$1.5 million.
  - \$0.9 million to complete roadway improvements for SW196th Avenue from Pembroke Road to Pines Boulevard, and
  - \$0.3 million to construct a noise wall on Taft Street and Douglas Road.
- \$2.3 million was spent to replace vehicles. Of this amount, \$1.5 million replaced law enforcement vehicles and \$0.2 million was used to purchase a street sweeper.
- \$0.6 million was spent using confiscated grant funds to complete construction of the new state-of-the-art Police Training facility.

Additions to capital assets for business-type activities included but are not limited to the following:

- \$2.3 million for Sewer plant rehabilitation.
- \$0.8 million for lift station rehabilitation and replacements.
- \$0.5 million for water main improvements.

Additional information on the City's capital assets can be found in Note 6. starting on page 64 of this report.

**Long-term Debt.** At the end of the current fiscal year, the City had total bonds outstanding of \$368.4 million. The majority of the City's outstanding debt is secured by specified revenue sources.

	<b>Outstanding Debt (in millions)</b>					
	Revenue and General Obligation Bonds					
	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenue Bonds	\$ 280.1	\$ 287.7	\$ 11.0	\$ 11.7	\$ 291.1	\$ 299.4
General Obligation Bonds	77.3	79.3	-	-	77.3	79.3
Total	<u>\$ 357.4</u>	<u>\$ 367.0</u>	<u>\$ 11.0</u>	<u>\$ 11.7</u>	<u>\$ 368.4</u>	<u>\$ 378.7</u>

There were no new bond issues or refinancing transactions during the fiscal year 2013. The reduction in total debt outstanding was a result of normal debt service expenditures for principal and interest. However on October 15, 2013 the City refunded \$34.7 million of the Taxable Communications Services Tax Revenue Bonds, Series 2003A. Additional information on the refunding can be found in Note 15. on page 133 of this report.

# City of Pembroke Pines, Florida

## Management's Discussion and Analysis

All of the outstanding bonds, except the Reissued Variable Rate Capital Improvement Revenue Refunding Bonds (Susan B. Anthony Center), Series 2008, the Capital Improvement Revenue Refunding Bonds, Series 2010, and the Consolidated Utility System Revenue Bonds, Series 2010 (which are Bank Direct Purchase Revenue Bonds), are insured and had, in the past, the highest bond ratings until the downgrade of the bond insurers by the Rating Agencies. Consequently the insured ratings on these bonds were downgraded. Such ratings reflect only the respective views of the Rating Agencies. Generally, Rating Agencies base their ratings on information, materials, investigations, studies and assumptions made by them. There is no assurance that such ratings will be maintained for any given period of time or that they may not be lowered, suspended or withdrawn entirely by the Rating Agencies, if in their judgment, circumstances warrant the change.

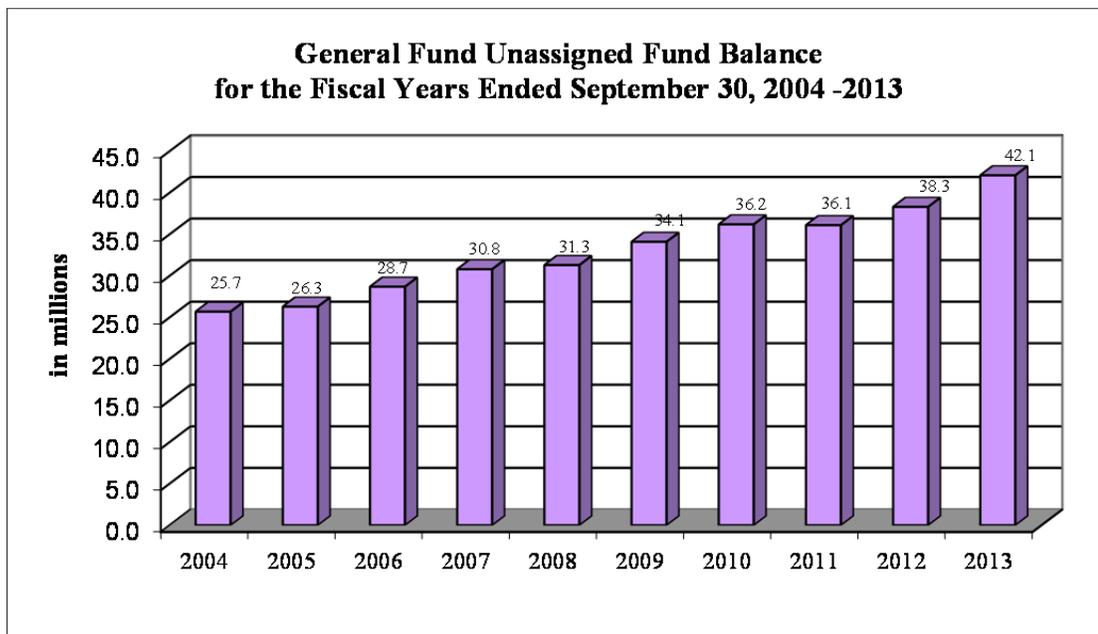
Both General Obligation Bonds received an underlying rating from Moody's Investors Service of Aa2 and AA from Fitch Ratings. On January 31, 2013, Fitch Ratings affirmed its AA rating. Additional information on the City's long-term debt can be found in Note 9. starting on page 71 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

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

The unemployment rate for the City of Pembroke Pines for the fiscal year ended September 30, 2013 was 5.8%, as compared to 7.4% a year ago. This compares favorably to unemployment rates for Broward County, which was 6.2%, and 7.7% for the State of Florida for the same period.

During fiscal year 2013, unassigned fund balance in the General Fund increased to \$42.1 million, compared to \$38.3 million from last year. The \$42.1 million is greater than three months of the General Fund operating expenditures or 28.1%. Over the last several years, with the exception FY2011, the City has been able to increase its unassigned fund balance as shown in the following graph. The City has assigned \$8.8 million for next year's budget which includes proposed technology upgrades.



# City of Pembroke Pines, Florida

## Management's Discussion and Analysis

Effective March 1, 2014, the City's E-911 communication system transitioned to the Broward County's Consolidated Regional E-911 Communications System. The Pembroke Pines facility has been recommended as one of the three regional dispatch centers. Removal of the E-911 project from the 2014 General Fund budget resulted in a \$1.4 million budget savings and a 25 net reduction in City employees.

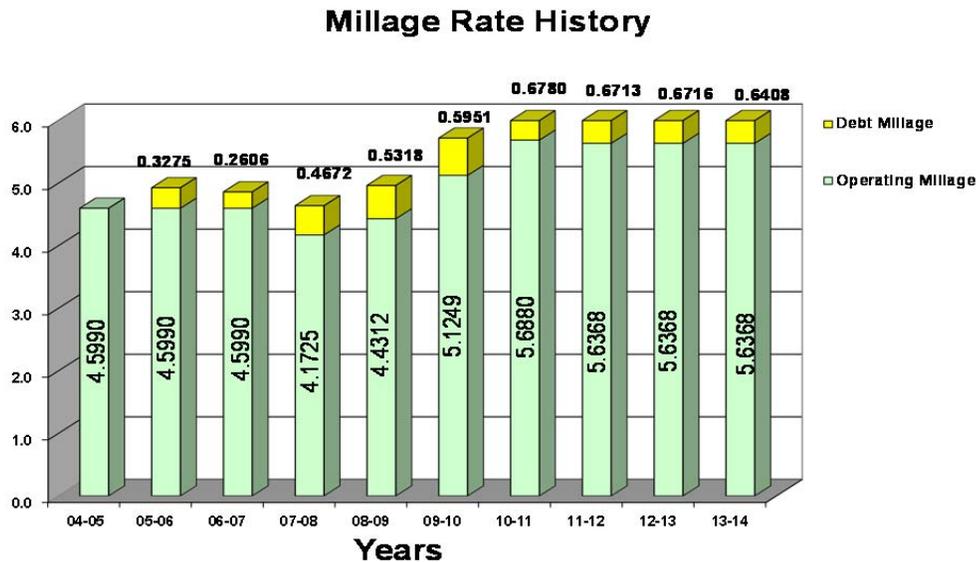
On October 31, 2013 the City's Water and Wastewater Utility System including utility billing, customer service, and meter reading services will be operated and managed by a third party vendor. The City will continue to be responsible for capital improvements, utilities, and payments to the City of Hollywood under the Large-User contract for sewer services east of Flamingo Road.

Implementation of this function sourcing results in an estimated aggregate budget savings of \$1.2 million with \$0.8 million in the Utility Fund, \$0.2 million in the General Fund and \$0.2 million in the Road and Bridge Fund. This arrangement will affect 27 city positions and 79 contractual positions.

In addition, the City will contract with a third party regarding the operation and maintenance of the City's facilities and buildings, effective November 1, 2013. The City will retain responsibility for capital improvements and providing utilities to the facilities. The associated General Fund budget savings is estimated at \$0.5 million and 78 contractual positions will be affected.

### General Fund

For fiscal year 2014, the largest revenue source, Ad Valorem (property) Tax, which is 30.6% of the total general fund revenue budget, is budgeted at the same operating millage rate as fiscal year 2013 of 5.6368, generating \$47.7 million, which is \$2.0 million higher than 2013's adopted budget. This increase is attributable to a 4.7% increase in taxable values. The debt service millage reflects a decrease of 0.0308 mills, moving from 0.6716 to 0.6408 mills. Ad Valorem taxes associated with the debt service millage are recorded in the Debt Service Fund.



The 2014 expenditure budget of \$156.2 million is \$2.8 million greater than the 2013 adopted budget of \$153.4 million. The largest component of this increase is capital expenditures ensuing from the postponement of capital purchases during the recession. Compared to the 2013 adopted budget, the operating budget for 2014 reflects a \$1.3 million or 3.5% decrease, which is the result of appropriating budget saving (reduction to the expenditure) of \$2.5 million.

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

The General Fund 2013-14 budget for capital items reflects a \$3.3 million or 116.1% increase over the 2013 adopted budget, of which \$1.3 million represents purchases of additional police vehicles, and \$0.9 million represents the purchase of an ambulance and fire rescue vehicles.

### **Utility Fund**

Effective October 1, 2013, water and sewer rates increased by 1.06% over last year's rates for all residential and commercial properties. This increase reflects the annual increase in the Consumer Price Index as authorized by City Ordinance. The new rates translate to a \$0.5 million increase over the prior year budgeted water and sewer revenues.

The \$49.3 million 2014 adopted budget for expenses is \$2.3 million or 4.5% below the 2013 adopted budget. This decrease is due primarily to net reductions of \$2.0 million and \$0.5 million in the operating and capital budget, respectively. The reduction in the operating budget is tied mainly to the \$1.3 million reduction in wastewater treatment charges from the City of Hollywood, and the \$0.8 million reduction associated with function sourcing the utilities operation. These were partially offset by a \$0.7 million increase in administrative fees, an interfund charge.

The Utility Fund 2014 capital budget of \$7.6 million is \$0.5 million below the 2013 adopted budget.

All these and other factors were considered in preparing the City's budget for fiscal year 2014.

### **Requests for Information**

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

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

# Basic Financial Statements



# Government-wide Financial Statements



City of Pembroke Pines, Florida

Statement of Net Position

September 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Pooled cash and cash equivalents	\$52,528,739	\$28,967,538	\$81,496,277
Investments:			
Marketable securities	31,825,475	-	31,825,475
Real estate	10,077,428	39,467,259	49,544,687
Receivables, net	9,907,825	4,633,254	14,541,079
Inventories	406,936	12,071	419,007
Restricted assets:			
Pooled cash and cash equivalents	42,795,735	10,517,087	53,312,822
Prepaid costs	265,672	-	265,672
Negative net pension obligation	58,188,687	2,282,261	60,470,948
Unamortized bond issue costs	4,510,446	39,881	4,550,327
Capital assets, not being depreciated	70,197,910	11,343,024	81,540,934
Capital assets, being depreciated, net	<u>272,361,734</u>	<u>140,385,612</u>	<u>412,747,346</u>
Total assets	<u>553,066,587</u>	<u>237,647,987</u>	<u>790,714,574</u>
<b>Deferred outflows of resources</b>			
Interest rate swaps	<u>6,648,287</u>	-	<u>6,648,287</u>
Total deferred outflows of resources	<u>6,648,287</u>	-	<u>6,648,287</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	16,089,442	412,445	16,501,887
Note payable	9,050,042	-	9,050,042
Deposits	1,588,325	-	1,588,325
Internal balances	488,740	(488,740)	-
Unearned/deferred revenue	4,003,800	-	4,003,800
Payable from restricted assets:			
Deposits	651,423	3,388,773	4,040,196
Noncurrent liabilities:			
Due within one year	22,306,792	1,032,808	23,339,600
Due in more than one year	<u>358,689,838</u>	<u>10,404,970</u>	<u>369,094,808</u>
Total liabilities	<u>412,868,402</u>	<u>14,750,256</u>	<u>427,618,658</u>
<b>Deferred inflows of resources</b>			
Interest rate swaps	<u>6,648,287</u>	-	<u>6,648,287</u>
Total deferred inflows of resources	<u>6,648,287</u>	-	<u>6,648,287</u>
<b>Net position</b>			
Net investment in capital assets	95,158,519	147,106,303	242,264,822
Restricted for:			
\$2 Police Education	305,053	-	305,053
Charter schools	2,506,907	-	2,506,907
Debt Service	13,982,854	717,102	14,699,956
FDLE - Confiscated	608,601	-	608,601
Justice - Confiscated	569,815	-	569,815
Older Americans Act	23,234	-	23,234
Road & Bridge Fund	4,610,425	-	4,610,425
Treasury - Confiscated	343,079	-	343,079
Wetland Mitigation Trust Fund:			
Nonexpendable	446,115	-	446,115
Expendable	95,713	-	95,713
Unrestricted	<u>21,547,870</u>	<u>75,074,326</u>	<u>96,622,196</u>
Total net position	<u>\$140,198,185</u>	<u>\$222,897,731</u>	<u>\$363,095,916</u>

See notes to basic financial statements.

**City of Pembroke Pines, Florida**  
**Statement of Activities**  
**Fiscal Year Ended September 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government services	\$ 20,448,927	\$ 16,632,425	\$ -	\$ -	\$ (3,816,502)	\$ -	\$ (3,816,502)
Public safety	99,209,184	29,134,920	52,922	287,504	(69,733,838)	-	(69,733,838)
Physical environment	8,532,071	-	-	-	(8,532,071)	-	(8,532,071)
Transportation	7,636,242	200,000	448,577	-	(6,987,665)	-	(6,987,665)
Economic environment	10,216,405	6,802,732	2,023,262	-	(1,390,411)	-	(1,390,411)
Human services	55,589,548	48,945,110	2,558,791	323,040	(3,762,607)	-	(3,762,607)
Culture/recreation	12,112,573	4,020,147	249,819	-	(7,842,607)	-	(7,842,607)
Interest on long-term debt	17,683,512	12,492,011	-	-	(5,191,501)	-	(5,191,501)
Total governmental activities	<u>231,428,462</u>	<u>118,227,345</u>	<u>5,333,371</u>	<u>610,544</u>	<u>(107,257,202)</u>	<u>-</u>	<u>(107,257,202)</u>
Business-type activities:							
Water utility services	5,120,127	21,214,069	-	1,114,158	-	17,208,100	17,208,100
Sewer/wastewater services	12,703,656	21,863,304	-	991,968	-	10,151,616	10,151,616
Water-sewer combined service	24,156,348	125,892	-	-	-	(24,030,456)	(24,030,456)
Total business-type activities	<u>41,980,131</u>	<u>43,203,265</u>	<u>-</u>	<u>2,106,126</u>	<u>-</u>	<u>3,329,260</u>	<u>3,329,260</u>
Total	<u>\$ 273,408,593</u>	<u>\$ 161,430,610</u>	<u>\$ 5,333,371</u>	<u>\$ 2,716,670</u>	<u>(107,257,202)</u>	<u>3,329,260</u>	<u>(103,927,942)</u>
General revenues:							
Property taxes, levied for debt service					5,514,105	-	5,514,105
Property taxes, levied for general purposes					46,282,854	-	46,282,854
Utility taxes					11,717,590	-	11,717,590
Communications services tax					7,598,497	-	7,598,497
Insurance premium taxes					2,458,939	-	2,458,939
Local option gas taxes					2,669,684	-	2,669,684
Franchise fees					14,930,045	-	14,930,045
Local business tax					3,232,834	-	3,232,834
Intergovernmental revenue - unrestricted					13,371,163	-	13,371,163
Miscellaneous revenues					634,605	3,669	638,274
Investment earnings (loss) not restricted					(309,711)	1,032,773	723,062
Gain on sale of capital assets					503,021	28,281	531,302
Total general revenues					<u>108,603,626</u>	<u>1,064,723</u>	<u>109,668,349</u>
Change in net position					1,346,424	4,393,983	5,740,407
Net position, beginning					138,851,761	218,503,748	357,355,509
Net position, ending					<u>\$ 140,198,185</u>	<u>\$ 222,897,731</u>	<u>\$ 363,095,916</u>

See notes to basic financial statements.

# Fund Financial Statements



**City of Pembroke Pines, Florida**

**Balance Sheet  
Governmental Funds  
September 30, 2013**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Pooled cash and cash equivalents	\$ 43,813,685	\$ -	\$ -	\$ 6,826,505	\$ 50,640,190
Investments:					
Marketable securities	12,965,780	-	-	3,176,536	16,142,316
Real estate	1,027,386	-	-	-	1,027,386
Receivables:					
Franchise fees and taxes	5,276,839	-	-	464,337	5,741,176
Other	1,820,433	-	-	27,175	1,847,608
Inventories	383,702	-	-	23,234	406,936
Prepaid costs	207,947	-	-	57,725	265,672
Due from other funds	735,961	-	-	-	735,961
Due from other governments	64,449	-	41,485	1,111,375	1,217,309
Restricted assets:					
Pooled cash and cash equivalents	651,423	14,788,698	26,811,389	544,225	42,795,735
Total assets	<u>\$ 66,947,605</u>	<u>\$ 14,788,698</u>	<u>\$ 26,852,874</u>	<u>\$ 12,231,112</u>	<u>\$ 120,820,289</u>
<b>Liabilities and Fund balances</b>					
Liabilities:					
Accounts payable	\$ 9,099,639	\$ -	\$ -	\$ 52,531	\$ 9,152,170
Accrued liabilities	142,470	-	-	36,678	179,148
Retainage payable	-	-	179,957	-	179,957
Due to other funds	-	-	-	735,961	735,961
Due to other governments	1,134,374	-	-	-	1,134,374
Deposits	1,027,253	-	-	561,072	1,588,325
Deferred/unearned revenue	2,337,824	-	-	564,244	2,902,068
Deposits payable from restricted assets	651,423	-	-	-	651,423
Total liabilities	<u>14,392,983</u>	<u>-</u>	<u>179,957</u>	<u>1,950,486</u>	<u>16,523,426</u>
Fund balances:					
Nonspendable					
Inventory and prepaid costs	591,649	-	-	80,959	672,608
Investment in real estate	1,027,386	-	-	-	1,027,386
Wetland Mitigation Trust	-	-	-	446,115	446,115
Restricted for:					
Debt covenants	-	14,788,698	-	-	14,788,698
Capital projects	-	-	26,672,917	-	26,672,917
Road and sidewalks	-	-	-	4,373,322	4,373,322
Law enforcement	-	-	-	1,826,548	1,826,548
Wetland mitigation	-	-	-	95,713	95,713
Assigned to:					
Disaster assistance	2,125,000	-	-	-	2,125,000
Rent payments	-	-	-	3,515,694	3,515,694
Subsequent year's budget	6,663,284	-	-	-	6,663,284
Unassigned	42,147,303	-	-	(57,725)	42,089,578
Total fund balances	<u>52,554,622</u>	<u>14,788,698</u>	<u>26,672,917</u>	<u>10,280,626</u>	<u>104,296,863</u>
Total liabilities and fund balances	<u>\$ 66,947,605</u>	<u>\$ 14,788,698</u>	<u>\$ 26,852,874</u>	<u>\$ 12,231,112</u>	<u>\$ 120,820,289</u>

See notes to basic financial statements.

**City of Pembroke Pines, Florida**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**September 30, 2013**

Fund balances - Total governmental funds (page 25)	\$ 104,296,863
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	342,559,644
Unamortized bond issue costs are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	4,510,446
Interest payable, included in accrued liabilities, is not due and payable in the current period and, therefore, not reported in the funds.	(5,316,285)
Bonds payable and installment purchase, included in noncurrent liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	(357,959,010)
Deferred amounts for issuance discounts/premiums, included in noncurrent liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	5,793,020
Compensated absences, included in noncurrent liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	(17,898,124)
Negative net pension obligation created through treatment of Taxable Communications Services Tax Revenue Bonds as employer contribution to defined benefit pension plans is not recognized in the funds.	58,158,141
Assets and liabilities of the internal service fund are included in the statement of net position adjusted by the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise fund over time.	6,053,490
Net position of governmental activities (page 23)	\$ 140,198,185

See notes to basic financial statements.

**City of Pembroke Pines, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Fiscal Year Ended September 30, 2013**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Taxes:					
Property taxes	\$ 46,282,854	\$ 5,514,105	\$ -	\$ -	\$ 51,796,959
Utility taxes	9,924,607	1,792,983	-	-	11,717,590
Communications services tax	1,135,075	6,463,422	-	-	7,598,497
Insurance premium taxes	2,458,939	-	-	-	2,458,939
Local option, use and fuel taxes	-	-	-	2,669,684	2,669,684
Local business tax	3,232,834	-	-	-	3,232,834
Special assessments	20,758,650	-	-	-	20,758,650
Permits, fees and licenses	13,488,543	818,352	783,641	237,725	15,328,261
Intergovernmental	12,590,096	-	186,785	42,984,071	55,760,952
Charges for services	28,574,068	-	-	1,726,574	30,300,642
Fines and forfeitures	2,059,578	-	-	207,905	2,267,483
Investment income (loss)	(257,371)	4,365	(173,385)	37,689	(388,702)
Contributions	38,514	-	387,663	647,636	1,073,813
Rental revenue	11,303,630	12,492,010	-	1,797,403	25,593,043
Other	302,748	-	-	1,915,112	2,217,860
Total revenues	<u>151,892,765</u>	<u>27,085,237</u>	<u>1,184,704</u>	<u>52,223,799</u>	<u>232,386,505</u>
<b>Expenditures</b>					
Current:					
General government	19,828,217	-	-	19,920	19,848,137
Public safety	100,068,126	-	-	1,236,753	101,304,879
Physical environment	8,140,631	-	-	-	8,140,631
Transportation	-	-	1,623,648	5,288,771	6,912,419
Economic environment	7,257,002	-	-	2,023,262	9,280,264
Human services	5,441,794	-	63,280	47,020,622	52,525,696
Culture and recreation	9,207,263	-	4,180,907	-	13,388,170
Debt service:					
Principal	-	9,661,916	-	-	9,661,916
Interest	-	16,911,616	-	-	16,911,616
Other debt service costs	-	5,500	-	-	5,500
Total expenditures	<u>149,943,033</u>	<u>26,579,032</u>	<u>5,867,835</u>	<u>55,589,328</u>	<u>237,979,228</u>
Excess (deficiency) of revenues over expenditures	<u>1,949,732</u>	<u>506,205</u>	<u>(4,683,131)</u>	<u>(3,365,529)</u>	<u>(5,592,723)</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	29,516	-	2,427,617	2,457,133
Transfers out	(1,663,895)	-	-	(793,238)	(2,457,133)
Installment purchase	590,327	-	-	-	590,327
Sale of capital assets	-	-	3,100,000	-	3,100,000
Total other financing sources (uses)	<u>(1,073,568)</u>	<u>29,516</u>	<u>3,100,000</u>	<u>1,634,379</u>	<u>3,690,327</u>
Net change in fund balances	876,164	535,721	(1,583,131)	(1,731,150)	(1,902,396)
Fund balances, beginning	51,678,458	14,252,977	28,256,048	12,011,776	106,199,259
Fund balances, ending	<u>\$ 52,554,622</u>	<u>\$ 14,788,698</u>	<u>\$ 26,672,917</u>	<u>\$ 10,280,626</u>	<u>\$ 104,296,863</u>

See notes to basic financial statements.

**City of Pembroke Pines, Florida**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**Fiscal Year Ended September 30, 2013**

Amounts reported for governmental activities in the statement of activities (page 24) are different because:

Net change in fund balances - total governmental funds (page 27) \$ (1,902,396)

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

The details of the difference are as follows:

Capital outlay	\$ 10,972,218	
Depreciation expense	<u>(14,332,948)</u>	
Net adjustment		(3,360,730)

The net effect of various miscellaneous transactions involving capital assets (2,710,880)

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

The details of the difference are as follows:

Debt issued or incurred:		
Installment purchase	(590,327)	
Principal payments:		
Taxable revenue bonds	2,020,000	
General obligation bonds	1,980,000	
Capital improvement revenue bonds	580,000	
Public improvement revenue bonds	1,795,000	
Refunded capital improvement revenue bonds	2,127,400	
Refunded public improvement revenue bonds	1,130,000	
Installment purchase	<u>29,517</u>	
Total principal payments	9,661,917	
Bond issue costs, Bond discount/premium and Loss on refunded bonds	<u>(641,898)</u>	
Net adjustment		8,429,692

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

The details of the difference are as follows:

Compensated absences		813,105
Accrued interest		(124,495)
Change of negative pension obligation		202,128

Change in net position of governmental activities (page 24) \$ 1,346,424

**City of Pembroke Pines, Florida**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2013**

	<b>Business-type Activities</b>	<b>Nonmajor Governmental Activities</b>
	<b><u>Enterprise Fund</u></b>	<b><u>Internal Service Fund</u></b>
	<b><u>Utility Fund</u></b>	<b><u>Public Insurance</u></b>
<b>Assets</b>		
Current assets:		
Pooled cash and cash equivalents	\$ 28,967,538	\$ 1,888,549
Investments:		
Marketable securities	-	15,683,159
Real estate	39,467,259	-
Accounts receivable:		
Customer accounts, net	4,633,254	-
Inventory	12,071	-
Total current assets	<u>73,080,122</u>	<u>17,571,708</u>
Noncurrent assets:		
Restricted assets:		
Pooled cash and cash equivalents	<u>10,517,087</u>	-
Total restricted assets	<u>10,517,087</u>	-
Unamortized bond issue cost	39,881	-
Negative net pension obligation	2,282,261	30,546
Capital assets:		
Land	3,056,488	-
Buildings and utility plant	223,062,141	-
Construction-in-progress	8,286,536	-
Machinery and equipment	8,168,585	-
Less accumulated depreciation	<u>(90,845,114)</u>	-
Total capital assets (net of accumulated depreciation)	<u>151,728,636</u>	-
Total noncurrent assets	<u>164,567,865</u>	<u>30,546</u>
Total assets	<u>\$ 237,647,987</u>	<u>\$ 17,602,254</u>

(continued)

See notes to basic financial statements.

**City of Pembroke Pines, Florida**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2013**  
**(continued)**

	<b>Business-type Activities <u>Enterprise Fund</u> <u>Utility Fund</u></b>	<b>Nonmajor Governmental Activities <u>Internal Service Fund</u> <u>Public Insurance</u></b>
<b>Liabilities and Net position</b>		
Current liabilities:		
Accounts payable	\$ 128,365	\$ 305,588
Retainage payable	155,355	-
Compensated absences	348,049	11,544
Claims payable	-	10,733,610
Accrued interest payable	128,725	-
Current portion of bonds payable	<u>684,759</u>	<u>-</u>
Total current liabilities	<u>1,445,253</u>	<u>11,050,742</u>
Noncurrent liabilities payable from restricted assets:		
Customer deposits	3,388,773	-
Noncurrent liabilities:		
Compensated absences	56,185	9,283
Long term portion of bonds payable	<u>10,348,785</u>	<u>-</u>
Total noncurrent liabilities	<u>13,793,743</u>	<u>9,283</u>
 Total liabilities	 <u>15,238,996</u>	 <u>11,060,025</u>
Net position:		
Net investment in capital assets	147,106,303	-
Restricted for:		
Debt service	717,102	-
Unrestricted	<u>74,585,586</u>	<u>6,542,229</u>
Total net position	<u>222,408,991</u>	<u>\$ 6,542,229</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise fund over time		
	<u>488,740</u>	
Net position of business-type activities (page 23)	<u>\$ 222,897,731</u>	

See notes to basic financial statements.

**City of Pembroke Pines, Florida**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Fiscal Year Ended September 30, 2013**

	<b>Business-type Activities</b>	<b>Nonmajor Governmental Activities</b>
	<b><u>Enterprise Fund</u></b>	<b><u>Internal Service Fund</u></b>
	<b><u>Utility Fund</u></b>	<b><u>Public Insurance</u></b>
<b>Operating revenues</b>		
Charges for services	\$ 43,155,313	\$ 15,610,580
Other	<u>51,621</u>	<u>1,871,060</u>
Total operating revenues	<u>43,206,934</u>	<u>17,481,640</u>
<b>Operating expenses</b>		
Operating, administrative and maintenance	36,280,581	17,560,626
Depreciation	<u>5,303,866</u>	<u>-</u>
Total operating expenses	<u>41,584,447</u>	<u>17,560,626</u>
Operating income (loss)	<u>1,622,487</u>	<u>(78,986)</u>
<b>Nonoperating revenues &amp; (expenses)</b>		
Investment income	1,032,773	78,986
Interest expense	(390,033)	-
Other debt service cost	(5,651)	-
Gain on disposal of capital assets	<u>28,281</u>	<u>-</u>
Total net nonoperating revenues	<u>665,370</u>	<u>78,986</u>
Gain before contributions	2,287,857	-
Capital contributions	<u>2,106,126</u>	<u>-</u>
Change in net position	4,393,983	-
Net position, beginning	<u>218,015,008</u>	<u>6,542,229</u>
Net position, ending	<u>\$ 222,408,991</u>	<u>\$ 6,542,229</u>

See notes to basic financial statements.

**City of Pembroke Pines, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Fiscal Year Ended September 30, 2013**

	<b>Business-type Activities</b>	<b>Non major Governmental Activities</b>
	<b><u>Enterprise Fund</u></b>	<b><u>Internal Service Fund</u></b>
	<b><u>Utility Fund</u></b>	<b><u>Public Insurance</u></b>
<b>Cash flows from operating activities</b>		
Cash received from customers:		
For services	\$ 42,911,255	\$ -
For deposits	260,052	-
Cash received from interfund services	-	15,610,580
Cash payments to suppliers for goods and services	(16,560,606)	(15,532,154)
Cash payments to employees for services	(4,013,426)	(103,838)
Interfund services used	(15,469,507)	-
Other operating revenues	<u>222,925</u>	<u>1,871,060</u>
Net cash provided by operating activities	<u>7,350,693</u>	<u>1,845,648</u>
<b>Cash flows from capital and related financing activities</b>		
Principal paid on revenue bonds	(661,603)	-
Acquisition and construction of capital assets	(4,037,864)	-
Interest paid on revenue bonds	(397,751)	-
Proceeds from sale of equipment	28,281	-
Capital contributions	<u>1,920,489</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(3,148,448)</u>	<u>-</u>

(continued)

**City of Pembroke Pines, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Fiscal Year Ended September 30, 2013**  
(continued)

	<b>Business-type Activities</b>	<b>Non major Governmental Activities</b>
	<b><u>Enterprise Fund</u></b>	<b><u>Internal Service Fund</u></b>
	<b><u>Utility Fund</u></b>	<b><u>Public Insurance</u></b>
<b>Cash flows from investing activities</b>		
Purchase of real estate investments	\$ (255,263)	\$ -
Proceeds from sale of real estate investments	7,474,106	-
Purchase of investments	(5,000,000)	(5,000,000)
Proceeds from sale and maturity of investments	14,833,158	2,000,000
Income on cash and cash equivalents	31,342	(3,230)
Net cash provided (used) by investing activities	<u>17,083,342</u>	<u>(3,003,230)</u>
Net increase (decrease) in equity in pooled cash and cash equivalents	21,285,587	(1,157,582)
Pooled cash and cash equivalents at beginning of year	<u>18,199,038</u>	<u>3,046,131</u>
Pooled cash and cash equivalents at end of year	<u>\$ 39,484,625</u>	<u>\$ 1,888,549</u>
<b>Displayed as:</b>		
Unrestricted	\$ 28,967,538	\$ 1,888,549
Restricted	<u>10,517,087</u>	<u>-</u>
Total Pooled cash and cash equivalents	<u>\$ 39,484,625</u>	<u>\$ 1,888,549</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating income (loss)	\$ 1,622,487	\$ (78,986)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	5,303,866	-
Change in assets and liabilities:		
Increase in customer accounts, net	(244,058)	-
Decrease in inventory	25,929	-
Decrease in interfund receivable	171,304	-
Decrease in negative net pension obligation	101,883	3,258
Increase in accounts payable	213,191	202,803
Increase (decrease) in compensating absences	(103,961)	1,343
Decrease in insurance claims payable	-	1,717,230
Increase in customer deposits	<u>260,052</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 7,350,693</u>	<u>\$ 1,845,648</u>
<b>Noncash investing, capital, and financing activities</b>		
Property contributed by developers	\$ 185,636	\$ -
Decrease in deferred bond issue cost	5,651	-
Decrease in fair value of investments	(178,019)	82,216

See notes to basic financial statements.

**City of Pembroke Pines, Florida**  
**Statement of Net Position**  
**Fiduciary Funds**  
**September 30, 2013**

	<b>Pension and OPEB <u>Trust Funds</u></b>	<b>Agency <u>Funds</u></b>
<b>Assets</b>		
Cash and short-term investments	\$ 18,092,810	\$ 3,580,010
Receivables		
Accrued interest and dividends	1,027,398	-
Other	3,543,678	1,980,423
Total receivables	<u>4,571,076</u>	<u>1,980,423</u>
Investments, at fair value		
U.S. Government securities	16,116,394	-
Corporate bonds	78,345,585	-
Common stocks	223,251,893	-
Foreign bonds	9,028,281	-
International equity securities	2,276,902	-
Domestic equity fund	102,858,375	-
International equity fund	54,526,983	-
Real estate fund	30,927,328	-
Fixed income fund	74,521,630	-
Diversified real assets	6,789,148	-
Total investments	<u>598,642,519</u>	<u>-</u>
Capital assets:		
Property and equipment, net	388,496	-
Total capital assets	<u>388,496</u>	<u>-</u>
Total assets	<u>621,694,901</u>	<u>5,560,433</u>
<b>Liabilities</b>		
DROP participants payable	91,142,196	-
Reserve for health insurance claims	889,922	-
Accounts payable	1,135,392	1,984,236
Accrued liabilities	-	3,576,197
Total liabilities	<u>93,167,510</u>	<u>5,560,433</u>
<b>Net position</b>		
Net position held in trust for pension benefits	484,967,102	-
Net position held in trust for OPEB benefits	43,560,289	-
Total net position held in trust for benefits	<u>\$ 528,527,391</u>	<u>\$ -</u>

See notes to basic financial statements.

**City of Pembroke Pines, Florida**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**Fiscal Year Ended September 30, 2013**

	<b>Pension and OPEB <u>Trust Funds</u></b>
<b>Additions</b>	
Contributions:	
Plan members	\$ 3,882,795
Employer	39,935,874
State	<u>2,458,939</u>
Total	<u>46,277,608</u>
Investment income	68,259,637
Less investment expense	<u>2,227,662</u>
Net investment income	<u>66,031,975</u>
Other additions:	
Specific stop loss and medical claims recovery	1,100,145
Other income	<u>67,442</u>
Total other additions	<u>1,167,587</u>
Total additions	<u>113,477,170</u>
<b>Deductions</b>	
Benefit payments and insurance premiums	39,799,491
Refunds of contributions	83,421
Administrative expenses	<u>720,057</u>
Total deductions	<u>40,602,969</u>
Change in net position	72,874,201
Net position, beginning	<u>455,653,190</u>
Net position, ending	<u>\$ 528,527,391</u>

See notes to basic financial statements.

# Notes to Basic Financial Statements



# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

#### **a. Financial Reporting Entity**

The City's financial reporting entity comprises the City of Pembroke Pines as the primary government with no component units. In determining the financial reporting entity, the City complies with the provisions of GASB Statements No. 14 (amended by GASB No. 61) and No. 39 relating to "The Financial Reporting Entity." The criterion used for including component units consists of identification of legally separate organizations for which the elected officials of the City are financially accountable. This criterion also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Under the blended method, component unit balances and transactions are reported in a manner similar to the balances and transactions of the primary government itself.

#### *Blended Component Units*

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same, or substantially the same, as the City Commission; or the component unit provides services entirely to the City and (1) there is a financial benefit or burden relationship between the City and the component unit, or (2) management of the City has operational responsibility for the component unit. Additionally, the component unit's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with resources of the City. Currently, the City has no blended component units.

#### *Discretely Presented Component Units*

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

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

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

#### b. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under the installment purchase contract are reported as other financing sources.

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

The City reports the following major governmental funds:

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

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

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

The City reports the following nonmajor governmental funds:

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

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

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

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

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

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

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

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

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

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

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

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's utility fund and internal service fund are charges for services. Operating expenses for the utility fund and the internal service fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

#### **d. Assets, Liabilities, and Net Position/Fund Balance**

##### **1. Deposits and Investments**

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

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

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

#### **d. Assets, Liabilities, and Net Position/Fund Balance (continued)**

##### **Deposits and Investments (continued)**

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

#### **2. Interfund Receivables and Payables**

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

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

#### **3. Receivables**

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

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

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

#### d. Assets, Liabilities, and Net Position/Fund Balance (continued)

##### 4. Capital Assets

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

All infrastructure assets acquired after July 1, 1980 until October 1, 2002, are reported in the government-wide financial statements at estimated historical cost provided by the City's engineering division.

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

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

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

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

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

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

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

#### **d. Assets, Liabilities, and Net Position/Fund Balance (continued)**

##### **5. Inventories and Prepaid Items**

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

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

##### **6. Restricted Assets**

Restricted assets include cash and investments of the governmental and enterprise funds that are legally restricted as to their use. The primary restricted assets of the governmental funds are related to amounts that the City is required to segregate in connection with the issuance of bonds, including sinking fund and reserve requirements, as well as amounts segregated for construction projects. The primary restricted assets of the enterprise fund are related to the Consolidated Utility System Revenue Bonds, Series 2010, and the customer utility deposits. See Note 5. for more details on the restricted assets.

##### **7. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as unamortized bond issue costs and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

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

#### **d. Assets, Liabilities, and Net Position/Fund Balance (continued)**

##### **8. Fund Balance**

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Commission through an ordinance are classified as committed fund balances. Amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by the City Manager based on Commission direction. Commitments and assignments of fund balance have been established by the City Commission pursuant to a fund balance reserve policy adopted per Ordinance 1699 on September 7, 2011. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

##### **9. Fund Balance Reserve Policy**

On September 7, 2011, the City of Pembroke Pines adopted a fund balance reserve policy per Ordinance 1699. This fund balance reserve policy excludes the special revenue funds of the City, including, but not limited to, the Charter Schools, and states that the unassigned fund balance of the City's General Fund shall not be less than 10% of the following year's projected budgeted expenditures.

In any fiscal year where the City is unable to maintain the 10% minimum reservation of fund balance, the unassigned fund balance is to be rebuilt through an appropriation during the next annual budget process of at least 20% of the shortfall in the unassigned fund balance until the minimum level of 10% has been reached.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent, first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

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

#### **e. Revenues, Expenditures/Expenses**

##### **1. Property Taxes**

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

##### **2. Compensated Absences**

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

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

#### **f. Use of Estimates**

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

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

#### a. Fund Accounting Requirements

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

#### b. Revenue Restrictions

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

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Gas Tax	Roads, bridges, sidewalks, and streetlights
School Board of Broward County	Charter School Expenditures
Florida State University	Charter School Expenditures
Older Americans Act Grant	Grant Program Expenditures
Community Development Block Grant (CDBG)	Grant Program Expenditures
State Housing Initiative Program Grant (SHIP)	Grant Program Expenditures
Confiscated Law Enforcement Trust Funds – (Treasury Confiscated, Justice Confiscated, \$2 Police Education, and FDLE Confiscated)	Law Enforcement Expenditures

For the year ended September 30, 2013, the City complied, in all material respects, with these revenue restrictions.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

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

#### **c. New Pronouncements**

##### *Pronouncements implemented in the current year*

GASB Statement 60, Accounting and Financial Reporting for Service Concession Arrangements (GASB 60), addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The requirements of GASB 60 are effective in fiscal year 2013. GASB 60 does not have a material impact on the City's financial statements.

GASB Statement 61, The Financial Reporting Entity: Omnibus (GASB 61), amends GASB 14 and GASB 34 to modify certain requirements for inclusion of component units in the financial reporting entity, to amend the criteria for reporting component units as if they were part of the primary government (i.e. blending) in certain circumstances, and clarifies the reporting of equity interests in legally separate organizations. The requirements of GASB 61 are effective in fiscal year 2013. GASB 61 does not have a material impact on the City's financial statements.

GASB Statement 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (GASB 62) incorporates into GASB's authoritative literature, certain accounting and financial reporting guidance that is included in pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The requirements of GASB 62 are effective for fiscal year 2013. GASB 62 does not have a material impact on the City's financial statements.

GASB Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (GASB 63) was issued to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The requirement of GASB 63 is effective for fiscal year 2013. GASB 63 does not have a material impact on the City's financial statements.

##### *Pronouncements yet to be implemented*

GASB Statement 65, Items Previously Reported as Assets and Liabilities (GASB 65). This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of GASB 65 are effective for fiscal year 2014. The City is currently evaluating the impact, if any, that GASB 65 may have on its financial statements.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

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

#### c. New Pronouncements (continued)

##### *Pronouncements yet to be implemented* (continued)

GASB Statement 66, Technical Corrections—2012, an amendment of GASB Statements No. 10 and No. 62 (GASB 66). The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The requirements of GASB 66 are effective for fiscal year 2014. The City is currently evaluating the impact, if any, that GASB 66 may have on its financial statements.

GASB Statement 67, Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25 (GASB 67). The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of GASB 67 are effective for fiscal year 2014. The City is currently evaluating the impact, if any, that GASB 67 may have on its financial statements.

GASB Statement 68, Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27 (GASB 68). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The requirements of GASB 67 are effective for fiscal year 2015. The City is currently evaluating the impact, if any, that GASB 68 may have on its financial statements.

GASB Statement 69, Government Combinations and Disposals of Government Operations (GASB 69). The objective of this Statement is to provide specific accounting and financial reporting guidance for combinations in the governmental environment. It also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The requirements of GASB 69 are effective for fiscal year 2015. The City is currently evaluating the impact, if any, that GASB 69 may have on its financial statements.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 3. DEPOSITS AND INVESTMENTS

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

Deposits and investments as of September 30, 2013 are classified in the accompanying financial statements as follows:

Statement of position:	<u>Balance as of 9/30/2013</u>	
Cash and cash equivalents	\$ 81,496,277	
Investments:		
Marketable securities	31,825,475	
Real estate	49,544,687	
Restricted assets:		
Pooled cash and cash equivalents	53,312,822	\$ 216,179,261
Statement of Fiduciary net assets:		
Cash and short-term investments	18,092,810	
Investments	<u>598,642,519</u>	<u>616,735,329</u>
Total cash and investments	<u>\$ 832,914,590</u>	<u>\$ 832,914,590</u>

Cash on hand, deposits and investments as of September 30, 2013 consist of the following:

Governmental and Business-type investments:	<u>Balance as of 9/30/2013</u>	
Cash on hand	\$ 19,255	
Deposits with financial institutions	15,266,966	
Money market funds held with financial institutions	36,939	
Florida PRIME	539,001	
Fund B Surplus Trust Fund (Fund B)	5,301	
Florida Municipal Investment Trust (FMIvT)	119,106,716	
Investments held with external Investment manager	31,660,396	
Investment in real estate	49,544,687	\$ 216,179,261
Firefighters and Police Officers Pension Fund:		
Cash and short-term investments	17,841,888	
Investments	415,823,167	
General Employees Pension Fund:		
Investments in mutual funds	138,400,591	
Other Post-Employment Benefits (OPEB):		
Cash and short-term investments	250,922	
Investments	<u>44,418,761</u>	<u>616,735,329</u>
Total cash and investments	<u>\$ 832,914,590</u>	<u>\$ 832,914,590</u>

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 3. DEPOSITS AND INVESTMENTS (continued)

#### *General Investment Policy Guidelines*

The City's investment objective order of priority is safety of capital, liquidity of funds, and investment income, in that order. Authorized investments of the City are subject to limitations prescribed in the City of Pembroke Pines' Investment Policy as adopted per Ordinance 1493, dated September 1, 2004. The average duration of the entire portfolio as a whole may not exceed five (5) years. This calculation excludes maturities of the underlying securities of a repurchase agreement. This calculation also applies to the expected average life of asset-backed securities and mortgage-backed securities (rather than the stated final maturity). No more than 30% of the total investment portfolio shall be placed in securities with an expected duration of more than five (5) years. This calculation excludes maturities of the underlying securities of a repurchase agreement. Authorized Investments per the Investment Policy are as follows:

#### **LIST OF AUTHORIZED INVESTMENTS:**

- (a) The Local Government Surplus Funds Trust Fund and any other investment plan or investment trust developed by the Florida League of Cities, the Florida Association of Counties, the Florida Association of Court Clerks, or similar state or national associations, approved by the City.
- (b) Negotiable direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government or its agencies, including but not limited to, U.S. Government Treasury Securities, and Government National Mortgage Associations (GNMAs).
- (c) Non-negotiable interest-bearing time certificates of deposits or savings accounts in state or federal banks, state or federal savings and loan associations as permitted and/or prescribed by Chapter 280 of the Florida Statutes.
- (d) Government Sponsored Enterprises including but not limited to Federal Farm Credit Banks, Federal Home Loan Bank or its district banks, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Student Loan Marketing Association.
- (e) Prime commercial paper. Commercial Paper having a maturity of 90 days or less shall require one of the following three minimum ratings: A-1, P-1 or F-1, or better as rated by Standard & Poors, Moody's, and/or Fitch Investors Service rating services. Prime commercial paper of U.S. Corporations having a maturity in excess of 90 days shall require two of the three above-mentioned ratings.
- (f) Repurchase agreements comprised of only those investment instruments as otherwise authorized herein.
- (g) State or local government taxable and tax exempt debt, general obligation and/or revenue bonds rated at least "Aa" by Moody's or "AA" by Standard & Poor's for long-term debt or rated at least MIG-2 by Moody's or SP-2 Standard & Poor's for short-term debt.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### **NOTE 3. DEPOSITS & INVESTMENTS (continued)**

(h) Securities or, other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided the portfolio meets the City's investment policy.

(i) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency. The funds must be in compliance with Title 17, Part 270, Section 2a-7 of the Federal Code of Regulations (Appendix B).

(j) U.S dollar denominated debt obligations of domestic or foreign corporations, or foreign sovereignties issued in the U.S. or in foreign markets having two of the following three minimum ratings: A-, A3, or A-, as rated by Standard and Poor's, and/or Moody's, and/or Fitch Investors Service rating services. However, if such obligations are rated by only one rating service, then such rating shall be at least AA-, Aa3, or AA- by Standard & Poor's, or Moody's or Fitch.

(k) Real estate, so long as the acquisition and sale complies with applicable federal and state laws and regulations in addition to applicable City Charter provisions, if any, and the City Code of Ordinances.

(l) Real Estate Investment Trusts ("REIT") which are properly registered pursuant to applicable Federal and State laws, provided the ("REIT") portfolio meets the City's Investment Policy.

(m) Land Trusts or Title Trusts as described in Sections 689.07 or 689.071, Florida Statutes, so long as the Land Trust complies with any applicable Federal and State laws and regulations, applicable City Charter provisions, if any, and the City's Code of Ordinances.

(n) Mortgage-Backed Securities. Securities collateralized by mortgages on residential property or commercial (industrial, office, retail etc.) property ("commercial Mortgage-Backed Securities"). The securities may be issued by a Federal Instrumentality or by a private corporation and may be structured as collateralized mortgage obligations or unstructured pass-through securities.

(o) Asset-Backed Securities. Securities collateralized by pools of assets (credit cards, autos, home equity loans). The securities may be structured or unstructured pass-through securities.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### **NOTE 3. DEPOSITS & INVESTMENTS (continued)**

#### ***Public Deposits***

At September 30, 2013, the book balance of the City's public deposits was \$15,266,966 and the bank balance was \$17,255,830. The institutions in which the City's monies are deposited are certified as Qualified Public Depositories pursuant to Florida Statutes, Chapter 280 - *Florida Security for Public Deposits Act*. Therefore, the City's total bank balances on deposit are entirely insured or collateralized by the Federal Depository Insurance Corporation and the Bureau of Collateral Securities, Division of Treasury, State Department of Insurance. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. It is the City's practice to ensure that all its public deposits are maintained with a qualified depository. The Investment Policy allows for a maximum of 50% of the portfolio may be deposited with any one financial institution.

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

##### **State Board of Administration (SBA)**

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

On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A, currently referred to as the Florida PRIME, consisted of all money market appropriate assets, which was approximately \$12.0 billion or 86% of Pool assets. Pool B, currently referred to as Fund B Surplus Trust Fund (Fund B), consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$2.0 billion or 14% of Pool assets.

On August 3, 2009 the SBA announced the rebranding of the Local Government Surplus Funds Trust Fund (formerly Pool A) as the "Florida PRIME," reflecting the improvements and added benefits for participants that had been developed. The Florida PRIME is considered a SEC 2a-7-like fund, therefore, account balances are considered to be the fair value of the investment. Fund B is accounted for as a fluctuating Net Asset Value (NAV) pool. The fair value factor for Fund B as of September 30, 2013 is 1.13262284, and the fair value is calculated by multiplying the factor by the account balance.

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 3. DEPOSITS AND INVESTMENTS (continued)

### *Investments in External Investments Pools* (continued)

#### **State Board of Administration (SBA)** (continued)

As at September 30, 2013, the City had \$539,001 invested in the Florida PRIME and \$5,301 invested in Fund B. The investments of the Florida PRIME are not restricted as to deposits or withdrawals. Fund B cash holdings are being distributed as they become available from maturities, sales, investment interest and other income received from the assets in Fund B. The investment objective of Fund B is to maximize the present value of distributions to participants.

Since the inception of Fund B in December 2007, through February 2014, the total accumulated distribution has amounted to approximately \$1.92 billion, or 95.6 percent of the original Fund B principal.

#### **Florida Municipal Investment Trust (FMIVT)**

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

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

	<b>Balance</b>
<b><u>FMIVT Bond Funds:</u></b>	<b><u>as of 9/30/13</u></b>
0-2 Year High Quality Bond Fund	\$ 124,719
1-3 Year High Quality Bond Fund	118,951,560
Intermediate High Quality Bond Fund	30,437
<b>Total FMIVT Bond Funds</b>	<b><u>\$ 119,106,716</u></b>

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 3. DEPOSITS AND INVESTMENTS (continued)

### *Investments in External Investments Pools* (continued)

#### **Florida Municipal Investment Trust (FMIvT)** (continued)

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

	<b>Balance as of 9/30/13</b>
TD Bank Money Market	\$ 250,922
<b>FMIvT Investment Accounts:</b>	
1-3 Year High Quality Bond Fund	17,250,487
High Quality Growth Equity Portfolio	8,156,472
Diversified Small to Mid (SMID) Cap Equity Portfolio	2,733,130
Russell 1000 Enhanced Index Equity Portfolio	5,432,702
International Blend Equity Portfolio	2,782,313
Large Cap Diversified Value Equity Portfolio	8,063,657
<b>Total cash and investments</b>	<b><u>\$ 44,669,683</u></b>

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

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### **NOTE 3. DEPOSITS AND INVESTMENTS (continued)**

#### *Investment in Real Estate*

##### **City Center Property**

In fiscal year 2003, the City purchased approximately 115 acres of undeveloped land adjacent to City Hall for approximately \$22 million using funds from the Utility Fund. The City's investment in real estate, also referred to as the "City Center" project, had an additional \$46.3 million spending for spine roads, infrastructure and hardscape development. In 2003, the City transferred the investment in real estate from Utility Fund to the General fund creating an interfund loan between the two funds. As part of this transaction, the Utility Fund charged borrowing interest to the General Fund.

In fiscal year 2011, the City transferred the investment in real estate back to the Utility Fund and since the Utility Fund cannot charge interest to itself, the interest portion of the cost was written off and was charged against interest income during the year. To compensate this write down, the General Fund transferred approximately \$7.8 million to the Utility Fund in fiscal year 2011.

In fiscal 2012, the City sold a parcel to Mill Creek Development for \$11,218,336 and recognized a gain on sale of \$1,213,349. Also, during the fiscal year 2012, the Utility Fund transferred \$3,460,118 of storm-water infrastructure to the Road and Bridge Fund.

In fiscal year 2013, the City sold a second parcel of City Center to Mill Creek Development for \$7,474,106 and recognized a gain on sale of \$1,179,450.

At the fiscal year ended September 30, 2013 the investment in real estate for City Center is valued at \$39,467,259.

##### **Weekley Property**

In fiscal year 2013, the City bought 43.4 acres of land from Weekley Bros for \$10,050,042. Out of this amount, \$9,050,042 is in the form of a promissory note that is due upon the earlier of (a) the resale of the property or (b) one year from the date of the promissory note contingent upon that the road construction on the property is completed within the year. At the fiscal year ended September 30, 2013 the aggregated cost of investment in real estate is \$10,077,428.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 3. DEPOSITS AND INVESTMENTS (continued)

#### *Interest Rate Risk*

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair market value of an investment. Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided in the table below as of September 30, 2013.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration (Years)</u>	<u>% of the Total Fixed Income Investment Portfolio</u>
<b>GOVERNMENTAL &amp; BUSINESS-TYPE INVESTMENTS:</b>			
<u>Managed by External Investment Manager:</u>			
Temporary investments	\$ 644,956	-	0.4%
Treasuries	10,738,514	1.86	7.1%
Federal agencies	4,462,525	1.86	2.9%
Mortgage pass-through	235,978	1.26	0.2%
Collateralized mortgage obligations (Agency & Private)	862,220	2.16	0.5%
Asset-backed securities	2,227,591	1.00	1.5%
Corporate bonds	8,874,722	1.46	5.9%
Corporate - Non US	3,613,890	1.37	2.4%
<u>Investment in External Investment Pools:</u>			
FMIvT -0-2 Year high quality bond fund	124,719	0.72	0.1%
FMIvT -1-3 Year high quality bond fund	118,951,560	1.59	78.6%
FMIvT -Intermediate high quality bond fund	30,437	3.78	0.0%
Florida PRIME	539,001	-	0.4%
Fund B surplus fund trust fund	5,301	-	0.0%
<b>Total Governmental &amp; Business-type Fixed Income</b>	<b><u>\$151,311,413</u></b>		<b><u>100.0%</u></b>
Weighted average effective duration of the Governmental & Business-type activities		1.58	
<b>FIDUCIARY FUNDS:</b>			
<b>Firefighters and Police Officers Pension Fund:</b>			
U.S. treasuries	\$ 8,318,069	0.36	8.0%
U.S. agencies	7,798,325	0.30	7.5%
Corporate bonds	78,345,585	3.21	75.7%
Foreign bonds	9,028,281	0.27	8.7%
<b>Total Fixed Income Firefighters and Police Officers Pension Fund</b>	<b><u>\$103,490,260</u></b>		<b><u>100.0%</u></b>
Weighted average effective duration of Police & Fire Pension Fund		2.50	
<b>General Employees Pension Fund:</b>			
<u>Investment in separate fixed income investments accounts:</u>			
Principal core plus bond 1 separate account	\$ 23,567,056	4.82	41.8%
Principal bond and mortgage separate account	20,101,848	5.25	35.7%
Principal high yield 1 separate account	5,445,767	4.13	9.7%
Principal US property separate account	7,234,007	-	12.8%
<b>Total Fixed Income General Employees Pension Fund</b>	<b><u>\$ 56,348,678</u></b>		<b><u>100.0%</u></b>
Weighted average effective duration of the General Employees Pension Fund		4.29	
<b>Other Post-Employment Benefit (OPEB) Trust Fund:</b>			
<u>Investment in Funds of the Florida League of Cities</u>			
FMIvT -1-3 Year high quality bond fund	17,250,487	1.59	100.0%
<b>Total Fixed Income -Other Post-Employment Benefits Trust Fund</b>	<b><u>\$ 17,250,487</u></b>		<b><u>100.0%</u></b>

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## **NOTE 3. DEPOSITS AND INVESTMENTS (continued)**

### *Interest Rate Risk (continued)*

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

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

The weighted average days to maturity and the weighted average life of the Florida PRIME as of September 30, 2013 are 43.9 days and 86.8 days, respectively. The weighted average life of Fund B as of September 30, 2013 is 4.04 years. However, because Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding the weighted average life.

#### ***Firefighters and Police Officers Pension Investments***

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

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## **NOTE 3. DEPOSITS AND INVESTMENTS (continued)**

### *Interest Rate Risk (continued)*

#### *General Employees' Pension Investments*

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

#### *Other Post-Employment Benefits (OPEB) Investments*

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

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 3. DEPOSITS AND INVESTMENTS (continued)

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

<u>Investment Type</u>	<u>Credit Quality Rating</u>			<u>Fair Value</u>
	<u>Fitch</u>	<u>S&amp;P</u>	<u>Moodys</u>	
<b>GOVERNMENTAL &amp; BUSINESS-TYPE INVESTMENTS:</b>				
<u>Managed by External Investment Manager:</u>				
Temporary investments		AAA	Aaa	\$ 644,956
Treasuries		AA+	Aaa	10,738,514
Federal agencies		AA+	Aaa	4,462,525
Mortgage pass-through		AA+	Aaa	235,978
Collateralized mortgage obligations (Agency & Private)		AA+	Aaa	862,220
Asset-backed securities		AAA	Aaa	2,227,591
Corporate		A	A2	8,874,722
Corporate - Non US		AA-	Aa3	3,613,890
<u>Investment in External Investment Pools:</u>				
FMIvT -0-2 Year high quality bond fund	AAA/V1			124,719
FMIvT -1-3 Year high quality bond fund	AAA/V2			118,951,560
FMIvT -Intermediate high quality bond fund	AAA/V3			30,437
Florida PRIME		AAAam		539,001
Fund B surplus funds trust fund		Not rated		5,301
<b>Total Governmental &amp; Business-type Fixed Income</b>				<b>\$151,311,413</b>
<b>FIDUCIARY FUNDS:</b>				
<b>Firefighters and Police Officers Pension Fund:</b>				
U.S. government guaranteed		N/A		\$ 16,116,394
Corporate/foreign bonds		AAA		2,097,226
Corporate/foreign bonds		AA+		3,965,820
Corporate/foreign bonds		AA		3,687,251
Corporate/foreign bonds		AA-		8,606,595
Corporate/foreign bonds		A+		18,933,097
Corporate/foreign bonds		A		30,583,570
Corporate/foreign bonds		A-		13,239,864
Corporate/foreign bonds		BBB+		5,132,020
Corporate/foreign bonds		BBB		1,128,423
<b>Total Fixed Income Firefighters and Police Officers Pension Fund</b>				<b>\$103,490,260</b>
<b>General Employees Pension Fund:</b>				
<u>Investment in separate fixed income investments accounts:</u>				
Principal core plus bond 1 separate account		Not rated		\$ 23,567,056
Principal bond and mortgage separate account		Not rated		20,101,848
Principal high yield 1 separate account		Not rated		5,445,767
Principal US property separate account		Not rated		7,234,007
<b>Total Fixed Income General Employees Pension Fund</b>				<b>\$ 56,348,678</b>
<b>Other Post-Employment Trust Fund:</b>				
<u>Investment in Funds of the Florida League of Cities</u>				
FMIvT -1-3 Year high quality bond fund	AAA/V2			17,250,487
<b>Total Fixed Income -Other Post-Employment Benefits Trust Fund</b>				<b>\$ 17,250,487</b>

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 3. DEPOSITS AND INVESTMENTS (continued)

*Credit Risk* (continued)

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

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The City of Pembroke Pines utilizes portfolio diversification and credit quality rating in order to control this risk.

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

The Operating Investment Policy stipulates that corporate bonds must have two (2) of the following three minimum ratings: A-, A3, or A-, as rated by Standard and Poor’s, and/or Moody’s, and/or Fitch Investor Service rating services, respectively. However, if such obligations are rated by one rating service, then such rating shall be at least AA-, Aa3, or AA by Standard and Poor’s, Moody’s or Fitch, respectively. The City’s operating investments in corporate bonds were rated A by Standard and Poor’s and A2 by Moody’s, respectively, and investments in corporate bonds – Non US were rated AA- by Standard and Poor’s and Aa3 by Moody’s, respectively.

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

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 3. DEPOSITS AND INVESTMENTS (continued)

*Credit Risk* (continued)

### *Firefighters and Police Officers Pension Investments*

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

### *General Employees' Pension Investments*

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

### *Other Post-Employment Benefits (OPEB) Investments*

The OPEB Investment Policy sets no minimum credit quality rating for the investment accounts of the Florida Municipal Investment Trust (FMIvT). The investment accounts are commingled pools, rather than individual securities.

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

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

There were no individual investments that represented 5% or more of the total investment at September 30, 2013.

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## **NOTE 3. DEPOSITS AND INVESTMENTS (continued)**

### ***Custodial Credit Risk - Deposits***

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

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

### ***Custodial Credit Risk - Investments***

Investment securities are exposed to custodial credit risk if they are uninsured and are not registered in the name of the government and are held by either the counterparty or by the counterparty's trust department or agent but not in the government's name. It is the City's policy that all investments purchased by the City be designated as an asset of the City in the City's name, despite being held in safekeeping by the City's custodial bank or a third party custodial institution, chartered by the United States Government or the State of Florida. Therefore, consistent with policy, all identifiable investment securities of the City are either insured or are registered in the Custodian's Street name for the benefit of the City, and are held by the counterparty's trust department or agent. Investments in mutual funds and external investment pools are not subject to custodial credit risk.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 4. RECEIVABLES

Receivables and the related allowance for uncollectible accounts as of September 30, 2013 are as follows:

<u>Receivables</u>	<u>General Fund</u>	<u>Capital Projects Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Enterprise Fund</u>	<u>Total</u>
Customer accounts	\$ -	\$ -	\$ -	\$5,286,594	\$ 5,286,594
Franchise fees and taxes	5,276,839	-	464,337	-	5,741,176
Due from other governments	64,449	41,485	1,111,375	-	1,217,309
Other receivables	1,820,433	-	27,175	-	1,847,608
Gross receivables	7,161,721	41,485	1,602,887	5,286,594	14,092,687
Less: allowance for uncollectible accounts	-	-	-	(653,340)	(653,340)
Net total receivables (fund)	\$ 7,161,721	\$ 41,485	\$ 1,602,887	\$4,633,254	\$13,439,347
Municipal dedication fees	-	1,101,732	-	-	1,101,732
Net total receivables (gov't-wide)	\$ 7,161,721	\$ 1,143,217	\$ 1,602,887	\$4,633,254	\$14,541,079

### NOTE 5. RESTRICTED ASSETS

The City is required to segregate and restrict certain assets in connection with ordinances governing the issuance of Revenue and General Obligation Bonds. Amounts segregated and restricted to these ordinances and related reserves for the payment of principal and interest at September 30, 2013 are as follows:

<u>Restricted assets</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Enterprise Fund</u>	<u>Total</u>
Revenue Bonds sinking fund	\$ -	\$ 12,333,296	\$ -	\$ -	\$ 717,102	\$ 13,050,398
General Obligation Bonds sinking fund	-	103,481	-	-	-	103,481
Revenue Bonds reserve fund	-	2,351,921	-	-	-	2,351,921
Restricted for construction projects	-	-	26,811,389	-	-	26,811,389
Restricted for Utility System Bonds	-	-	-	-	6,411,212	6,411,212
Restricted for wetland mitigation	-	-	-	544,225	-	544,225
Customer deposits	651,423	-	-	-	3,388,773	4,040,196
<b>Total restricted assets</b>	<b>\$651,423</b>	<b>\$14,788,698</b>	<b>\$26,811,389</b>	<b>\$ 544,225</b>	<b>\$10,517,087</b>	<b>\$53,312,822</b>

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases (1)</u>	<u>Decreases (1)</u>	<u>Ending Balance</u>
<b><u>Governmental activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 65,574,153	\$ 73,244	\$ (2,681,434)	\$ 62,965,963
Construction-in-progress	<u>549,061</u>	<u>7,003,138</u>	<u>(320,252)</u>	<u>7,231,947</u>
Total capital assets, not being depreciated	<u>66,123,214</u>	<u>7,076,382</u>	<u>(3,001,686)</u>	<u>70,197,910</u>
Capital assets, being depreciated:				
Buildings	245,057,043	98,838	-	245,155,881
Improvements other than buildings	136,122,919	404,129	-	136,527,048
Machinery and equipment	53,103,603	3,410,721	(4,129,918)	52,384,406
Infrastructure	33,400,536	320,252	-	33,720,788
Intangibles	<u>61,307</u>	<u>-</u>	<u>-</u>	<u>61,307</u>
Total capital assets, being depreciated	<u>467,745,408</u>	<u>4,233,940</u>	<u>(4,129,918)</u>	<u>467,849,430</u>
Less accumulated depreciation for:				
Buildings	(52,356,742)	(5,036,387)	-	(57,393,129)
Improvements other than buildings	(58,063,168)	(6,380,586)	-	(64,443,754)
Machinery and equipment	(44,305,589)	(2,602,761)	4,100,471	(42,807,879)
Infrastructure	(30,499,097)	(324,934)	-	(30,824,031)
Intangibles	<u>(12,772)</u>	<u>(6,131)</u>	<u>-</u>	<u>(18,903)</u>
Total accumulated depreciation	<u>(185,237,368)</u>	<u>(14,350,799)</u>	<u>4,100,471</u>	<u>(195,487,696)</u>
Total capital assets, being depreciated, net	282,508,040	(10,116,859)	(29,447)	272,361,734
Governmental activities capital assets, net	<u>\$348,631,254</u>	<u>\$(3,040,477)</u>	<u>\$ (3,031,133)</u>	<u>\$ 342,559,644</u>

(1) During the year, the FSU Charter School received equipment from the City with an aggregated cost of \$17,851 and \$0 net book value. The School retains fully depreciated assets in the financial statements until they are no longer in use. The Capital Outlay of \$10,972,218 shown on page 28, includes this transfer of \$17,851.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 6. CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases (1)</u>	<u>Decreases (1)</u>	<u>Ending Balance</u>
<b><u>Business-type activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 3,056,488	\$ -	\$ -	\$ 3,056,488
Construction-in-progress	7,479,642	2,768,989	(1,962,095)	8,286,536
Total capital assets, not being depreciated	<u>10,536,130</u>	<u>2,768,989</u>	<u>(1,962,095)</u>	<u>11,343,024</u>
Capital assets, being depreciated:				
Buildings	37,322,885	3,750	-	37,326,635
Improvements other than buildings	182,809,764	2,925,742	-	185,735,506
Machinery and equipment	7,936,024	670,985	(438,424)	8,168,585
Total capital assets, being depreciated	<u>228,068,673</u>	<u>3,600,477</u>	<u>(438,424)</u>	<u>231,230,726</u>
Less accumulated depreciation for:				
Buildings	(7,194,788)	(766,969)	-	(7,961,757)
Improvements other than buildings	(72,799,618)	(4,180,415)	-	(76,980,033)
Machinery and equipment	(5,801,395)	(540,353)	438,424	(5,903,324)
Total accumulated depreciation	<u>(85,795,801)</u>	<u>(5,487,737)</u>	<u>438,424</u>	<u>(90,845,114)</u>
Total capital assets, being depreciated, net	142,272,872	(1,887,260)	-	140,385,612
Business-type activities capital assets, net	<u>\$152,809,002</u>	<u>\$ 881,729</u>	<u>\$ (1,962,095)</u>	<u>\$ 151,728,636</u>

(1) The General Fund transferred fully depreciated equipment to the Utility fund in the amount of \$183,871. The Utility Fund retains fully depreciated assets in the financial statements until they are no longer in use. The increase in capital assets and the accumulated depreciation shown above includes this transfer.

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government services	\$ 734,821
Public safety	1,996,230
Physical environment	58,471
Transportation	3,045,452
Economic environment	1,257,050
Human services	3,456,899
Culture/recreation	3,784,025
Total depreciation expense - governmental activities	<u>\$ 14,332,948</u>
Business-type activities:	
Water-sewer combined service	\$ 5,303,866
Total depreciation expense - business-type activities	<u>\$ 5,303,866</u>

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances and transfers as of September 30, 2013 is follows:

**Due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	Nonmajor Governmental	\$ 735,961	Provide temporary resources
Total		<u>\$ 735,961</u>	

**Interfund Transfers:**

<u>Transfer in:</u>				
Nonmajor				
Debt Service Governmental				
	Fund	Funds	Total	Purpose
<b>Transfer out:</b>				
General Fund	\$ 29,516	\$ 1,634,379	\$ 1,663,895	To record installment purchase and supplement other funds
Nonmajor Governmental Funds	-	793,238	793,238	Supplement other funds
Total	<u>\$ 29,516</u>	<u>\$ 2,427,617</u>	<u>\$ 2,457,133</u>	

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 8. LEASES

#### Operating Leases

The City is the lessor in operating leases on various buildings as described below. Depreciation expense on these leased assets for the year ended September 30, 2013 amounted to \$1,912,900. Cost and carrying amounts of these leased assets as of September 30, 2013 were as follows:

Land	\$ 1,068,835
Buildings	<u>95,772,696</u>
Total Cost	96,841,531
Less: Accumulated Depreciation	<u>(17,998,589)</u>
Book Value as of 9/30/13	<u>\$ 78,842,942</u>

The City leases 650 square feet to the Miramar-Pembroke Pines Regional Chamber of Commerce. The City also leases 5,163 square feet to Calvin, Giordano & Associates, Inc. for their Building Department operations. In the "Silver Emporium" Senior Citizen Multipurpose Center, the City leases 276 square feet to a podiatrist and 270 square feet to a medical doctor. These leases vary from 1 to 5 years and are included in the table below. The 11,950 square foot restaurant "Club 19" at the City's Golf & Racquet Club is also leased out to an operator. As of September 30, 2013, Club 19 leased facilities consisted of \$72,700 in land and \$212,077 in buildings for a total cost of \$284,777. The accumulated depreciation and the net book value of the property as of September 30, 2013 are \$120,433 and \$164,344, respectively. Depreciation expense for the year was \$4,242. Additional office space at City Hall is provided at no cost to several Federal and local elected officials who represent portions of the City.

The City also leases small parcels of property to various telecommunications service providers in order to construct, maintain and operate telecommunications facilities. The annual leases vary from 5 to 15 years with rental charges ranging between \$3,800 and \$61,408 per year. Annual rentals increase at rates from 3% to 5% per year. In addition to the annual rent, and subject to prior approval, the City shall receive 50% of any amounts received from any third-party source for co-location for the construction or use of telecommunication towers. The City received a total of \$1,581,486 from the tower rentals in the year ended September 30, 2013.

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

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### **NOTE 8. LEASES** (continued)

#### *Operating Leases* (continued)

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

On April 20, 1998, the City entered into a Ground Lease Agreement with Children's Harbor, Inc., a Florida Non-Profit Organization, whereby the Organization will design, develop, construct and operate a Children's Development Center with residential and educational facilities on 7.4 acres in western Pembroke Pines to provide family type homes for abused and neglected children. The lease is for 30 years at \$1.00 per year with two ten-year renewal periods upon mutual consent. The leased facilities include land valued at \$500,000, and buildings costing \$1,780,834 with a total cost of \$2,280,834. Accumulated depreciation and the net book value of the facilities as of September 30, 2013 amounted to \$815,852 and \$1,464,982, respectively. Depreciation expense for the year was \$28,382.

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

On March 15, 2001, the City subleased the 157-acre site of the former South Florida State Hospital from the Florida Department of Children & Families for a 50-year period beginning July 1, 2001 (See Note 12. "Commitments"). As of September 30, 2013, the City had sub-subleased portions of the site, now known as the "Senator Howard C. Forman Human Services Campus", to Youth Services International, Citrus Health Network, Jose Maria Vargas University, Dept. of Children & Families, Safeguard Services, Elan Lawn Services, Henderson Mental Health and several other lessees at various rentals and terms. The City also provides office space, furniture and services on the site at no cost to the Transportation Authority, Inc., a contractor utilized to provide all transportation services required for the City's seven Charter Schools, as well as to Chartwells, a Division of Compass Group USA, Inc. who is the contractor providing student meals to the Charter Schools. The City received a total of \$1,094,490 from the rental of buildings on the Campus for the year ended September 30, 2013.

On March 13, 2002, the City signed an agreement with Florida International University (FIU), for use of educational facilities located at the Academic Village. The Academic Village is a shared-use facility located on the northeast corner of Sheridan Street and Northwest 172nd Avenue, and includes the City's Charter High School, the Broward County Southwest Regional Library, the Southwest Broward County Campus for Broward College, and the Susan B. Katz Memorial Auditorium, a 450-seat shared auditorium.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 8. LEASES (continued)

#### *Operating Leases* (continued)

In order to provide for the operation of an integrated educational program, and to offset the costs incurred by the City, the agreement requires FIU to pay to the City an annual rent starting at \$400,000, which increases by an additional \$200,000 for the next two years and an additional \$50,000 in the fourth year. Thereafter, the annual rent will be adjusted by a minimum of 50% of the increase or decrease in the Consumer Price Index (CPI) for Miami, Florida. The lease was amended on December 13, 2011 to renew the contract for a term of 18 months starting on January 1, 2013 and ending on June 30, 2014, at which time the lease will not be renewed. The rental income of \$1,028,619 received in the Charter Schools' fiscal year ended June 30, 2013 was recorded in the City's Charter High School financial statements, and future rentals are included in the table below. The cost of the shared-use facility is \$13,599,845, and accumulated depreciation and net book value as of September 30, 2013 amounted to \$2,549,971 and \$11,049,874, respectively. Depreciation expense for the year was \$283,330.

On November 23, 2004, the City signed a Sub-Sublease Agreement with Susan B. Anthony Center, Inc. ("SBA"), a Florida Non-Profit Organization that provides transitional housing for women with children whom are recovering from substance abuse. The City leases to SBA a 5.2-acre site in the Senator Howard C. Forman Human Services Campus, and constructed buildings providing a residential complex, an administrative and treatment facility and an Early Learning Center plus land and off-site improvements. The City financed this construction using the proceeds from the issuance of \$7,910,000 in Variable Rate Capital Improvement Revenue Bonds maturing on October 1, 2034. (See Note 9. "Long-Term Debt"). SBA pays rent to the City in order to reimburse the City for its ongoing fiscal and debt service expenditures incurred in financing the project. The project received its Certificate of Occupancy on February 2, 2006 and rentals due to the City are included in the table below from that date onward. The City received \$161,435 for the year ended September 30, 2013. The cost of the Center is \$7,035,387, and accumulated depreciation and net book value as of September 30, 2013 amounted to \$1,078,759 and \$5,956,628, respectively. Depreciation expense for the year was \$140,708.

The City receives various short-term rentals from religious and civic groups and other organizations utilizing the Charter Schools' classrooms on weekends, and other available City sites, including the Walter C. Young Resource Center. Apartments at the two Senior Housing sites are rented on leases not exceeding one year. During the year ended September 30, 2013, the City received rental income of \$1,671,098 from the two Senior Housing Facilities located in the Southwest Focal Point Senior Center known as "Pines Point", and \$5,043,076 from the three Senior Housing Facilities located in the Senator Howard C. Forman Human Services Campus known as "Pines Place". Pines Point land cost is \$496,135 and its building costs are \$17,366,392. The accumulated depreciation and net book value of Pines Point as of September 30, 2013 amounted to \$5,542,193 and \$12,320,334, respectively, and depreciation expense for the year was \$340,369. Pines Place cost is \$55,778,161 and its accumulated depreciation and net book value as of September 30, 2013 amounted to \$7,891,381 and \$47,886,780, respectively, and depreciation expense for the year was \$1,115,869. The City also maintains a storage lot for recreational vehicles and boats and trailers, and received storage rentals amounting to \$288,172 for the year ended September 30, 2013. None of these short-term rentals are included in the table below.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 8. LEASES (continued)

#### *Operating Leases* (continued)

The approximate minimum future rentals to be received, excluding expected lease renewals on non-cancelable operating leases as of September 30, 2013 are:

Fiscal year ending September 30:	
2014	\$ 2,742,522
2015	2,041,084
2016	2,090,285
2017	2,123,390
2018	1,231,285
2019-2023	2,757,742
2024-2028	2,363,104
2029-2033	2,669,963
2034-2038	3,058,360
2039	<u>664,877</u>
Total minimum future rentals	<u>\$ 21,742,612</u>

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 9. LONG-TERM DEBT

**Revenue Bonds** - The source of repayment of these bonds is the income derived from the acquired or constructed assets and/or specific revenue sources. The outstanding revenue bonds as of September 30, 2013 include the following (All capitalized terms are as defined in each bond issue's official documents):

**Public Improvement Revenue Bonds, Series 2001** – On October 12, 2001, the City issued \$19,600,000 bonds for the purpose of providing funds for various City projects including a police annex, fire and rescue system improvements, park improvements, and the payoff of the \$10,000,000 Capital Improvement Certificate of Indebtedness, Series 2000. The \$10,985,000 outstanding bonds, maturing on and after October 1, 2014, were advance refunded and defeased on December 1, 2006 by the Public Improvement Revenue Refunding Bonds, Series 2006. The refunding bond proceeds are held in an irrevocable escrow deposit trust for the purpose of generating the required resources for the refunded bonds' debt service and redemption premiums until they were called for redemption on October 1, 2011. The remaining \$940,000 outstanding bonds that were not refunded are due in varying installments through October 1, 2013. They bear interest rates at 4.30%, with interest payable semi-annually on April 1st and October 1st. The principal and interest on these bonds are payable from a pledge of and lien upon the City's electric public service tax revenues on a parity with any Additional Parity Bonds. The bonds maturing on and after October 1, 2012 are subject to redemption at the option of the City, on or after October 1, 2011, in such order of maturity as the City selects, plus accrued interest to the redemption date.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2014	\$ 940,000	\$ 20,210	\$ 960,210
Total	<u>\$ 940,000</u>	<u>\$ 20,210</u>	<u>\$ 960,210</u>

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 9. LONG-TERM DEBT (continued)

#### *Revenue Bonds* (continued)

**Taxable Communications Services Tax Revenue Bonds, Series 2003A** – On October 17, 2003, the City issued \$39,935,000 bonds in order to maintain the City's pension contribution as a percentage of payroll at the level prior to the increased benefits for firefighters under the contributory defined benefit retirement plan known as the City Pension Fund for Firefighters and Police Officers. These bonds have an outstanding balance of \$35,550,000 due in varying installments through October 1, 2033. The outstanding bonds bear an interest rate of 5.97%, payable semi-annually on April 1st and October 1st of each year. The principal and interest on these bonds are payable from and secured by a pledge of and an irrevocable lien on the Communications Services Tax Revenues and Water Public Service Tax Revenues on parity with the Series 2004 Bonds and any Additional Parity Bonds hereafter issued. The lien on and pledge of the Water Public Service Tax Revenues to the payment of the bonds shall be released upon the City demonstrating that, based on the City's annual audited financial statements for the two fiscal years immediately preceding such release, the Communications Services Tax Revenues recognized for each of such fiscal year, without taking into consideration any Water Public Service Tax Revenues, were not less than 1.30 times the Maximum Bond Service Requirement on all parity bonds then outstanding. This lien has not yet been released. The bonds maturing on and after October 1, 2014 are subject to redemption prior to their respective dates of maturity at the option of the City on or after October 1, 2013, in such order of maturity as the City selects, plus accrued interest to the redemption date.

The outstanding bonds, maturing after October 1, 2014, were refunded on October 15, 2013 (see Note 15. Subsequent Events).

	Principal	Interest	Total
Fiscal year ending September 30:			
2014	\$ 890,000	\$ 2,095,768	\$ 2,985,768
2015	945,000	2,040,994	2,985,994
2016	1,000,000	1,982,935	2,982,935
2017	1,060,000	1,921,445	2,981,445
2018	1,125,000	1,856,222	2,981,222
2019-2023	6,720,000	8,157,110	14,877,110
2024-2028	8,975,000	5,830,153	14,805,153
2029-2033	11,990,000	2,721,424	14,711,424
2034	2,845,000	84,923	2,929,923
	\$ 35,550,000	\$ 26,690,974	\$ 62,240,974

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 9. LONG-TERM DEBT (continued)

#### *Revenue Bonds* (continued)

**Taxable Communications Services Tax Revenue Bonds, Series 2004** – On April 1, 2004, the City issued \$49,910,000 bonds for the purpose of funding a deposit to the Police Pension Plan under the contributory defined benefit retirement plan known as the City Pension Fund for Firefighters and Police Officers and the General Employees' Pension Plan to maintain the City's annual contribution to such plans at approximately the same level as before the adoption of the 2004 Enhanced Pension Benefits. These bonds have an outstanding balance of \$43,595,000 due in varying installments through October 1, 2033. The outstanding bonds bear interest at rates from 4.00% to 5.25%, payable semi-annually on April 1st and October 1st of each year. The principal and interest on these bonds are payable from and secured by a pledge of and an irrevocable lien on the Communications Services Tax Revenues and Water Public Service Tax Revenues on a parity with the Series 2003A Bonds (refunded by, Series 2013 on October 15, 2013 – see Note 15. Subsequent Events) and any Additional Parity Bonds hereafter issued. The lien on and pledge of the Water Public Service Tax Revenues to the payment of the Bonds shall be released upon the City demonstrating that, based on the City's annual audited financial statements for the two fiscal years immediately preceding such release, the Communications Services Tax Revenues recognized for each of such fiscal year, without taking into consideration any Water Public Service Tax Revenues, were not less than 1.30 times the Maximum Bond Service Requirement on all parity bonds then outstanding. This lien has not yet been released. The bonds maturing on and after October 1, 2015 are subject to redemption prior to their respective dates of maturity at the option of the City on or after October 1, 2014, in such order of maturity as the City selects, plus accrued interest to the redemption date.

	Principal	Interest	Total
Fiscal year ending September 30:			
2014	\$ 1,230,000	\$ 2,193,431	\$ 3,423,431
2015	1,290,000	2,136,731	3,426,731
2016	1,345,000	2,075,763	3,420,763
2017	1,410,000	2,010,331	3,420,331
2018	1,475,000	1,941,813	3,416,813
2019-2023	8,525,000	8,531,256	17,056,256
2024-2028	10,925,000	6,052,203	16,977,203
2029-2033	14,115,000	2,789,719	16,904,719
2034	3,280,000	86,100	3,366,100
Total	\$ 43,595,000	\$ 27,817,347	\$ 71,412,347

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 9. LONG-TERM DEBT (continued)

#### *Revenue Bonds* (continued)

**Public Improvement Revenue Bonds, Series 2004A** – On May 6, 2004, the City issued \$20,140,000 bonds for the purpose of funding the acquisition, construction, and equipping of the Senior Housing Project (Tower One), the site development, engineering and permitting costs related to the Senior Housing Project, and the mobile safety equipment. These bonds have an outstanding balance of \$18,680,000 due in varying installments through October 1, 2034. The outstanding bonds bear interest at rates from 3.25% to 5.00%, with interest payable semi-annually on April 1st and October 1st. The principal and interest on these bonds are payable from a pledge of and lien upon the City's electric public service tax revenues on a parity with the Public Improvement Revenue Bonds, Series, 2001, and any Additional Parity Bonds. The bonds maturing on or after October 1, 2015 are subject to redemption at the option of the City, on or after October 1, 2014, in such order of maturity as the City selects, plus accrued interest to the redemption date.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2014	\$ 520,000	\$ 871,610	\$ 1,391,610
2015	540,000	851,397	1,391,397
2016	560,000	829,735	1,389,735
2017	585,000	806,835	1,391,835
2018	605,000	782,732	1,387,732
2019-2023	3,440,000	3,489,165	6,929,165
2024-2028	4,320,000	2,584,193	6,904,193
2029-2033	5,505,000	1,366,375	6,871,375
2034-2035	2,605,000	131,875	2,736,875
Total	<u>\$ 18,680,000</u>	<u>\$ 11,713,917</u>	<u>\$ 30,393,917</u>

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 9. LONG-TERM DEBT (continued)

#### *Revenue Bonds* (continued)

**Public Improvement Revenue Bonds, Series 2004B** – On July 14, 2004, the City issued \$15,975,000 bonds for the purpose of funding the cost of planning, designing, constructing, and equipping of the Senior Housing Project (Tower Two), and any remaining or additional Tower One project costs. These bonds have an outstanding balance of \$14,845,000 due in varying installments through October 1, 2034. The outstanding bonds bear interest at rates from 3.625% to 5.00%, with interest payable semi-annually on April 1st and October 1st. The principal and interest on these bonds are payable from a pledge of and lien upon the City's electric public service tax revenues on a parity with the Public Improvement Revenue Bonds, Series, 2001, 2004A, and any Additional Parity Bonds. The bonds maturing on and after October 1, 2015 are subject to redemption at the option of the City, on or after October 1, 2014, in such order of maturity as the City selects, plus accrued interest to the redemption date.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2014	\$ 405,000	\$ 708,879	\$ 1,113,879
2015	420,000	692,423	1,112,423
2016	435,000	674,678	1,109,678
2017	455,000	655,760	1,110,760
2018	475,000	635,587	1,110,587
2019-2023	2,720,000	2,820,963	5,540,963
2024-2028	3,455,000	2,068,875	5,523,875
2029-2033	4,400,000	1,091,750	5,491,750
2034-2035	2,080,000	105,250	2,185,250
Total	<u>\$ 14,845,000</u>	<u>\$ 9,454,165</u>	<u>\$ 24,299,165</u>

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 9. LONG-TERM DEBT (continued)

#### *Revenue Bonds* (continued)

**Public Improvement Revenue Refunding Bonds, Series 2006** – On December 1, 2006, the City issued \$29,720,000 bonds for the purpose of advance refunding of all of the Public Improvement Revenue Bonds, Series 1998 maturing on and after October 1, 2009 totaling \$18,935,000 and all of the Public Improvement Revenue Bonds, Series 2001, maturing on and after October 1, 2014 totaling \$10,985,000. These refunding bonds have an outstanding balance of \$25,430,000 due in varying installments through October 1, 2022. The outstanding bonds bear interest at rates from 4.00% to 5.00%, with interest payable semi-annually on April 1st and October 1st. The principal and interest on these bonds are payable from a pledge of and lien upon the City's electric public service tax revenues on a parity with the Public Improvement Revenue Bonds, Series 2001, 2004A, 2004B, and any Additional Parity Bonds. The bonds maturing on and after October 1, 2017 are subject to redemption at the option of the City, on or after October 1, 2016, in such order of maturity as the City selects, plus accrued interest to the redemption date.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2014	\$ 1,175,000	\$ 1,173,050	\$ 2,348,050
2015	2,200,000	1,094,550	3,294,550
2016	2,315,000	981,675	3,296,675
2017	2,430,000	863,050	3,293,050
2018	2,550,000	738,550	3,288,550
2019-2023	14,760,000	1,660,350	16,420,350
Total	<u>\$ 25,430,000</u>	<u>\$ 6,511,225</u>	<u>\$ 31,941,225</u>

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 9. LONG-TERM DEBT (continued)

#### *Revenue Bonds* (continued)

**Capital Improvement Revenue Refunding Bonds, Series 2006** On December 1, 2006, the City issued \$45,050,000 bonds for the purpose of (1) advance refunding \$28,100,000 outstanding Capital Improvement Revenue Bonds, Series 1999, maturing on and after December 1, 2009 that were not used to refund the Refunded 1995 Bonds and (2) funding various City capital projects. These refunding bonds have an outstanding balance of \$37,870,000 due in varying installments through December 1, 2031. They bear interest at rates which range from 3.85 % to 5.00%, with interest payable semi-annually on June 1st and December 1st. The principal and interest on these bonds are payable from a pledge of and lien upon the City's electric franchise revenues on a parity with any Additional Parity Bonds and Additional Parity Franchise Revenue Bonds. The bonds maturing on and after December 1, 2017 are subject to redemption at the option of the City, on or after December 1, 2016, in such order of maturity as the City selects, plus accrued interest to the redemption date.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2014	\$ 1,725,000	\$ 1,648,012	\$ 3,373,012
2015	1,795,000	1,575,675	3,370,675
2016	1,870,000	1,491,088	3,361,088
2017	1,975,000	1,394,962	3,369,962
2018	2,070,000	1,296,713	3,366,713
2019-2023	11,995,000	4,839,950	16,834,950
2024-2028	12,240,000	2,020,194	14,260,194
2029-2032	4,200,000	366,138	4,566,138
Total	<u>\$ 37,870,000</u>	<u>\$ 14,632,732</u>	<u>\$ 52,502,732</u>

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 9. LONG-TERM DEBT (continued)

#### *Revenue Bonds* (continued)

**Capital Improvement Revenue Bonds (Phase II of Forman Senior Housing Project), Series 2007** - On January 24, 2007, the City issued \$26,805,000 bonds for the purpose of funding (1) the design, construction, and equipping of approximately 220 residential units to become part of the City's senior housing facilities to be owned and operated by the City, to be located on the Senator Howard C. Forman Human Services Campus and related subordinate facilities, and (2) renovations to existing senior housing facilities owned and operated by the City. These bonds have an outstanding balance of \$24,620,000 due in varying installments through December 1, 2036. The outstanding bonds bear interest at rates from 3.75% to 5.00%, with interest payable semi-annually on June 1st and December 1st. The principal and interest on these bonds are payable from a pledge of and lien upon the City's electric franchise revenues on a parity with the Capital Improvement Revenue Refunding Bonds, Series 2006, and any Additional Parity Franchise Revenue Bonds. The bonds maturing on and after December 1, 2017 are subject to redemption at the option of the City, on or after December 1, 2016, in such order of maturity as the City selects, plus accrued interest to the redemption date.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2014	\$ 605,000	\$ 1,111,962	\$ 1,716,962
2015	630,000	1,087,263	1,717,263
2016	655,000	1,061,562	1,716,562
2017	680,000	1,034,013	1,714,013
2018	710,000	1,006,250	1,716,250
2019-2023	4,000,000	4,569,219	8,569,219
2024-2028	4,905,000	3,671,100	8,576,100
2029-2033	6,215,000	2,363,125	8,578,125
2034-2037	6,220,000	641,500	6,861,500
Total	<u>\$ 24,620,000</u>	<u>\$ 16,545,994</u>	<u>\$ 41,165,994</u>

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 9. LONG-TERM DEBT (continued)

#### *Revenue Bonds* (continued)

**Charter School Revenue Bonds, Series 2008 - (Reissued in May 2011)** - On March 25, 2008, the City issued \$64,095,000 bonds for the purpose of providing funds to: (i) finance the acquisition, construction and equipping of certain additions to existing charter school educational facilities located within the City and (ii) advance refund the outstanding City of Pembroke Pines, Florida Charter School Revenue Bonds, Series 2001A and 2001B (the "Refunded Bonds") in the aggregate principal amount of \$29,405,000 and \$17,715,000, respectively. The 2008 Bonds have an outstanding balance of \$62,795,000 due in varying installments through July 1, 2038. They initially bear interest at the Weekly Rate, but may be converted at the option of the City, to a Fixed Rate. The interest rate during each Weekly Rate Period will be determined by the Remarketing Agent. No 2008 Bond shall bear interest at an interest rate higher than 12% per annum. The 2008 Bonds and the City's regular payment obligations under the Series 2008 Swap Transaction, are payable from and secured by a lien upon and pledge of revenues derived by the City from lease payments made to the City as a result of its ownership and operation of the Charter Schools and Charter Lab School, including, fee-based pre-school programs and revenues received pursuant to leases and/or other agreements for use of such facilities. Pursuant to the Resolution, the City has covenanted to apply the funds on deposit in the Special Revenue Fund to the payment of the Charter School Lease Revenues prior to any other application. In the event the Pledged Revenues are not sufficient, the City has covenanted to budget and appropriate in its annual budget amounts sufficient to meet its obligation from Non-Ad Valorem Revenues. The covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues. The 2008 Bonds were issued on parity with any Additional Parity Bonds. They are subject to optional and mandatory tender for purchase and to optional and mandatory redemption prior to maturity. Holders of the 2008 Bonds may elect to have their 2008 Bonds purchased on any Business Day, upon delivery of a Tender Notice to the Tender Agent seven days prior to the applicable Purchase Date. They are subject to redemption on any Business Day at the option of the City at a redemption price equal to 100% of the principal amount of such 2008 Bonds plus accrued interest to the date of redemption.

In an effort to hedge its exposure to variable interest rates on the 2008 Bonds, the City has entered into four Qualified Fixed Payor Swap (pay-fixed, receive-variable interest rate swap) transactions (collectively, the "Series 2008 Swap Transaction") with two Counterparties.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

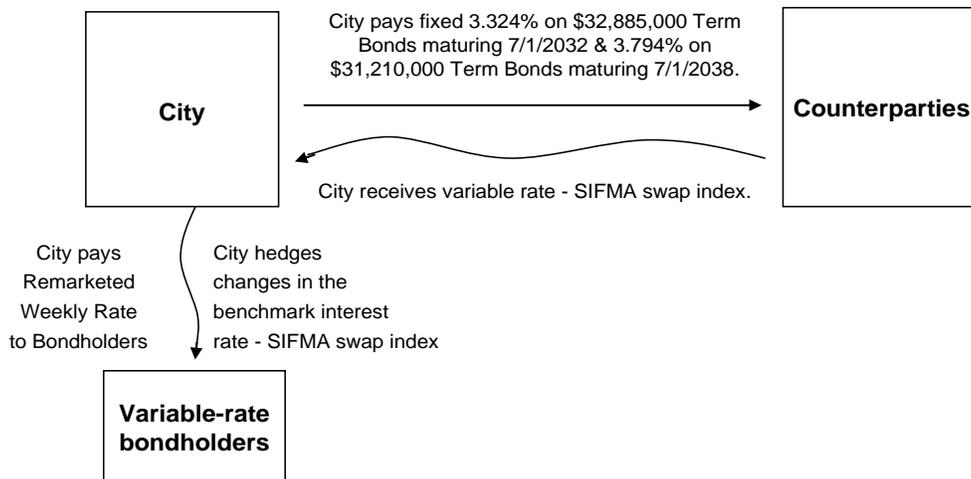
Fiscal Year Ended September 30, 2013

### NOTE 9. LONG-TERM DEBT (continued)

#### Revenue Bonds (continued)

#### Charter School Revenue Bonds, Series 2008 - (Reissued in May 2011) (continued)

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



The Series 2008 Swap Transaction has an initial notional amount equal to the initial aggregate principal amount of the 2008 Bonds and will terminate at various times with the final termination date on the final maturity date of the 2008 Bonds, unless earlier terminated pursuant to the terms of the applicable the 2008 Swap Transaction. The notional amount of the Series 2008 Swap Transaction will amortize at the same times and in the same amounts as the amortization of the 2008 Bonds. The City will pay a fixed rate of interest to each of the Swap Counterparties on their respective notional amounts equal to 3.324% and 3.794% and will receive in return from each of the Swap Counterparties a floating rate equal to the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index, on the same notional amount determined on the day of the week specified in the applicable Series 2008 Swap Transaction. It is anticipated by the City that the floating rate payable by each of the Swap Counterparties will approximate the interest rate on the 2008 Bonds while the 2008 Bonds bear interest in the Weekly Rate Mode. There is no guarantee, however, that such rates will match at all times or at any time. The City is exposed to "basis risk" to the extent that the floating rate it receives from the applicable Swap Counterparty does not equal the interest rate it is required to pay on the 2008 Bonds. The City's payment obligations under the Series 2008 Swap Transaction (except for Swap Termination Payments) will be payable from Pledged Revenues, on a parity with the payment of interest on the 2008 Bonds and are paid on a priority to principal payments on the 2008 Bonds.

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 9. LONG-TERM DEBT (continued)

### *Revenue Bonds* (continued)

#### **Charter School Revenue Bonds, Series 2008 - (Reissued in May 2011)** (continued)

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

On May 17, 2011, the City reissued the Charter School Revenue Bonds, Series 2008 (the Series 2008 Bonds) in the principal amount of \$63,495,000. This transaction was necessitated by the expiration of the Stand-by Bond Purchase Agreement on March 25, 2011 which was extended to May 24, 2011. The City, with the advice of the Financial Advisor, was able to remarket the Series 2008 Bonds to Wells Fargo Bank, National Association (the "Bank") and obtain a variable rate of SIFMA rate plus 0.89% for a three year term. The Series 2008 Bonds have four interest rate SWAPs for which the City pays fixed rates to the Counterparties and the Counterparties pay the City the SIFMA rate. During the three year period with the Bank, the effective interest cost to the City will be the fixed rates that the City pays to the Counterparties plus the 0.89% interest spread to the Bank.

The debt service shown in the schedule appeared hereunder and the following "Schedule of Debt Service on Outstanding Bonds as of September 30, 2013" is based on the 0.96% interest rate which was the SIFMA Rate (0.07%) in effect at the financial statement date of September 30, 2013 (per GASB Statement No. 38, paragraph 10) plus 0.89% interest spread to the Bank.

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 9. LONG-TERM DEBT (continued)

*Revenue Bonds* (continued)

**Charter School Revenue Bonds, Series 2008 - (Reissued in May 2011)** (continued)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2014	\$ 100,000	\$ 600,995	\$ 700,995
2015	100,000	600,040	700,040
2016	100,000	600,752	700,752
2017	100,000	599,797	699,797
2018	100,000	603,818	703,818
2019-2023	1,635,000	2,973,026	4,608,026
2024-2028	11,520,000	2,737,757	14,257,757
2029-2033	22,610,000	1,895,988	24,505,988
2034-2038	<u>26,530,000</u>	<u>743,179</u>	<u>27,273,179</u>
Total	<u>\$ 62,795,000</u>	<u>\$ 11,355,352</u>	<u>\$ 74,150,352</u>

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 9. LONG-TERM DEBT (continued)

#### *Revenue Bonds* (continued)

**Variable Rate Capital Improvement Revenue Refunding Bonds (Susan B. Anthony Center), Series 2008 (Reissued in September 2011)** - On July 25, 2008, the City issued \$8,040,000 bonds under an Indenture of Trust between the Issuer and U.S. National Bank Association, as trustee for the purpose of current refunding the Variable Rate Capital Improvement Revenue Bonds, Series 2005 (Susan B. Anthony Center) in order to realize a net interest cost savings. The Series 2008 Bonds initially will bear interest at the Weekly Rate, determined by the Remarketing Agent each Wednesday and payable on the first Wednesday of each month. Interest on the Series 2008 Bonds will be paid at the lesser of 12% per annum. The Issuer may change the interest rate determination method from time to time. A change in the method, other than a change between the Daily Rate and the Weekly Rate, will result in the Series 2008 Bonds becoming subject to mandatory tender for purchase on the effective date of such change.

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

On September 7, 2011, The City reissued the Variable Rate Capital Improvement Revenue Refunding Bonds (Susan B. Anthony Center), Series 2008 in the principal amount of \$8,040,000 as the Letter of Credit for these bonds expired on July 15, 2011 and was extended to September 15, 2011.

The debt service shown in the schedule appeared hereunder and the following "Schedule of Debt Service on Outstanding Bonds as of September 30, 2013" is based on the 2.0079% five year term (from September 7, 2011) Direct Purchase fixed rate in effect at the financial statement date of September 30, 2013 (per GASB Statement No. 38, paragraph 10).

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 9. LONG-TERM DEBT (continued)

#### *Revenue Bonds* (continued)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2014	\$ -	\$ 161,435	\$ 161,435
2015	150,000	159,929	309,929
2016	155,000	156,867	311,867
2017	170,000	153,604	323,604
2018	180,000	150,091	330,091
2019-2023	1,060,000	690,718	1,750,718
2024-2028	1,400,000	567,834	1,967,834
2029-2033	1,870,000	404,692	2,274,692
2034-2038	2,475,000	188,092	2,663,092
2039	580,000	5,823	585,823
Total	<u>\$ 8,040,000</u>	<u>\$ 2,639,085</u>	<u>\$ 10,679,085</u>

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

**NOTE 9. LONG-TERM DEBT** (continued)

*Revenue Bonds* (continued)

**Capital Improvement Revenue Refunding Bonds, Series 2010** - On June 22, 2010, the City issued the Capital Improvement Revenue Refunding Bonds, Series 2010 in the amount of \$8,545,700 for the purpose of refunding the outstanding \$8,690,000 Capital Improvement Revenue Bonds, Series 1999 in order to realize a net interest cost savings. These Series 2010 Bonds have an outstanding balance of \$7,708,200 due in varying installments through December 1, 2026. The outstanding bonds bear interest at the rate of 4.1575%, with interest payable semi-annually on June 1st and December 1st. The principal and interest on these bonds are payable from a pledge of and lien upon the City's electric franchise revenues on a parity with the Capital Improvement Revenue Refunding Bonds, Series 2006, the Capital Improvement Revenue Bonds (Phase II of Forman Senior Housing Project), Series 2007, the Variable Rate Capital Improvement Revenue Refunding Bonds (Susan B. Anthony Center), Series 2008 and any Additional Parity Franchise Revenue Bonds. The Bonds are subject to redemption at the option and direction of the Issuer in whole or in part on any date on and after the 10th anniversary of the Delivery Date at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued to the date of redemption.

	Principal	Interest	Total
Fiscal year ending September 30:			
2014	\$ 392,100	\$ 312,318	\$ 704,418
2015	406,300	295,721	702,021
2016	425,100	278,438	703,538
2017	443,400	260,384	703,784
2018	466,200	241,476	707,676
2019-2023	2,641,000	493,942	3,134,942
2024-2027	2,934,100	257,945	3,192,045
Total	\$ 7,708,200	\$ 2,140,224	\$ 9,848,424

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

**NOTE 9. LONG-TERM DEBT (continued)**

***Revenue Bonds*** (continued)

**Consolidated Utility System Revenue Bonds, Series 2010** - On December 21, 2010, the City issued the Consolidated Utility System Revenue Bonds, Series 2010 in the amount of \$12,300,000 for the purpose of financing certain improvements and expansions to the City's consolidated utility system. These Bonds have an outstanding balance of \$11,033,544 due in varying installments through December 1, 2025. The outstanding bonds bear interest at the rate of 3.50%, with interest payable semi-annually on June 1st and December 1st. The Bonds are not subject to optional redemption prior to December 1, 2015. After December 1, 2015, they may be subject to optional redemption, at the direction of the Issuer, in whole or in part, on any day for which proper notice of redemption may be given in accordance with the Resolution at a redemption price equal to the principal amount to be redeemed plus interest accrued to the date of redemption, plus a premium as set forth below:

<u>Redemption Date</u>	<u>Premium</u>		
December 2, 2015 through December 1, 2020	1%		
December 2, 2020 and thereafter	0%		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2014	\$ 684,759	\$ 374,191	\$ 1,058,950
2015	708,725	349,805	1,058,530
2016	733,531	324,565	1,058,096
2017	759,205	298,442	1,057,647
2018	785,777	271,405	1,057,182
2019-2023	4,361,181	917,164	5,278,345
2024-2026	<u>3,000,366</u>	<u>159,927</u>	<u>3,160,293</u>
Total	<u>\$ 11,033,544</u>	<u>\$ 2,695,499</u>	<u>\$ 13,729,043</u>

The principal and interest on these bonds are payable solely from and secured by a pledge of the Net Revenues of the System levied and collected by the Issuer, and the moneys in certain funds and accounts created pursuant to the Resolution.

Per Section 20.(E) of Resolution 3287 (Master Resolution), Net Revenues in each Fiscal Year are to be sufficient to pay 120% of the Bond Service Requirement on all Outstanding Bonds. In addition to this requirement, Net Revenues should be sufficient to provide any amounts required to be deposited into the Reserve Fund or with any Credit Facility Issuer as a result of a withdrawal from the Reserve Fund, the Renewal, Replacement and Improvement Fund, debt service on other obligations payable from the Revenues of the System, and other payments, and all allocations and applications of revenues.

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 9. LONG-TERM DEBT (continued)

### *Revenue Bonds* (continued)

#### **Consolidated Utility System Revenue Bonds, Series 2010** (continued)

The Master Resolution defines the following terms as follows:

- **Net Revenues** of the System are the Gross Revenues after deduction of the Cost of Operation and Maintenance.

- **Gross Revenues** are all income and earnings, including all investment income but excluding Contributions in Aid of Construction.

- **Cost of Operations and Maintenance** means current expenses for the operation, maintenance and repair of the System, excluding capital expenditures, any reserve for renewals and replacements, any allowance for depreciation and any Bond Service Requirement.

- **Renewal, Replacement and Improvement Fund** is a reserve that is at least equal to five percent (5%) of the Gross Revenues received during the immediately preceding fiscal year.

The Utility Fund Net Revenue rate covenant for the fiscal year ended September 30, 2013 of 302% was computed as follows:

Operating revenues	\$43,206,934
Plus: Investment income	1,032,773
Capital contributions	2,106,126
Less: Contributions in Aid of Construction	<u>(185,636)</u>
Gross Revenues	46,160,197
Less Operating, administrative and maintenance expenses	<u>(36,280,581)</u>
Net Revenues of the System	<u>\$ 9,879,616</u>
Interest expense	\$ 390,033
Principal payment	661,603
Other debt service cost	<u>5,651</u>
Bond service requirement on all outstanding bonds	1,057,287
Reserve for renewals and replacements	<u>2,217,158</u>
Total bond service requirement and reserve for renewals and replacement	<u>\$ 3,274,445</u>
Bond service requirement and reserve for renewals and replacement coverage	302%

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 9. LONG-TERM DEBT (continued)

**General Obligation Bonds** - The source of repayment of these bonds is the unlimited ad valorem taxes on all taxable real and tangible personal property within the City (except exemptions provided by applicable law). There are no direct limitations imposed by the Florida Constitution or the Florida Statutes on the amount of debt that the City can issue. The outstanding General Obligation Bonds as of September 30, 2013 are as follows:

**General Obligation Bonds, Series 2005** – On September 30, 2005, the City issued its first General Obligation Bonds in the amount of \$47,000,000 for the purpose of funding multiple projects including, but not limited to, various roadwork projects, recreational and cultural amenities, economic development and neighborhood revitalization. On December 1, 2005, \$5,456,448 of the General Obligation Bonds, Series 2005 was used to refund the Capital Improvement Revenue Bonds, Series 1993, which had a principal outstanding balance of \$5,985,000. These Series 2005 bonds have an outstanding balance of \$38,990,000 due in varying installments through September 1, 2035. The outstanding bonds bear interest at rates from 3.30% to 4.55%, with interest payable semi-annually on March 1st and September 1st. The Series 2005 Bonds are general obligations of the City and are payable from unlimited ad valorem taxes on all taxable real and tangible personal property within the City (except exemptions provided by applicable law). There is no limitation as to the rate or amount of ad valorem taxes that can be levied for the purpose of paying the Series 2005 Bonds. The bonds maturing on or after September 1, 2016 are subject to redemption at the option of the City, on or after September 1, 2015, in such order of maturity as the City selects, plus accrued interest to the redemption date.

	Principal	Interest	Total
Fiscal year ending September 30:			
2014	\$ 1,130,000	\$ 1,667,377	\$ 2,797,377
2015	1,170,000	1,627,828	2,797,828
2016	1,210,000	1,585,707	2,795,707
2017	1,260,000	1,538,583	2,798,583
2018	1,310,000	1,488,558	2,798,558
2019-2023	7,370,000	6,607,088	13,977,088
2024-2028	9,060,000	4,920,313	13,980,313
2029-2033	11,245,000	2,740,855	13,985,855
2034-2035	5,235,000	355,948	5,590,948
Total	\$ 38,990,000	\$ 22,532,257	\$ 61,522,257

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 9. LONG-TERM DEBT (continued)

#### *General Obligation Bonds* (continued)

**General Obligation Bonds, Series 2007** – On July 25, 2007, the City issued its Phase II General Obligation Bonds in the amount of \$43,000,000 for the purpose of funding the costs of design, construction and repair of certain improvements within the City. These Series 2007 Bonds have an outstanding balance of \$38,335,000 due in varying installments through September 1, 2036. The outstanding bonds bear interest at rates from 4.00% to 4.75%, with interest payable semi-annually on March 1st and September 1st. The Series 2007 Bonds are general obligations of the City and are payable from unlimited ad valorem taxes on all taxable real and tangible personal property within the City (except exemptions provided by applicable law). There is no limitation as to the rate or amount of ad valorem taxes that can be levied for the purpose of paying the Series 2007 Bonds. The bonds maturing on or after September 1, 2018 are subject to redemption at the option of the City, on or after September 1, 2017, in such order of maturity as the City selects, plus accrued interest to the redemption date.

	Principal	Interest	Total
Fiscal year ending September 30:			
2014	\$ 925,000	\$ 1,755,075	\$ 2,680,075
2015	960,000	1,718,075	2,678,075
2016	1,000,000	1,679,675	2,679,675
2017	1,040,000	1,638,425	2,678,425
2018	1,085,000	1,594,225	2,679,225
2019-2023	6,190,000	7,223,538	13,413,538
2024-2028	7,695,000	5,707,650	13,402,650
2029-2033	9,665,000	3,741,100	13,406,100
2034-2036	9,775,000	1,071,600	10,846,600
Total	\$ 38,335,000	\$ 26,129,363	\$ 64,464,363

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 9. LONG-TERM DEBT (continued)

#### *Derivative Instruments*

On March 25, 2008, the City issued \$64,095,000 Charter School Revenue Bonds, Series 2008. In an effort to hedge its exposure to variable interest rates on the 2008 Bonds, the City has entered into four Qualified Fixed Payor Swap (pay-fixed, receive-variable interest rate swap) transactions (collectively, the "Series 2008 Swap Transaction") with two Counterparties. Based on the consistency of the terms of the swaps and the variable-rate bonds, the city determines that the swaps are hedging derivative instruments using the consistent critical terms method. The fair value and notional amount of the derivative instruments outstanding at September 30, 2013 and the changes in fair value of such derivatives instruments for the year then ended as reported in the Fiscal Year 2013 financial statements are as follows:

		<b>Fair Value</b>				
		<u>Changes in Fair Values</u>		<u>at September 30, 2013*</u>		
		<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	<u>Notional</u>
<b>Governmental Activities</b>						
<b>Cash flow hedges</b>						
Pay-fixed interest rate swap	Deferred inflow		\$6,768,067	Debt	(\$6,648,287)	\$62,795,000

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

The fair value balance and notional amount of the derivative instrument outstanding at September 30, 2013 are (\$6,648,287) in favor of the Counterparties and \$62,795,000 respectively.

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

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 9. LONG-TERM DEBT (continued)

#### *Derivative Instruments* (continued)

#### **Objective and Terms of Hedging Derivative Instruments**

The following table displays the objective and terms of the City's hedging derivative instruments outstanding at September 30, 2013, along with the credit rating of the associated counterparty:

Type	Objective	Counterparty	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate swap	Hedge of changes in cash flows on the City of Pembroke Pines' \$64,095,000 Charter School Revenue Bonds, Series 2008	Royal Bank of Canada	\$ 22,109,500	3/25/2008	7/1/2018	Pay 3.324% receive SIFMA <sup>(1)</sup> swap index	AA-/Aa3/AA
		Royal Bank of Canada	\$ 21,847,000	3/25/2008	7/1/2038	Pay 3.794% receive SIFMA <sup>(1)</sup> swap index	AA-/Aa3/AA
		The Bank of New York Mellon	\$ 9,475,500	3/25/2008	7/1/2018	Pay 3.324% receive SIFMA <sup>(1)</sup> swap index	AA-/Aa1/AA-
		The Bank of New York Mellon	\$ 9,363,000	3/25/2008	7/1/2038	Pay 3.794% receive SIFMA <sup>(1)</sup> swap index	AA-/Aa1/AA-

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

#### **Risks**

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

**Basis risk.** The City is not exposed to basis risk on its pay-fixed interest rate swaps during the three year term beginning May 17, 2011 because the variable-rate payments received by the City on these hedging derivative instruments and the interest rates that the City pays on its hedged variable-rate debt are based on the same SIFMA Municipal Index. The difference between these two rates are the **CONSTANT** 0.89% interest spread to the Bank. This interest spread eliminates all the costs and expenses associated with the Liquidity Facility and the Remarketing Agent.

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

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 9. LONG-TERM DEBT (continued)

#### *Derivative Instruments* (continued)

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

**Hedging derivative instrument payments and hedged debt** - As of September 30, 2013, the aggregate debt service requirements of the City's Charter School Revenue Bonds, Series 2008 and the net receipts/payments on the associated hedging derivative instruments are as follows. These amounts assume that current interest rate of 0.96% (SIFMA + 0.89% Direct Purchase fixed spread for 3 years when there is no cost of Liquidity Facility Fees and Remarketing Fees) on the variable- rate bonds and the current SIFMA Municipal Swap Index rate of 0.07% of the hedging derivative instruments will remain the same for their terms. As these rates vary, interest payments on variable-rate bonds and net receipts payments on the hedging derivative instruments will change.

<b>Fiscal Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Hedging Derivatives, Net</b>	<b>Total</b>
2014	\$ 100,000	\$ 600,995	\$ 2,189,223	\$ 2,890,218
2015	100,000	600,040	2,185,969	2,886,009
2016	100,000	600,752	2,182,715	2,883,467
2017	100,000	599,797	2,179,461	2,879,258
2018	100,000	603,818	1,923,330	2,627,148
2019-2023	1,635,000	2,973,026	5,811,302	10,419,328
2024-2028	11,520,000	2,737,757	5,811,302	20,069,059
2029-2033	22,610,000	1,895,988	5,767,731	30,273,719
2034-2038	26,530,000	743,178	2,799,051	30,072,229
<b>Total</b>	<b>\$ 62,795,000</b>	<b>\$ 11,355,351</b>	<b>\$ 30,850,084</b>	<b>\$ 105,000,435</b>

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 9. LONG-TERM DEBT (continued)

#### *Derivative Instruments* (continued)

##### **Contingencies**

In the event the insurer's and the City's ratings are both downgraded below a rating of "A-" by Standard & Poor's Ratings Services (S&P) or "A3" by Moody's Investors Service (Moody's), the City will have the option, but not the obligation, of posting collateral in order to prevent swap termination. This option will not be available if the City's ratings are below "BBB" by S&P and "Baa2" by Moody's. The collateral posted is to be in the form of cash or U.S. Treasury securities in the amount of the fair value of hedging derivative instruments in liability positions net of the effect of applicable netting arrangements. If the City does not post collateral, the hedging derivative instrument may be terminated by the Counterparties. At September 30, 2013, the aggregate fair value of all hedging derivative instruments with these optional collateral posting provisions is a negative \$(6,648,287). If the collateral posting requirements were necessary at September 30, 2013, the City would be required to post \$6,648,287 in collateral to its Counterparties. As the City negotiated termination at mid-market, termination values are the same as market values. As of September 30, 2013, the City's underlying General Obligation Bond rating is "Aa2" by Moody's, "AA" by Fitch Ratings (Fitch), and not rated by S&P, and the insurer's ratings are "AA-" by S&P, "A3" by Moody's and "not rated" by Fitch. Therefore, no collateral was posted.

#### *Outstanding Advanced Refunded Bonds*

In prior years, the City defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2013, the \$8.0 million of bonds outstanding are considered defeased. They are listed as follows:

**Consolidated Utility Systems Revenue Bonds, Series 1992** - The outstanding balance is \$8,045,000. These bonds were defeased on July 3, 1997. The escrow funds are held in a trust with assets sufficient to pay scheduled debt service requirements to maturity.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 9. LONG-TERM DEBT (continued)

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

#### ***Installment Purchase Contract***

The City entered into a 5-year installment purchase contract with CTS America for a Police Records Management Software at a cost of \$590,327. Monthly payments are \$9,839.

The payments due in the fiscal year ended September 30, 2013 are as follows:

Total purchase price	\$ 590,327
Total payment made in fiscal year 2013	29,517
Remaining payments due in subsequent years	560,810

#### ***Changes in Long-Term Liabilities***

Compensated absences of the governmental activities are generally liquidated by the General Fund, except for the compensated absences of the Charter Schools which are liquidated by the respective Special Revenue Funds.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 9. LONG-TERM DEBT (continued)

#### *Changes in Long-Term Liabilities* (continued)

Long-term liability activity for the year ended September 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Governmental activities:</b>					
Bonds payable:					
Public Improvement Revenue					
Bonds, Series 2001	\$ 1,845,000	\$ -	\$ (905,000)	\$ 940,000	\$ 940,000
Taxable Communications Services					
Tax Revenue Bonds, Series 2003A	36,390,000	-	(840,000)	35,550,000	890,000
Taxable Communications Services					
Tax Revenue Bonds, Series 2004	44,775,000	-	(1,180,000)	43,595,000	1,230,000
Public Improvement Revenue					
Bonds, Series 2004A	19,180,000	-	(500,000)	18,680,000	520,000
Public Improvement Revenue					
Bonds, Series 2004B	15,235,000	-	(390,000)	14,845,000	405,000
Public Improvement Refunding					
Revenue Bonds, Series 2006	26,560,000	-	(1,130,000)	25,430,000	1,175,000
Capital Improvement Refunding					
Revenue Bonds, Series 2006	39,520,000	-	(1,650,000)	37,870,000	1,725,000
Capital Improvement Revenue					
Bonds, Series 2007	25,200,000	-	(580,000)	24,620,000	605,000
Charter School Revenue Bonds,					
Series 2008	62,895,000	-	(100,000)	62,795,000	100,000
Variable Rate Capital Improvement					
Revenue Refunding Bonds, Series 2008	8,040,000	-	-	8,040,000	-
Capital Improvement Refunding					
Revenue Bonds, Series 2010	8,085,600	-	(377,400)	7,708,200	392,100
Total revenue bonds	<u>287,725,600</u>	<u>-</u>	<u>(7,652,400)</u>	<u>280,073,200</u>	<u>7,982,100</u>
General obligation bonds:					
General Obligation Bonds, Series 2005	40,080,000	-	(1,090,000)	38,990,000	1,130,000
General Obligation Bonds, Series 2007	39,225,000	-	(890,000)	38,335,000	925,000
Total general obligation bonds	<u>79,305,000</u>	<u>-</u>	<u>(1,980,000)</u>	<u>77,325,000</u>	<u>2,055,000</u>
Total revenue and general obligation bonds	367,030,600	-	(9,632,400)	357,398,200	10,037,100
Less deferred amounts:					
For issuance discounts/premiums	810,304	-	(134,798)	675,506	-
On refundings	(6,889,837)	-	421,311	(6,468,526)	-
Total bonds payable	<u>360,951,067</u>	<u>-</u>	<u>(9,345,887)</u>	<u>351,605,180</u>	<u>10,037,100</u>
Installment purchase	-	590,327	(29,517)	560,810	118,065
Estimated self-insurance claims	9,016,380	14,288,073	(12,570,843)	10,733,610	1,172,118
Compensated absences	18,730,712	9,574,261	(10,207,943)	18,097,030	10,979,509
Governmental activity long-term liabilities	<u>\$ 388,698,159</u>	<u>\$ 24,452,661</u>	<u>\$ (32,154,190)</u>	<u>\$ 380,996,630</u>	<u>\$ 22,306,792</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 508,195	\$ 197,456	\$ (301,417)	\$ 404,234	\$ 348,049
Consolidated Utility System					
Revenue Bonds, Series 2010	11,695,147	-	(661,603)	11,033,544	684,759
Business-type activity long-term liabilities	<u>\$ 12,203,342</u>	<u>\$ 197,456</u>	<u>\$ (963,020)</u>	<u>\$ 11,437,778</u>	<u>\$ 1,032,808</u>

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 9. LONG-TERM DEBT (continued)

#### *Pledged Revenues*

The City has pledged the following revenues, net of specified operating expenses, if applicable, to repay the following revenue bonds:

**Electric Franchise Fees** (Franchise Revenue) are pledged to repay the outstanding \$83.4 million (including the \$8,040,000 for the Susan B. Anthony Center (SBA) Bonds) in revenue bonds issued in 2006, 2007, 2008, and 2010. Proceeds from the bonds provided financing for refunding debt and construction of various City projects including the senior housing (Tower 3) and the Susan B. Anthony Center. While the Franchise Revenue is pledged for the SBA Bonds, the debt service is being repaid by the rent received from the SBA. Except for the SBA Bonds, the bonds are payable solely from the Franchise Revenue and are payable through 2037. Based on the FY 2013 Franchise Revenue, the future maximum annual principal and interest payments on the bonds are expected to require 76% of the pledged revenue. The total principal and interest remaining to be paid on the bonds (excluding the SBA Bonds) is \$103,917,150. For FY 2013, the principal and interest paid (excluding the SBA Bonds) and the total Franchise Revenue were \$5,786,890 and \$7,852,195, respectively.

**Electric Public Service Taxes** (Public Service Revenue) are pledged to repay the outstanding \$65.64 million in revenue bonds issued in 2001, 2004, and 2006. Proceeds from the bonds provided financing for refunding debt and construction of various City projects including the senior housing (Towers 1 and 2). The bonds are payable solely from the Public Service Revenue and are payable through 2035. Based on the FY 2013 Public Service Revenue, the future maximum annual principal and interest payments on the bonds are expected to require 61% of the pledged revenue. The total principal and interest remaining to be paid on the bonds is \$87,594,517. For FY 2013, the principal and interest paid and the total Public Service Revenue were \$5,817,821 and \$9,587,367, respectively.

**Charter School total revenues and Early Development Center lease payments** (School Revenue) are pledged to repay the outstanding \$63.2 million in revenue bonds issued in 2008. Proceeds from the bonds provided financing for refunding debt and construction of additional classrooms. The bonds are payable solely from the School Revenue and are payable through 2038. Based on the FY 2013 School Revenue, the future maximum annual principal and interest payments on the bonds are expected to require 13% of the pledged revenue. The total principal and interest remaining to be paid on the bonds is \$74,150,352. For FY 2013, the principal and interest paid and the total School Revenue were \$3,118,375 and \$45,485,610, respectively.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 9. LONG-TERM DEBT (continued)

#### *Pledged Revenues* (continued)

**Communications Services Taxes and Water Public Service Taxes** (Communications and Water Tax Revenue) are pledged to repay the outstanding \$83.1 million in revenue bonds issued in 2003 and 2004. Proceeds from the bonds provided financing for the Firefighters Pension and the Police Officers and General Employees' Pension. The bonds are payable solely from the Communications and Water Tax Revenue and are payable through 2034. Based on the FY 2013 Communications and Water Tax Revenue, the future maximum annual principal and interest payments on the bonds are expected to require 67% of the pledged revenue. Series 2003 Bonds were refunded with Series 2013 Bonds on October 15, 2014 (see Note 15. Subsequent Events). The new total principal and interest remaining to be paid on the bonds is \$128,703,957.

For FY 2013, the principal and interest paid and the total Communications and Water Tax Revenue were \$6,413,590 and \$9,517,421, respectively.

**Net Revenues of the Consolidated Utility System** (Utility Revenue) are pledged to repay the outstanding \$12.30 million in revenue bonds issued in 2010. Proceeds from the bonds provided financing for the Consolidated Utility System Project. The bonds are payable solely from the Utility Revenue and are payable through 2026. Based on the FY 2013 Utility Revenue, the future maximum annual principal and interest payments on the bonds are expected to require 11% of the pledged revenue. The total principal and interest remaining to be paid on the bonds is \$13,729,043. For FY 2013, the total debt service paid and the total Utility Revenue were \$1,057,287 and \$9,879,616, respectively.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors, and omissions, injuries to employees, and natural disasters. The City established a risk management fund (an Internal Service Fund) to account for the uninsured risks of loss. Under this program, the risk management fund provides coverage for up to a maximum of \$350,000 (Self Insured Retention –“SIR”) for each City employee workers’ compensation claim, \$500,000 (SIR) for each Police or Firefighter’s workers’ compensation claim, \$150,000 (SIR) per occurrence for each general liability claim, \$150,000 (SIR) each accident for Automobile Liability, \$100,000 (SIR) each claim for Public Officials & Employment Practices Liability and \$25,000 (deductible) per loss for each employee theft claim.

The City’s exposure on health insurance is limited to \$1,510 per month per covered employee and their covered dependents. This is for claims only and does not include administrative expenses or stop loss. Total maximum loss exposure to the City for health insurance on covered employees and dependents was \$21,462,831 for the fiscal year ended September 30, 2013. The City purchases commercial insurance for claims in excess of coverage provided by the fund, and for all other risks of loss. There were no reductions in insurance coverage from the prior year. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

All funds of the City participate in the program and make payments to the risk management fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The estimated claims liability of \$10,733,610 reported in the fund at September 30, 2013 is based on the requirements of GASB Statement No. 10, as amended by Statement No. 30 includes IBNR (incurred but not reported claims), and is based on the estimated ultimate cost of settling the claims, using past experience adjusted for current trends, and any other factors that would modify past experience.

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

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

	<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
2011-2012	15,160,920	6,005,845	(12,150,385)	9,016,380
2012-2013	9,016,380	14,288,073	(12,570,843)	10,733,610

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## **NOTE 11. CONTINGENT LIABILITIES**

### Litigation

During the ordinary course of its operations, the City is a party to various claims, legal actions, and complaints. Most of these matters are covered by the City's Risk Management Program (See Note 10). Those which are not covered are handled by the City's legal counsel. In the opinion of the City's management and legal counsel, these matters are not anticipated to have a material financial impact on the City.

### Federal and State Assisted Programs

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

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 12. COMMITMENTS

On September 28, 1990, the City entered a "Large User Wastewater Agreement" with the City of Hollywood, Florida. The agreement provides for the connection of the portion of the City's sewage collection system east of Flamingo Road to the City of Hollywood's treatment and disposal facility. The City is being charged based upon an average daily wastewater flow to cover operating and maintenance expenses, non-operating expenses, capital expenditures, bond retirement, and interest expenses. The charge to operations of the water and sewer fund under this Agreement is \$7,995,436 for the year ended September 30, 2013.

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

On October 21, 1992, the City entered into an agreement with the Florida Wetlandsbank<sup>TM</sup> (FW), a Florida Joint Venture, wherein the City granted FW a license to develop a Wetlands Mitigation Bank at a site that then comprised approximately 450 acres located in the Chapel Trail Preserve. This agreement which lasted until December 31, 2004, established the first Wetland Mitigation Bank in Florida and the second in the nation. Florida Wetlandsbank's responsibilities included designing, permitting, and constructing the ecosystem; maintaining and monitoring the Wetlands for a five-year period once construction was completed; and the sales and marketing of the mitigation credits.

On January 1, 2005 the City assumed full responsibility and maintenance for the Wetlands. The City now owns 15 sites totaling approximately 620 acres of Wetlands. The City became the Grantor of the Mitigation Bank Irrevocable Trust Fund on April 5, 1995 in order to hold the funds to maintain the Wetlands in perpetuity. The current Trustee is the Bank of New York Mellon, Inc., and the beneficiaries of the Trust Fund are the City, the South Florida Water Management District, the U. S. Army Corps of Engineers, and Broward County. Payments are made quarterly from the investment earnings of the Trust Fund to cover the expenses in maintaining the Wetlands. In the event that investment earnings are insufficient to cover expenses, payments from the principal of the Trust can be utilized with the written consent of the Trust's beneficiaries.

At September 30, 2013 the balance in the Trust Fund account was \$541,828. For the fiscal year ended September 30, 2013, the Trust earned \$1,209 in investment income, and incurred expenses of \$19,920.

On March 15, 2001, the City entered into an Interlocal Agreement with The Florida Department of Children & Families (DCF), which provides for the City to develop, operate and maintain the 157-acre site of the former South Florida State Hospital. The site was originally leased by DCF from the State of Florida on January 4, 1973.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 12. COMMITMENTS (continued)

The agreement specifies that the City will sublease the site from DCF for a 50-year period from July 1, 2001 to June 30, 2051 for a \$300 annual administration fee, and is subject to other terms and conditions relating to the City’s management of the site. The City has renamed the site “Senator Howard C. Forman Human Services Campus”, and has subleased the site’s facilities to various lessees. (See Note 8. “Operating Leases”). The City constructed three senior housing towers with a total of 614 apartment units, and has constructed the Susan B. Anthony Center for women with children whom are recovering from substance abuse, containing a 40-unit Residential Complex, an administration and treatment building, and an Early Learning Center at the site. The City has financed these projects with various bond issues. (See Note 9. “Long-Term Debt”). The site also includes a central kitchen facility for the City’s Charter Schools as well as fuel storage tanks for the Charter School buses which are parked on the site. In fiscal year 2010, the City completed the renovation of an existing building on the site, and created an Artists’ Colony named “Studio 18 in the Pines.”

The structure contains rental studios and gallery space consisting of 18 inside studios, 5 outside studios, a jewelry studio and a ceramics studio. The studios range from 98 square feet to 260 square feet. All of the inside studios have water and air conditioning, and most have natural lighting.

The City has the following construction commitments as of September 30, 2013:

Project Name	Vendor	Original Amount	Balance as of 9/30/13
Alternative Water Supply Phase 2	Calvin, Giordano & Associates, Inc.	\$ 9,018,000	\$ 5,738,384
Design Build Services for SW 196th Avenue / Pembroke Road Roadway Improvement Project	Weekley Asphalt Paving, Inc.	\$ 5,254,586	\$ 3,473,287
Design Build Services for West Pines Soccer Park Additional Practice Fields	Kaufman Lynn, Inc.	\$ 1,451,632	\$ 135,538
Design/Build Services for Charter High School Football Stadium	Recreation Design & Construction, Inc.	\$ 2,366,925	\$ 9,575
Ficus Hedge Replacement on Sheridan Street and Taft Street	G. I. G. Landscape Inc.	\$ 421,000	\$ 102,760
Hiatus Road and Washington Street Intersection Improvements	Providian Construction Group, Inc.	\$ 314,893	\$ 273,408
Hiatus Road Resurfacing - Taft Street to Sheridan Street	Weekley Asphalt Paving, Inc.	\$ 222,123	\$ 69,286
NW 77th Way - North Waterline Replacement - Phase 4	Metro Equipment Service, Inc.	\$ 753,540	\$ 252,174
Pembroke Lakes Golf Course - Lake Bank Restoration	Coston Marine Services, Inc.	\$ 216,720	\$ 188,820
Police Training Facility Construction	Bejar Construction, Inc.	\$ 722,955	\$ 219,831
Police Training Facility Construction - Audio Visual Equipment	Audio Visual Innovations, Inc.	\$ 86,982	\$ 86,982
Rehabilitation of Treatment Unit 2 & 3 for the WasteWater Treatment Plant	Cardinal Contractors, Inc.	\$ 3,280,600	\$ 1,387,301
		<b>\$ 24,109,956</b>	<b>\$ 11,937,346</b>

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

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

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

#### Summary of Significant Accounting Policies

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

**Method Used to Value Investments** - Investments are reported at fair value in the financial statements based on the quoted market prices as reported by recognized security exchanges. Securities that have no quoted market price will be presented at estimated fair value as provided by the custodial bank and investment counsel. As of September 30, 2013, the Plan held \$44,418,761 in investments in mutual funds, \$250,922 in money market accounts, and \$509 in receivables.

The City's Other Post-Employment Benefits Trust Fund does not issue separate stand-alone financial statements, therefore included below is the Statement of Net Position –Fiduciary Fund and the Statement of Changes in Net Position –Fiduciary Fund for the fiscal year ended September 30, 2013.

**Other Post-Employment Benefits (OPEB)**  
**Statement of Net Position**  
**Fiduciary Fund**  
**September 30, 2013**

	<u>2013</u>
<b>Assets</b>	
Cash and short-term investments	\$ 250,922
Receivables	509
Investments	44,418,761
Total assets	<u>44,670,192</u>
<b>Liabilities</b>	
Reserve for health insurance claims	889,922
Accounts payable	219,981
Total liabilities	<u>1,109,903</u>
<b>Net Position</b>	
Net position held in trust for OPEB	<u>\$ 43,560,289</u>

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

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

### Other Post-Employment Benefits (OPEB) Statement of Changes in Net Position Fiduciary Fund For the Year Ended September 30, 2013

<b>Additions:</b>	<b><u>2013</u></b>
Contributions	
Plan members	\$ 680,060
Employer	9,356,207
Total contributions	<u>10,036,267</u>
Investment income:	
Investment income	4,932,913
Less investment expenses	<u>(5,152)</u>
Net investment income	<u>4,927,761</u>
Other additions:	
Specific Stop Loss and medical claims recovery	742,528
Medical Claims - Refund/Adj.	212,709
Part D Subsidy	144,908
Total other additions	<u>1,100,145</u>
Total additions	<u>16,064,173</u>
<b>Deductions:</b>	
Benefit payments and insurance	7,132,251
Administrative expenses	219,072
Total deductions	<u>7,351,323</u>
Change in net position	8,712,850
Net position, beginning	<u>34,847,439</u>
Net position, ending	<u>\$43,560,289</u>

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

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

#### Plan Description

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

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

<b>Ordinance Number</b>	<b>Dated</b>	<b>Ordinance Number</b>	<b>Dated</b>
990	April 15, 1992	1480	March 17, 2004
1015	November 4, 1992	1554	August 16, 2006
1024	February 17, 1993	1598	December 3, 2007
1144	December 6, 1995	1670	August 4, 2010
1371	April 4, 2001	1702	September 20, 2011
1443	June 18, 2003		

#### **Medical/Prescription Drug Plan Benefits**

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

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

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

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

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

### **Plan Description** (continued)

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

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

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

Eligible retirees receive health care coverage through one of two medical plans, an EPO and a PPO plan. Effective July 1, 2010, general employees are required to contribute \$100 per month for their health insurance coverage in addition to the amounts contributed for dependent, spousal or family coverage. Police officers hired after May 1, 2010 are required to contribute an additional \$80 per month for EPO and \$100 per month for PPO health insurance coverage.

### **Life Insurance Benefits**

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

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

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

### Plan Membership Information

The Plan's membership based on the October 1, 2012 actuarial valuation consisted of:

	<u>OPEB</u>
Retirees and beneficiaries currently receiving benefits	618
Active Plan Members:	
Fully Vested	250
Partially Vested	980
Total	<u>1,848</u>

### Contributions and Reserves

#### *Funding Policy*

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

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

For the year ended September 30, 2013, the Plan members contributed \$680,060 and the City contributed \$9,356,207 which was 100% of ARC. The ARC as determined by the actuarial valuation was \$9,352,000.

#### *Reserves*

The balance in the Plan's legally required reserves as at September 30, 2013 was \$889,922.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

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

#### *Annual OPEB Cost and Net OPEB Obligation*

For the fiscal year ended September 30, 2013, the City's annual OPEB cost for the Plan was \$9,352,000. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the fiscal year ended September 30, 2013 were as follows:

Annual required contribution	\$ 9,352,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	9,352,000
Contributions made	(9,356,207)
Change in net OPEB obligation/(asset)	(4,207)
Net OPEB obligation/(asset), beginning of year	-
Net OPEB obligation/(asset), end of year	\$ (4,207)

#### Trend Information

Fiscal Year <u>Ended</u>	Annual Pension <u>Cost (APC)</u>	Contribution	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation/(Asset)</u>
9/30/2011	8,673,001	11,003,647	127%	-
9/30/2012	9,168,787	9,168,787	100%	-
9/30/2013	9,352,000	9,356,207	100%	(4,207)

#### **Funded Status and Funding Progress**

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

<u>Actuarial Valuation Date</u>	(a) <u>Actuarial Value of Assets</u>	(b) <u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL) (b) - (a)</u>	<u>Funded Ratio (a) / (b)</u>	(c) <u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll (b-a) / (c)</u>
10/1/2010	19,642,156	121,413,000	101,770,844	16.2%	69,130,334	147.2%
10/1/2011	25,304,000	124,902,000	99,598,000	20.3%	67,687,688	147.1%
10/1/2012	34,271,044	132,118,483	97,847,439	25.9%	65,748,426	148.8%

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

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

*Annual OPEB Cost and Net OPEB Obligation* (continued)

### **Funded Status and Funding Progress** (continued)

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

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

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

### **Investments**

In September 2010, the OPEB Trust adopted an Investment Policy. Authorized investments are subject to limitations prescribed in the OPEB Investment Policy. Investments in equities are limited to 60% of the portfolio, of which international equities shall not exceed 20% of the equity portfolio. Property and or real estate securities shall not exceed 10% of the total portfolio at cost, and there is no limitation on fixed income securities. The assets of the OPEB Trust fund are currently invested in money market funds and various investment accounts offered by the Florida League of Cities' Florida Municipal Investment Trust (FMIvT). As of September 30, 2013, the investments held by the Plan were not required to be categorized per Statement No. 40 of the Governmental Accounting Standards Board. The investments held with the Florida League of Cities are investments in an external investment pool and are not evidenced by securities that exist in physical or book entry form. The Plan's net investment income for the year ended September 30, 2013 was \$4,927,761. As of September 30, 2013, the Plan held no single investment that exceeded 5% of net position.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

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

The cash and investment holdings of the OPEB Fund as of September 30, 2013 are shown in the table below. Additional information can be found in Note 3. –Deposits and Investments.

	<b>Balance as of 9/30/13</b>
TD Bank Money Market	\$ 250,922
<b>FMIvT Investment Accounts:</b>	
1-3 Year High Quality Bond Fund	17,250,487
High Quality Growth Equity Portfolio	8,156,472
Diversified Small to Mid (SMID) Cap Equity Portfolio	2,733,130
Russell 1000 Enhanced Index Equity Portfolio	5,432,702
International Blend Equity Portfolio	2,782,313
Large Cap Diversified Value Equity Portfolio	8,063,657
<b>Total cash and investments</b>	<b>\$ 44,669,683</b>

**Methods and Assumptions**

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

**Retiree Health and Life Insurance Program**

Valuation date	10/1/2012	
Actuarial cost method	Projected Unit Credit Method	
Amortization method	Level percent, open	
Remaining amortization period	30 years	
Asset valuation method	Market value	
Actuarial assumptions:		
Health CPI	3.0%	
Investment rate of return (1)	8.0%	
Projected salary increases	3.0%	
Healthcare cost trend rate*	9.0%	initial
	5.0%	ultimate
	8.0%	current

\* - The healthcare cost trend rate grades down every year by 0.5% until an ultimate rate of 5% is reached.

(1) -Valuation results are developed assuming a discount rate of 8% determined based on the long-term yield on the investments used to finance the payment of benefits.

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS

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

#### General Employees' Pension Plan

##### *Summary of Significant Accounting Policies*

**Basis of Accounting** – The Plan's policy is to prepare its financial statements on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans. Investment and administrative expenses are paid out of Plan assets that are replenished by investment earnings and employee and City contributions in order to maintain the plan actuarially sound.

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

##### *Plans' Membership Information*

At October 1, 2012, the date of the latest actuarial valuation, the Plans' membership consisted of:

	<u>2012</u>
Active members	42
Retired members and beneficiaries currently receiving benefits	356
Disabled members receiving benefits	3
Terminated and inactive vested members (including bargained employees whose benefit was frozen effective 7/1/2010)	<u>355</u>
Total	<u><u>756</u></u>

# City of Pembroke Pines, Florida

## Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

### NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

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

The General Employees' Pension Trust Fund does not issue separate stand-alone financial statements; therefore, included below is the Statement of Net Position-Fiduciary Fund and the Statement of Changes in Net Position –Fiduciary Fund for the fiscal year ended September 30, 2013.

#### **General Employees Pension Trust Fund Statement of Net Position Fiduciary Fund September 30, 2013**

	<u>2013</u>
<b>Assets</b>	
Miscellaneous Receivables	\$ 2,818,726
Investments	
Bond & Mortgage	20,101,848
Core Plus Bond	23,567,056
Diversified Real Asset	6,789,148
Equity Income	8,810,241
High Yield I	5,445,767
International	5,630,144
International Emerging Markets	3,207,871
Large Cap Growth I	19,007,851
Large Cap S&P 500 Index	8,123,934
Large Cap Value	8,905,022
Mid Cap Growth III	2,982,960
Mid Cap Value	2,943,208
Overseas	9,486,370
Real Estate US Property	7,234,007
Small Cap Growth I	3,168,900
Small Cap Value II	2,996,264
Total assets	<u>141,219,317</u>
<b>Liabilities</b>	<u>-</u>
<b>Net Position</b>	
Net position held in trust for pension benefits	<u><u>\$141,219,317</u></u>

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

### General Employees' Pension Plan (continued)

**General Employees Pension Trust Fund  
Statement of Changes in Net Position  
Fiduciary Fund  
For the Year Ended September 30, 2013**

<b>Additions:</b>	<u><b>2013</b></u>
Contributions:	
Plan members	\$ 241,209
Employer	7,824,902
Total contributions	<u>8,066,111</u>
Investment earnings:	
Investment earnings & appreciation	14,237,775
Less investment expenses	43,217
Net investment income	<u>14,194,558</u>
Total additions	<u>22,260,669</u>
<b>Deductions:</b>	
Pension benefits	9,123,379
Administrative expenses	260
Total deductions	<u>9,123,639</u>
Change in net position	13,137,030
Net position, beginning	<u>128,082,287</u>
Net position, ending	<u><u>\$141,219,317</u></u>

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

### General Employees' Pension Plan (continued)

#### Plan Description

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

General Employees Pension Ordinances			
Ordinance		Ordinance	
Number	Dated	Number	Dated
992	April 15, 1992	1515	May 18, 2005
1058	December 15, 1993	1520	August 3, 2005
1297	March 17, 1999	1555	August 16, 2006
1329	February 2, 2000	1614	September 3, 2008
1413	June 19, 2002	1668	August 4, 2010
1479	March 17, 2004		

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

#### Eligibility

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

#### Service Retirement Benefits

Upon normal retirement (age 55 or 10 years of vesting service), a participant will receive a monthly pension amount equal to 2.85% of average monthly earnings for the highest two years of continuous service multiplied by years of service (not to exceed 28.07 years).

A participant may retire early after completing 5 years of continuous service and attaining 50 years of age. Early retirement benefits are calculated in a manner similar to those for normal retirement, but at an actuarially reduced amount of 6 2/3% for each year that the early retirement date precedes normal retirement.

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

### General Employees' Pension Plan (continued)

#### Disability Benefits

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

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

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

#### Cost of Living Adjustments

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

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

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

#### Funding Policy

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

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

### General Employees' Pension Plan (continued)

#### Funding Policy (continued)

Effective February 1, 2010, non-bargaining unit participants are required to contribute 7.25% of regular wages down from 8.5%. Effective July 1, 2010, bargaining unit members are no longer required to contribute to the Plan since the Plan was closed, and the benefits were frozen. In fiscal year 2013, employee contributions for active members amounted to \$241,209. The City's Annual Required Contribution (ARC) for fiscal year 2013 amounted to \$6,674,902 or 234.6% of annual covered payroll for active members as compared with an ARC of \$3,742,492 or 101.6% of covered payroll in fiscal year 2012. In fiscal year 2013, the City contributed \$7,824,902, which is \$1,150,000 in excess of the ARC in order to reduce the unfunded liability.

The City's ARC for fiscal year 2013 is based on the actuarial report using the Entry Age Cost method.

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

#### Investments

As of September 30, 2013, the Plan held no single investment that exceeded 5% of net assets. Authorized investments are subject to limitations prescribed in the City's Investment Policy as adopted per Ordinance 1515, dated May 18, 2005. Investments in equities are limited to 60% of the portfolio, of which international equities shall not exceed 20% of the equity portfolio. Property and/or real estate securities shall not exceed 10% of the total portfolio at cost, and there is no limitation on fixed income securities. The assets of the General Employee Pension fund are currently invested in various separate investment accounts offered by the Principal Financial Group. As of September 30, 2013, the investments held by the Plan were not required to be categorized per Statement No. 40 of the Governmental Accounting Standards Board. The Plan's net investment income for the year ended September 30, 2013 was \$14,194,558, a decrease of \$6,886,910 from last year's net investment income \$21,081,468.

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

### General Employees' Pension Plan (continued)

#### Annual Pension Cost and Net Pension Obligation

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

Annual required contribution	\$ 6,674,902
Interest on net pension obligation	(797,456)
Adjustment to annual required contribution	<u>1,887,789</u>
Annual pension cost	7,765,235
Contributions made	<u>(7,824,902)</u>
Change in net pension obligation/(asset)	(59,667)
Net pension obligation/(asset), beginning of year	<u>(11,313,071)</u>
Net pension obligation/(asset), end of year	<u><u>\$ (11,372,738)</u></u>

#### Three-Year Trend Information

Fiscal Year <u>Ended</u>	Annual Pension Cost (APC)	Total Employer Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
9/30/2011	4,666,653	3,317,988	71%	(12,741,214)
9/30/2012	5,171,085	3,742,942	72%	(11,313,071)
9/30/2013	7,765,235	7,824,902	101%	(11,372,738)

#### DROP Plan

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

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

### General Employees' Pension Plan (continued)

#### Funded Status and Funding Progress

The funded status of the Plan as of October 1, 2012, the date of the most recent actuarial valuation date is as follows:

<u>Actuarial Valuation Date</u>	(a) <u>Actuarial Value of Assets</u>	(b) <u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAAL)</u> (b) - (a)	<u>Funded Ratio</u> (a) / (b)	(c) <u>Funded Covered Payroll</u>	UAAL as a Percentage of Covered Payroll (b-a) / (c)
10/1/2012	\$ 121,238,849	\$ 150,061,082	\$ 28,822,233	81%	\$ 2,845,077	1013.1%

The schedule of funding progress, presented as Required Supplemental Information (RSI) following the Notes to the Basic Financial Statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits. In fiscal year 2013, the City used the entry age cost method to determine the annual required contribution (ARC), the funded status of the plan, and a schedule of funding progress is presented using the entry age actuarial cost method. The purpose of doing so is to provide information that serves as a surrogate for the funded status and funding progress of the plan.

Additional information as of the latest actuarial valuation follows:

	<b>General Employees Pension</b>
Valuation date	10/1/2012
Actuarial cost method	Entry Age Cost
Amortization method (1)	N/A - there are no amortization bases as of the beginning of the Plan year.
Remaining amortization period (1)	N/A - there is no unfunded frozen initial liability as of 10/1/2010.
Asset valuation method	Market value with 4 year phase in of investment actuarial gains and losses
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases (2)	S-5 table from the Actuary's Pension handbook plus a 2.5% add on
Cost of living adjustments	2%

(1) The Aggregate method does not identify or separately amortize unfunded actuarial accrued liabilities; they are amortized through normal cost.

(2) Includes inflation at 3.0%

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

### City Pension Fund for Firefighters and Police Officers

#### *Summary of Significant Accounting Policies*

**Basis of Accounting** – The Plan’s policy is to prepare its financial statements on the accrual basis of accounting. Plan member contributions are recognized as revenues in the period in which the contributions are due. Employer (City) contributions to the plan are recognized as revenues when due pursuant to the Actuarial Valuation. State contributions are recognized as revenues in the period which they are approved by the State. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Interest and other income are recorded as earned and dividend income is recorded as of the ex-dividend date.

**Cash and Cash Equivalents** – The plan considers all highly liquid investments with an original maturity of one year or less when purchased to be cash equivalents.

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

#### *Plans’ Membership Information*

At October 1, 2012, the date of the latest actuarial valuation, the Plans’ membership consisted of:

	<u>2012</u>
Retirees and beneficiaries currently receiving benefits including DROP and terminated employees entitled to benefits, but not yet receiving them	300
Current employees:	
Vested	185
Non-vested	171
Total	<u>656</u>

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

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

#### Plan Description

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

<b>Ordinance Number</b>	<b>Dated</b>	<b>Ordinance Number</b>	<b>Dated</b>
557	February 19, 1981	1360	December 15, 2000
829	March 4, 1987	1443	June 18, 2003
967	September 19, 1991	1480	March 17, 2004
1014	November 4, 1992	1509	February 17, 2005
1067	February 16, 1994	1521	August 3, 2005
1091	September 8, 1994	1572	February 21, 2007
1131	September 6, 1995	1581	May 16, 2007
1198	December 18, 1996	1669	August 4, 2010
1249	January 7, 1998	1670	August 4, 2010
1318	November 17, 1999	1693	June 15, 2011
1321	December 15, 1999	1705	October 5, 2011
1325	January 19, 2000	1709	November 16, 2011
1353	September 20, 2000		

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

The City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines (CPFFPO) issues a separate financial statement report. A copy can be obtained by sending a written request to:

City Pension Fund for Firefighters and Police Officers  
1951 NW 150<sup>th</sup> Avenue  
Pembroke Pines, FL. 33028

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

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

#### Eligibility

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

#### Service Retirement Benefits

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

#### Police Officers

Police officers hired before May 1, 2010 shall receive a monthly pension upon normal retirement of 3% of the average monthly earnings for the highest two years of continuous service up to 20 years plus 4% of average monthly earnings times years of continuous service in excess of 20 years prior to May 1, 2010 plus 3.5% of the average monthly earnings times years of continuous service after April 30, 2010, provided the pension does not exceed 80% of the average monthly earnings for the highest two years of continuous service.

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

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

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

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

#### Service Retirement Benefits (continued)

##### Firefighters

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

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

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

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

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

For firefighter and police officer members who elect to retire under the Career Anniversary Pension retirement Incentive Option, earnings may include payment up to 1,000 hours of accrued unused leave.

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

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

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

#### Service Retirement Benefits (continued)

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

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

#### Disability Benefits

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

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

Upon disability retirement, a member is entitled to a monthly pension benefit. For a service connected disability, the minimum pension payable is  $66\frac{2}{3}$  of the average monthly salary of the member at the time of disability retirement or accrued benefit. For a non-service connected disability, a member will receive a monthly pension benefit equal to the greater of 3% of the average monthly earnings on the date of disability or accrued benefits subject to a maximum of 50% of monthly earnings (but not greater than 35% of average monthly earnings).

The service-incurred and non-service-incurred disability benefits shall be reduced or offset by the regular monthly claims to which the disabled member is entitled under Worker's Compensation and under the provision of social security to the extent permitted by law. The claims received by the retirees are paid to the Plan to achieve this reduction.

#### Death Benefits

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

#### Refund of Employee Contributions

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

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## **NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS** (continued)

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

#### **Termination Benefits**

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

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

Retired police officers and disabled police officers receiving pension or DROP benefits, prior to October 1, 2006, or their beneficiaries may be eligible to receive a supplemental pension distribution, the amount of which shall be determined September 30<sup>th</sup> each year. The amount of the distribution should be up to 2% of investment return in excess of 9% for police officers who retired after October 1, 2003 but before October 1, 2006, or their beneficiaries (8% for police officers who retired prior to October 1, 2003) based on the present value of future pension payments of current police officer members, not to exceed outstanding balance of cumulative net actuarial gains. Any distributable amount is allocated to eligible members based upon years of service with a prorated share during the first year of entitlement.

No supplemental benefits will be available for members who retire, enter the DROP or are disabled on or after October 1, 2006 or their beneficiaries. Police retirees who retired prior to April 1, 2006 were provided with a one-time irrevocable option to continue to receive the 13<sup>th</sup> check; or they may opt to receive instead a cost of living increase to their retirement benefit.

#### **Deferred Retirement Option Plan (DROP)**

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

Upon becoming eligible to participate in the DROP, a member may elect to enter that program for a maximum of 5 years. DROP payments contributed to a member's DROP account earn or lose interest at the same rate and frequency as in the Plan, less reasonable and necessary administrative expenses, unless fixed interest rate option below is selected.

On June 18, 2003 (for firefighters) and March 17, 2004 (for police officers) the City adopted Ordinances giving members the additional option of having their DROP account earn an annual fixed interest rate of 8% on future payments and on all or any portion of the member's DROP account balance. Annually, during the month of September only, members may change their rate of return election to be effective as of the following October 1". Members participating in the DROP on April 30, 2010, shall be eligible to elect between earning the same rate and frequency as the Plan or an annual fixed interest rate of 8%.

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

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

#### Deferred Retirement Option Plan (DROP) (continued)

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

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

#### Cost of Living Adjustment (COLA)

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

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

Effective October 1, 2009, and October 1 of each year thereafter, police retirees who retired or entered the DROP on or after October 1, 2006, or their beneficiaries, will receive a 3.0% increase to their retirement benefit. Effective May 1, 2010, police officers who were hired prior to May 1, 2010 and retire or enter the DROP after April 30, 2010 and their beneficiaries, shall receive a 2% increase to their retirement benefit on October 1<sup>st</sup> each year following retirement. Police officers hired on or after May 1, 2010, who retire or enter the DROP, and their beneficiaries, shall receive a 1.5% increase to their retirement benefit on October 1<sup>st</sup> each year following retirement.

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

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

#### Cost of Living Adjustment (COLA) (continued)

#### Funding Policy

The City of Pembroke Pines is required to contribute an actuarially determined amount that, when combined with participants' contributions and contributions from the State of Florida, will fully provide for all benefits as they become payable. The City's contribution, excluding amounts from the State, was \$22,754,765 or 84.2% of covered payroll.

Pursuant to Florida Statutes, Chapters 175 and 185 contributions from the State of Florida Department of Insurance consist of excise tax imposed by the City upon certain casualty insurance companies on the gross amount of receipts of premiums from policy holders on all premiums collected on casualty insurance policies covering property within the City. The allowable portion of the State contribution is used to reduce the City's contributions when received.

The State contributions totaled \$2,458,939 or 9.1% of covered payroll, and are recorded as revenues and expenditures in the General Fund before being reported as contributions in the pension trust fund. The State contributions consist of local Insurance Premium Tax revenues which are used to fund additional benefits for members of the Plan, in accordance with Florida Statutes 175 and 185.

Members of the Plan who are certified firefighters and police officers make regular contributions to the Plan at a rate equal to 10.4% of their respective annual earnings upon completion of 26 2/3 year of continuous service. Member contributions for the fiscal year ended September 30, 2013 amounted to \$2,961,526.

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

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

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

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

#### Cost of Living Adjustment (COLA) (continued)

#### Funding Policy

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

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

#### Property and Equipment

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

Property and equipment consist of the following at September 30, 2013:

<u>Description</u>	<u>Estimated Useful Life</u>	<u>FY2013</u>
Land	-	\$ 28,000
Building	39 years	343,399
Building improvements	39 years	90,834
Equipment	5 years	<u>27,600</u>
<b>Total property and equipment</b>		489,833
Accumulated depreciation		<u>(101,337)</u>
Property and equipment, net		<u>\$ 388,496</u>

These assets commenced depreciation in December 2007 when they were placed in service. For the year ended September 30, 2013, the depreciation expense amounted to \$17,372.

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

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

#### Cash and cash equivalents

Deposits are carried at cost and are included in cash and cash equivalents in the statement of plan net position. Cash equivalents include money market accounts at September 30, 2013.

#### Investments

Investments are reported at fair value as of September 30, 2013. The fair value of the quoted investments is based on the closing sales price or bid price as reported by recognized security exchanges. Bonds are reported at established fair value. Securities that have no quoted market price are presented at estimated fair value as provided by the custodial bank and investment counsel.

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

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

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

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

The fixed income portfolio shall be comprised of securities with a minimum quality rating of "A" or equivalent as rated by one or more recognized bond rating services at the time of purchase. Fixed income investments that are downgraded below BAA shall be liquidated within a reasonable period of time.

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

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

#### Investments (continued)

If the manager determines it is prudent to hold an investment that has been downgraded below BAA they will be required to report to the board on the status of and the reason for holding said bond. No more than 5% of the total market value of fixed income securities shall be invested in the debt obligations of any one fixed income issuer except for securities issued and guaranteed by the United States Government, or its agencies, which may be held without limitations.

#### **Types of Investments**

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

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

<b>Authorized investments</b>	<b>Target</b>	<b>Minimum</b>	<b>Maximum</b>
Domestic equities	52.0%	42.0%	62.0%
Fixed income	30.0%	20.0%	50.0%
International equities	8.0%	0.0%	10.0%
Real estate	10.0%	0.0%	12.0%
Cash	0.0%	0.0%	10.0%

The Plan's net investment income for the year ended September 30, 2013 was \$46,909,656, as compared to last year's net investment income of \$53,427,676 (See Note 3. –"Deposits and Investments" for additional information)

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

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

Annual required contribution	\$ 25,213,704
Interest on net pension obligation	(3,924,871)
Adjustment to annual required contribution	3,887,551
Annual pension cost	25,176,384
Contributions made (City and State)	(25,213,704)
Change in net pension obligation/(asset)	(37,320)
Net pension obligation/(asset), beginning of year	(49,060,890)
Net pension obligation/(asset), end of year	<u>\$ (49,098,210)</u>

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

**NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)**

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

Three-Year Trend Information

Fiscal Year <u>Ended</u>	Annual Pension <u>Cost (APC)</u>	Total Employer <u>Contribution</u>	Percentage of APC <u>Contributed</u>	Net Pension Obligation <u>(Asset)</u>
9/30/2011	22,798,202	23,289,867	102%	(48,617,100)
9/30/2012	23,438,326	23,882,116	102%	(49,060,890)
9/30/2013	25,176,384	25,213,704	100%	(49,098,210)

**Funded Status and Funding Progress**

The funded status of the Plan as of October 1, 2012, the date of the most recent actuarial valuation date is as follows:

<u>Date</u>	(a) <u>Actuarial Value of Assets</u>	(b) <u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL) (b) - (a)</u>	<u>Funded Ratio (a) / (b)</u>	(c) <u>Covered Payroll</u>	UAAL as a Percentage of Covered Payroll <u>(b-a) / (c)</u>
10/1/2012	\$ 316,002,633	\$ 515,935,020	\$ 199,932,387	61%	\$27,011,016	740.2%

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

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

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

Additional information as of the latest actuarial valuation follows:

	<b>Firefighters and Police Officers Pension</b>
Valuation date	10/1/2012
Actuarial cost method	Entry age normal
Amortization method	Level percent, closed
Remaining amortization period	21 years
Asset valuation method	5 years smoothed market
Actuarial assumptions:	
Investment rate of return	8.0% compounded annually, net of expenses
Projected salary increases*	3.75% - 12.0%
Payroll growth	1.2%
Cost of living adjustments:	
Firefighters	0.0%, 1.5%, 2.0% or 3.0%
Police officers	0.0%, 1.5%, 2.0%, 2.5% or 3.0%

\*Includes inflation at 3.5%

### Florida Retirement System for Charter School Employees

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

#### **Plan Description**

Membership in the FRS is required for all full-time and part-time employees working in regularly established positions for state agencies, county governments, district school boards, state universities, and state community colleges, or cities, independent special districts, metropolitan planning districts, and public charter schools that make an irrevocable election to participate. Most Pension Plan members (including renewed members), and State Community College Optional Retirement Program participants may elect to participate in the FRS Investment Plan. Florida Retirement System Pension Plan members who retired and chose to participate in the Deferred Retirement Option Program (DROP) are not eligible to become members of the FRS Investment Plan.

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

### *Florida Retirement System (FRS) - Charter School Employees (continued)*

#### **Average Final Compensation (AFC)**

For members initially enrolled in the FRS before July 1, 2011, average final compensation (AFC) is the average of the five highest fiscal years of salary earned during covered employment. For members initially enrolled in the FRS on or after July 1, 2011, AFC is the average of the eight highest fiscal years of salary earned during covered employment.

#### **Vesting**

Members initially enrolled on or after July 1, 2001, through June 30, 2011, vest after six years of service. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service.

#### **Service Retirement**

Members become eligible for normal retirement or unreduced retirement based on their age and/or service when they first meet one of the minimum requirements below. Early retirement or reduced retirement may be taken after a member is vested and is within 20 years of normal retirement age; however, there is a 5 percent benefit reduction for each year remaining from a member's retirement age to normal retirement age.

<b>Description:</b>	<b>Service retirement:</b>
Normal Retirement Requirements for Regular Class members initially enrolled before July 1, 2011.	Vested with six years of service and age 62; or The age after 62 that the member becomes vested; or 30 years of service, regardless of age.
Normal Retirement Requirements for Regular Class members initially enrolled on or after July 1, 2011.	Vested with eight years of service and age 65; or The age after 65 that the member becomes vested; or 33 years of service, regardless of age.

FRS issues an annual financial report. A copy can be obtained by sending a written request to:  
Division of Retirement  
P.O. Box 9000  
Tallahassee, FL. 32315-9000

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

**NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)**

***Florida Retirement System (FRS) - Charter School Employees (continued)***

**Funding Policy**

The Charter Schools' required contribution rate is established, and may be amended, by State Statute. For the fiscal year ended June 30, 2013, the contribution rate increased from 4.91% to 5.18% for Regular Class Members and from 4.42% to 5.44% for DROP Members. The Charter Schools are required to contribute both for full-time and part-time members of the Plan, which amounted to \$1,013,184. As of June 30, 2013, there were 513 members in this Plan, which is unchanged from the previous fiscal year. The contribution rate includes the post-employment health insurance supplement of 1.11% and the administrative/educational fee of 0.03%.

Since year 2012, the State mandated that employees contribute 3% of pay to the FRS Pension Plan. This required employee contribution amounted to \$578,093 for fiscal year 2013.

<u>Fiscal Year</u>	<u>Annual Required Contributions</u>	<u>Total Employer Contributions</u>	<u>Percentage Contributed</u>	<u>Employer Contribution Rates</u>		<u>Employee Contribution Rates</u>
				<u>Regular Class</u>	<u>DROP</u>	
2013	\$ 1,013,184	\$ 1,013,184	100.0%	5.18%	5.44%	3.0%
2012	930,174	930,174	100.0	4.91%	4.42%	3.0%
2011	2,008,405	2,008,405	100.0	10.77%	12.25%	-

**Defined Contribution Plans**

***Charter School and Early Development Center Employees***

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

At September 30, 2013, there were fifty-seven (57) Plan members. Effective January 1, 2002, the Charter Schools' Plan members may make voluntary after-tax contributions of up to 25 percent of compensation during the fiscal year. Such contributions are 100 percent vested at all times.

# City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2013

## **NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)**

### *Defined Contribution Plans (continued)*

#### *Charter School and Early Development Center Employees (continued)*

The City's required contribution was 6.95 percent of the Charter School Plan member's gross salary and 5.0% for the Early Development Centers Plan members. For the 2013 fiscal year, the City contributed \$164,755 to the Charter Schools' Plan, and the members contributed \$23,050. Provisions of the Charter Schools' Plan may be amended by the City Commission. The Charter Schools' Plan is held in a trust for the exclusive benefit of the participants and their beneficiaries. Therefore, the net assets of the Charter Schools' Plan are not included in the City's financial statements.

Effective October 1, 2006 all new hires of the City's Charter Schools are required to join the defined benefit plan of the Florida Retirement System (FRS). Existing members of the defined contribution plan were given the option to continue with their defined contribution plan or to select the FRS. In fiscal year 2006, the City increased its contribution to the defined contribution plan from 5.0% to 10.77% of the Charter Schools members' gross wages, in keeping with the contribution required by the FRS.

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

## **NOTE 15. SUBSEQUENT EVENTS**

On October 15, 2013, the City refunded Taxable Communications Services Tax Revenue Bonds, Series 2003A, with Taxable Communications Services Tax Revenue Bonds, Series 2013 (the "Series 2013 Bonds"). This current refunding was undertaken to reduce total debt service payments over the next 19 years by \$2,998,197 and resulted in an economic gain of \$1,867,401. The Series 2013 Bonds have an outstanding balance of \$35,300,000 due in varying installments through October 1, 2033. The outstanding bonds bear an interest rate of 5.45%, payable semi-annually on April 1st and October 1st of each year. The principal and interest on these bonds are payable from and secured by a pledge of and an irrevocable lien on the Communications Services Tax Revenues and Water Public Service Tax Revenues on parity with the Series 2004 Bonds and any Additional Parity Bonds hereafter issued. The lien on and pledge of the Water Public Service Tax Revenues to the payment of the bonds shall be released upon the City demonstrating that, based on the City's annual audited financial statements for the two fiscal years immediately preceding such release, the Communications Services Tax Revenues recognized for each of such fiscal year, without taking into consideration any Water Public Service Tax Revenues, were not less than 1.30 times the Maximum Bond Service Requirement on all parity bonds then outstanding. This lien has not yet been released.

# Required Supplementary Information



**City of Pembroke Pines, Florida**  
**Required Supplementary Information**  
**Schedule of Contributions from Employer and Other Contributing Entities**  
**Fiscal Year Ended September 30, 2013**

<u>Fiscal Year</u>	<u>(A) Annual Required Contributions</u>	<u>Employer Contributions</u>	<u>State Contributions</u>	<u>Total Employer Contributions</u>	<u>(B) Percentage Contributed</u>
<b>General Employees Pension Plan</b>					
2013	\$ 6,674,902	\$ 7,824,902	\$ -	\$ 7,824,902	117%
2012	3,742,492	3,742,492	-	3,742,492	100%
2011	3,317,993	3,317,988	-	3,317,988	100%
2010	3,502,940	3,502,940	-	3,502,940	100%
2009	7,736,872	7,736,872	-	7,736,872	100%
2008	6,830,795	6,830,795	-	6,830,795	100%
2007	7,418,930	7,418,930	-	7,418,930	100%
2006	6,429,405	6,429,405	-	6,429,405	100%
2005	6,152,234	6,152,234	-	6,152,234	100%
2004	4,961,285	4,961,285 (C)	-	4,961,285	100%
<b>City Pension Fund for Firefighters and Police Officers</b>					
2013	\$ 25,213,704	\$ 22,754,765	\$ 2,458,939	\$ 25,213,704	100%
2012	23,882,116	21,540,037	2,342,079	23,882,116	100%
2011	23,289,867	21,020,757	2,269,110	23,289,867	100%
2010	24,538,413	22,200,904	2,337,509	24,538,413	100%
2009	21,935,003	19,505,427	2,429,576	21,935,003	100%
2008	17,795,174	15,214,031	2,581,143	17,795,174	100%
2007	14,254,450	11,812,342	2,442,108	14,254,450	100%
2006	10,233,546	8,205,196	2,028,350	10,233,546	100%
2005	8,322,719	6,461,387	1,861,332	8,322,719	100%
2004	4,905,659	3,654,190 (C)	1,730,676	5,384,866	110%
<b>Other Post-Employment Benefits (OPEB)</b>					
2013	\$ 9,352,000	\$ 9,356,207	\$ -	\$ 9,356,207	100%
2012	9,125,000	9,168,787	-	9,168,787	100%
2011	8,614,000	11,003,647 (D)	-	11,003,647	128%
2010	8,649,000	13,834,000 (D)	-	13,834,000	160%
2009	12,087,000	9,636,677	-	9,636,677	80%
2008	11,396,000	6,636,677	-	6,636,677	58%

(A) Actuarially determined contribution requirements.

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

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

(D) City contributed and additional \$2.3 million in FY 2011 and \$5.0 million in FY 2010 to reduce the Net OPEB Obligation.

**City of Pembroke Pines, Florida**  
**Required Supplementary Information**  
**Schedule of Funding Progress**  
**September 30, 2013**

<b>Actuarial Valuation Date</b>	<b>(a) Actuarial Value of Assets</b>	<b>(b) Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL) (b) - (a)</b>	<b>Funded Ratio (a) / (b)</b>	<b>(c) Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll (b-a) / (c)</b>
<b>General Employees Pension Plan</b>						
10/1/2012	\$ 121,238,849	\$ 150,061,082	\$ 28,822,233	80.8%	\$ 2,845,067	1013.1%
10/1/2011	118,449,736	147,287,087	28,837,351	80.4%	3,681,877	783.2%
10/1/2010	127,665,129	142,282,483	14,617,354	89.7%	3,537,545	413.2%
10/1/2009	129,455,600	137,608,183	8,152,583	94.1%	4,088,776	199.4%
10/1/2008	131,976,740	164,002,104	32,025,364	80.5%	22,493,706	142.4%
10/1/2007	123,702,275	139,548,384	15,846,109	88.6%	21,988,709	72.1%
10/1/2006	107,426,569	123,224,221	15,797,652	87.2%	21,477,150	73.6%
10/1/2005	93,396,808	105,027,398	11,630,590	88.9%	20,078,368	57.9%
10/1/2004	81,839,021	94,176,751	12,337,730	86.9%	20,495,048	60.2%
10/1/2003	56,509,780	66,987,878	10,478,098	84.4%	20,246,275	51.8%
<b>City Pension Fund for Firefighters and Police Officers</b>						
10/1/2012	\$ 316,002,633	\$ 515,935,020	\$ 199,932,387	61.2%	\$ 27,011,016	740.2%
10/1/2011	294,227,027	490,104,162	195,877,135	60.0%	26,857,833	729.3%
10/1/2010	280,775,729	467,205,127	186,429,398	60.1%	27,129,273	687.2%
10/1/2009	261,948,320	434,353,251	172,404,931	60.3%	27,528,175	626.3%
10/1/2008	246,182,224	412,142,825	165,960,601	59.7%	26,616,124	623.5%
10/1/2007	229,650,770	370,661,059	141,010,289	62.0%	26,610,708	529.9%
10/1/2006	205,102,670	302,916,889	97,814,219	67.7%	26,040,640	375.6%
10/1/2005	186,347,282	263,608,172	77,260,890	70.7%	24,294,435	318.0%
10/1/2004	168,315,697	234,355,322	66,039,625	71.8%	23,530,488	280.7%
10/1/2003	134,868,154	208,995,372	74,127,218	64.5%	22,934,597	323.2%
<b>Other Post-Employment Benefits (OPEB)</b>						
10/1/2012	\$ 34,271,044	\$ 132,118,483	\$ 97,847,439	25.9%	\$ 65,748,426	148.8%
10/1/2011	25,304,000	124,902,000	99,598,000	20.3%	67,687,688	147.1%
10/1/2010	19,642,156	121,413,000	101,770,844	16.2%	69,130,334	147.2%
10/1/2009	8,546,236	114,192,000	105,645,764	7.5%	72,957,410	144.8%
10/1/2008	2,688,520	131,728,115	129,039,595	2.0%	79,224,533	162.9%
10/1/2007	-	126,392,000	126,392,000	0.0%	76,059,157	166.2%

**City of Pembroke Pines, Florida**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended September 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$61,907,766	\$61,907,766	\$63,034,309	\$1,126,543
Permits, fees and licenses	33,691,287	34,043,846	34,247,193	203,347
Intergovernmental revenue	11,700,293	12,068,016	12,590,096	522,080
Charges for services	28,630,989	28,736,415	28,574,068	(162,347)
Fines and forfeitures	936,660	936,660	2,059,578	1,122,918
Miscellaneous revenues	12,895,352	13,139,423	11,387,521	(1,751,902)
Total revenues	<u>149,762,347</u>	<u>150,832,126</u>	<u>151,892,765</u>	<u>1,060,639</u>
<b>Expenditures</b>				
General government services				
Administrative services	4,133,088	4,133,088	3,893,294	239,794
City attorney	854,669	854,669	845,544	9,125
City clerk	1,187,234	1,189,834	1,189,795	39
City manager	533,488	533,488	517,916	15,572
Finance	2,893,222	2,955,522	2,916,763	38,759
Human resources	705,842	705,842	683,637	22,205
Mayor & commission	794,624	799,824	799,809	15
Non-departmental	3,565,448	3,049,399	2,388,379	661,020
Public services	7,340,905	7,421,466	6,593,080	828,386
Total general government services	<u>22,008,520</u>	<u>21,643,132</u>	<u>19,828,217</u>	<u>1,814,915</u>
Public safety				
Administrative services	1,198,040	1,198,040	1,190,074	7,966
Emergency & disaster relief services	-	-	1,188,471	(1,188,471)
Fire	47,039,617	47,124,587	45,906,438	1,218,149
Police	50,290,587	51,811,846	51,783,143	28,703
Total public safety	<u>98,528,244</u>	<u>100,134,473</u>	<u>100,068,126</u>	<u>66,347</u>

(continued)

**City of Pembroke Pines, Florida**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended September 30, 2013**  
(continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
Physical environment				
Public services	\$2,953,157	\$8,793,069	\$8,140,631	\$652,438
Total physical environment	<u>2,953,157</u>	<u>8,793,069</u>	<u>8,140,631</u>	<u>652,438</u>
Economic environment				
Community services	7,601,544	7,601,544	7,257,002	344,542
Total economic environment	<u>7,601,544</u>	<u>7,601,544</u>	<u>7,257,002</u>	<u>344,542</u>
Human services				
Community services	846,138	1,272,487	1,048,680	223,807
Education	4,876,374	4,880,829	4,393,114	487,715
Total human services	<u>5,722,512</u>	<u>6,153,316</u>	<u>5,441,794</u>	<u>711,522</u>
Culture/recreation				
Parks & recreation	15,372,205	9,815,800	9,207,263	608,537
Total culture/recreation	<u>15,372,205</u>	<u>9,815,800</u>	<u>9,207,263</u>	<u>608,537</u>
Total expenditures	<u>152,186,182</u>	<u>154,141,334</u>	<u>149,943,033</u>	<u>4,198,301</u>
Excess (deficiency) of revenues over expenditures	<u>(2,423,835)</u>	<u>(3,309,208)</u>	<u>1,949,732</u>	<u>5,258,940</u>
<b>Other financing sources (uses)</b>				
Transfers out	(1,199,752)	(1,663,896)	(1,663,895)	1
Installment purchase	-	590,327	590,327	-
Total other financing sources (uses)	<u>(1,199,752)</u>	<u>(1,073,569)</u>	<u>(1,073,568)</u>	<u>1</u>
Net change in fund balances	(3,623,587)	(4,382,777)	876,164	5,258,941
Fund balances, beginning	51,678,458	51,678,458	51,678,458	-
Fund balances, ending	<u>\$48,054,871</u>	<u>\$47,295,681</u>	<u>\$52,554,622</u>	<u>\$5,258,941</u>

# City of Pembroke Pines, Florida

## Notes to Budgetary Comparison Schedule

Fiscal Year Ended September 30, 2013

### NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

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

1. No later than sixty days prior to the close of the current fiscal year, the City Manager submits to the City Commission a budget estimate of the expenditures and revenues of all City departments and divisions for the fiscal year commencing the following October 1.
2. Two public hearings are conducted at the City's Commission Chambers, to inform the taxpayers and receive their comments. The commission-approved adopted budget is integrated into the accounting software effective October 1. It establishes the legal authority to incur expenditures up to the appropriated amount for each line item.
3. Section 30.30(F) of the Code of Ordinances requires a majority affirmative vote of the quorum to adopt the budget, which prior to October 1, is legally enacted through passage of an ordinance. Section 5.06 of the City Charter provides that no officer, department, or agency may legally expend or contract to expend amounts in excess of the amounts appropriated for any department, within an individual fund. Therefore, the legal level of control is at the department level.
4. The adopted budget may be amended as follows:
  - a. The City Manager and Finance Director approve line item adjustments within a department or a division.
  - b. The City Commission approves budget adjustments that transfer monies from fund to fund or interdepartmentally.
  - c. The City Commission may approve supplemental appropriations of revenues and expenditures. If this is done, adoption of an amended budget ordinance is required.
5. The final budget included budget transfers, supplemental appropriations and reductions, which modified the original adopted budget. The General Fund net upward adjustment to expenditure appropriations amounted to \$2 million for the fiscal year ended September 30, 2013. The main components were:
  - a. \$0.9 million increase attributable to the carryover of capital items from prior fiscal year;
  - b. \$0.3 million increase for the Department of Children and Families (DCF) Transitional Housing;
  - c. \$0.2 million increase to fund lake bank erosion at the golf course; and
  - d. \$0.6 million – Capital Lease for Police Department record management system

# City of Pembroke Pines, Florida

## Notes to Budgetary Comparison Schedule

Fiscal Year Ended September 30, 2013

### **NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING (continued)**

There was a \$1.7 million upward net revenue adjustment attributable mainly to:

- a. \$0.3 million – Department of Children and Families (DCF) Transitional Housing ;
- b. \$0.4 million – Privilege Fees adjustment from Utility Fund to General Fund; and
- c. \$0.6 million – Capital Lease for Police Department record management system.

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

The only General Fund Budgetary expenditure that was in excess of appropriations for the fiscal year ended September 30, 2013 was the \$1.2 million related to emergency and disaster relief services associated with reimbursements made to the Federal Emergency Management Agency (FEMA). The City does not budget for these expenditures.

### **NOTE 3. BUDGETARY COMPARISON TO ACTUAL**

Budgetary comparison to actual can be found under General Fund Budgetary Highlights in the Management's Discussion and Analysis.

# Combining and Individual Fund Statements and Schedules



# **NONMAJOR GOVERNMENTAL FUNDS**

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## **Special Revenue Funds**

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

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

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

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

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

- Byrne Grant
  - Equipment

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

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

## **NONMAJOR GOVERNMENTAL FUNDS**

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

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

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

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

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

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

# NONMAJOR GOVERNMENTAL FUNDS

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## Special Revenue Funds (continued)

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

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

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

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

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

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

**City of Pembroke Pines, Florida**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2013**

	<b>Special Revenue Funds</b>							
	<b>Road and Bridge</b>	<b>Law Enforcement Grant</b>	<b>Police Service Grant</b>	<b>State Housing Initiative Program</b>	<b>Schools Chartered by *</b>			<b>Florida State University Elementary</b>
					<b>Broward County School Board</b>			
				<b>Elementary</b>	<b>Middle</b>	<b>High</b>		
<b>Assets</b>								
Pooled cash and cash equivalents	\$ 788,366	\$ -	\$ 16,818	\$ 513,541	\$ 1,923,332	\$ 99,828	\$ 1,386,128	\$ 272,885
Investments:								
Marketable securities	3,176,536	-	-	-	-	-	-	-
Receivables:								
Franchise fees and taxes	464,337	-	-	-	-	-	-	-
Other	-	-	-	-	2,311	1,573	2,056	814
Inventory	-	-	-	-	-	-	-	-
Prepaid costs	-	-	-	-	-	-	-	-
Due from other governments	-	218,814	-	-	63,625	47,818	79,407	240,770
Restricted pooled cash and equivalents	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 4,429,239</b>	<b>\$ 218,814</b>	<b>\$ 16,818</b>	<b>\$ 513,541</b>	<b>\$ 1,989,268</b>	<b>\$ 149,219</b>	<b>\$ 1,467,591</b>	<b>\$ 514,469</b>
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts payable	\$ 19,239	\$ -	\$ -	\$ -	\$ 7,573	\$ 5,827	\$ 16,200	\$ 3,692
Accrued liabilities	36,678	-	-	-	-	-	-	-
Due to other funds	-	218,814	-	-	-	-	-	-
Deposits	-	-	-	-	112,249	87,340	306,590	35,159
Deferred/unearned revenue	-	-	16,818	513,541	10,694	7,526	6,225	5,778
<b>Total liabilities</b>	<b>55,917</b>	<b>218,814</b>	<b>16,818</b>	<b>513,541</b>	<b>130,516</b>	<b>100,693</b>	<b>329,015</b>	<b>44,629</b>
Fund balances:								
Nonspendable								
Inventory and prepaid costs	-	-	-	-	-	-	-	-
Wetland Mitigation Trust	-	-	-	-	-	-	-	-
Restricted by								
Road and sidewalks	4,373,322	-	-	-	-	-	-	-
Law enforcement	-	-	-	-	-	-	-	-
Wetland Mitigation	-	-	-	-	-	-	-	-
Assigned for rent payments	-	-	-	-	1,858,752	48,526	1,138,576	469,840
Unassigned	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>4,373,322</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,858,752</b>	<b>48,526</b>	<b>1,138,576</b>	<b>469,840</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,429,239</b>	<b>\$ 218,814</b>	<b>\$ 16,818</b>	<b>\$ 513,541</b>	<b>\$ 1,989,268</b>	<b>\$ 149,219</b>	<b>\$ 1,467,591</b>	<b>\$ 514,469</b>

\* As of June 30, 2013

(continued)

**City of Pembroke Pines, Florida**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2013**  
**(continued)**

	<u>Special Revenue Funds</u>							<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Housing and Urban Development Grant</u>	<u>Community Bus Program</u>	<u>Older Americans Act</u>	<u>Treasury Confiscated</u>	<u>Justice Confiscated</u>	<u>\$2 Police Education</u>	<u>FDLE Confiscated</u>	<u>Wetland Mitigation Trust Fund</u>	
<b>Assets</b>									
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ 343,079	\$ 569,636	\$ 305,053	\$ 607,839	\$ -	\$ 6,826,505
Investments:									
Marketable securities	-	-	-	-	-	-	-	-	3,176,536
Receivables:									
Franchise fees and taxes	-	-	-	-	-	-	-	-	464,337
Other	-	-	-	-	-	-	20,421	-	27,175
Inventory	-	-	23,234	-	-	-	-	-	23,234
Prepaid costs	57,725	-	-	-	-	-	-	-	57,725
Due from other governments	330,322	-	130,365	-	179	-	75	-	1,111,375
Restricted pooled cash and equivalents	-	-	-	-	-	-	-	544,225	544,225
<b>Total assets</b>	<u>\$ 388,047</u>	<u>\$ -</u>	<u>\$ 153,599</u>	<u>\$ 343,079</u>	<u>\$ 569,815</u>	<u>\$ 305,053</u>	<u>\$ 628,335</u>	<u>\$ 544,225</u>	<u>\$ 12,231,112</u>
<b>Liabilities and Fund Balances</b>									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,531
Accrued liabilities	-	-	-	-	-	-	-	-	36,678
Due to other funds	388,047	-	126,703	-	-	-	-	2,397	735,961
Deposits	-	-	-	-	-	-	19,734	-	561,072
Deferred/unearned revenue	-	-	3,662	-	-	-	-	-	564,244
<b>Total liabilities</b>	<u>388,047</u>	<u>-</u>	<u>130,365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,734</u>	<u>2,397</u>	<u>1,950,486</u>
Fund balances:									
Nonspendable									
Inventory and prepaid costs	57,725	-	23,234	-	-	-	-	-	80,959
Wetland Mitigation Trust	-	-	-	-	-	-	-	446,115	446,115
Restricted by									
Road and sidewalks	-	-	-	-	-	-	-	-	4,373,322
Law enforcement	-	-	-	343,079	569,815	305,053	608,601	-	1,826,548
Wetland Mitigation	-	-	-	-	-	-	-	95,713	95,713
Assigned for rent payments	-	-	-	-	-	-	-	-	3,515,694
Unassigned	(57,725)	-	-	-	-	-	-	-	(57,725)
<b>Total fund balances</b>	<u>-</u>	<u>-</u>	<u>23,234</u>	<u>343,079</u>	<u>569,815</u>	<u>305,053</u>	<u>608,601</u>	<u>541,828</u>	<u>10,280,626</u>
<b>Total liabilities and fund balances</b>	<u>\$ 388,047</u>	<u>\$ -</u>	<u>\$ 153,599</u>	<u>\$ 343,079</u>	<u>\$ 569,815</u>	<u>\$ 305,053</u>	<u>\$ 628,335</u>	<u>\$ 544,225</u>	<u>\$ 12,231,112</u>

\* As of June 30, 2013

**City of Pembroke Pines, Florida**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Fiscal Year Ended September 30, 2013**

	<b>Special Revenue Funds</b>							
	<b>Road and Bridge</b>	<b>Law Enforcement Grant</b>	<b>Police Community Service Grant</b>	<b>State Housing Initiative Program</b>	<b>Schools Chartered by: *</b>			<b>Florida State University Elementary</b>
					<b>Broward County School Board</b>			
					<b>Elementary</b>	<b>Middle</b>	<b>High</b>	
<b>Revenues</b>								
Taxes	\$ 2,669,684	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, fees and licenses	237,725	-	-	-	-	-	-	-
Intergovernmental	1,166,340	308,250	32,177	216,282	13,050,176	8,059,604	11,432,222	5,328,124
Charges for services	200,000	-	-	-	850,538	148,004	87,988	440,044
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	17,611	-	-	-	5,632	5,185	2,261	4,314
Contributions	-	-	-	-	188,274	127,087	210,393	73,205
Rental revenue	-	-	-	-	149,859	149,506	1,457,158	40,880
Other	166,102	-	-	-	379,085	376,158	851,230	142,537
Total revenues	<u>4,457,462</u>	<u>308,250</u>	<u>32,177</u>	<u>216,282</u>	<u>14,623,564</u>	<u>8,865,544</u>	<u>14,041,252</u>	<u>6,029,104</u>
<b>Expenditures</b>								
General government	-	-	-	-	-	-	-	-
Public safety	-	308,250	32,177	-	-	-	-	-
Transportation	4,075,736	-	-	-	-	-	-	-
Economic environment	-	-	-	216,282	-	-	-	-
Human services	-	-	-	-	15,380,240	10,379,645	13,715,699	6,241,062
Total expenditures	<u>4,075,736</u>	<u>308,250</u>	<u>32,177</u>	<u>216,282</u>	<u>15,380,240</u>	<u>10,379,645</u>	<u>13,715,699</u>	<u>6,241,062</u>
Excess (deficiency) of revenues over (under) expenditures	<u>381,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(756,676)</u>	<u>(1,514,101)</u>	<u>325,553</u>	<u>(211,958)</u>
<b>Other financing sources (uses)</b>								
Transfers in	-	-	-	-	-	1,543,199	-	-
Transfers out	(363,238)	-	-	-	(215,000)	-	(215,000)	-
Total other financing sources (uses)	<u>(363,238)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(215,000)</u>	<u>1,543,199</u>	<u>(215,000)</u>	<u>-</u>
Net change in fund balances	18,488	-	-	-	(971,676)	29,098	110,553	(211,958)
Fund balances, beginning	4,354,834	-	-	-	2,830,428	19,428	1,028,023	681,798
Fund balances, ending	<u>\$ 4,373,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,858,752</u>	<u>\$ 48,526</u>	<u>\$ 1,138,576</u>	<u>\$ 469,840</u>

\* As of June 30, 2013

(continued)

**City of Pembroke Pines, Florida**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Fiscal Year Ended September 30, 2013**  
(continued)

	<b>Special Revenue Funds</b>							<b>Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>Housing and Urban Development Grant</b>	<b>Community Bus Program</b>	<b>Older Americans Act</b>	<b>Treasury Confiscated</b>	<b>Justice Confiscated</b>	<b>\$2 Police Education</b>	<b>FDLE Confiscated</b>	<b>Wetland Mitigation Trust Fund</b>	
<b>Revenues</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,669,684
Permits, fees and licenses	-	-	-	-	-	-	-	-	237,725
Intergovernmental	1,906,257	630,856	853,783	-	-	-	-	-	42,984,071
Charges for services	-	-	-	-	-	-	-	-	1,726,574
Fines and forfeitures	-	-	-	19,388	28,470	47,398	112,649	-	207,905
Investment income	-	-	-	243	376	189	669	1,209	37,689
Contributions	-	-	48,677	-	-	-	-	-	647,636
Rental revenue	-	-	-	-	-	-	-	-	1,797,403
Other	-	-	-	-	-	-	-	-	1,915,112
Total revenues	<u>1,906,257</u>	<u>630,856</u>	<u>902,460</u>	<u>19,631</u>	<u>28,846</u>	<u>47,587</u>	<u>113,318</u>	<u>1,209</u>	<u>52,223,799</u>
<b>Expenditures</b>									
General government	-	-	-	-	-	-	-	19,920	19,920
Public safety	-	-	-	67,728	43,670	24,025	760,903	-	1,236,753
Transportation	99,277	1,113,758	-	-	-	-	-	-	5,288,771
Economic environment	1,806,980	-	-	-	-	-	-	-	2,023,262
Human services	-	-	1,303,976	-	-	-	-	-	47,020,622
Total expenditures	<u>1,906,257</u>	<u>1,113,758</u>	<u>1,303,976</u>	<u>67,728</u>	<u>43,670</u>	<u>24,025</u>	<u>760,903</u>	<u>19,920</u>	<u>55,589,328</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(482,902)</u>	<u>(401,516)</u>	<u>(48,097)</u>	<u>(14,824)</u>	<u>23,562</u>	<u>(647,585)</u>	<u>(18,711)</u>	<u>(3,365,529)</u>
<b>Other financing sources (uses)</b>									
Transfers in	-	482,902	401,516	-	-	-	-	-	2,427,617
Transfers out	-	-	-	-	-	-	-	-	(793,238)
Total other financing sources (uses)	<u>-</u>	<u>482,902</u>	<u>401,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,634,379</u>
Net change in fund balances	-	-	-	(48,097)	(14,824)	23,562	(647,585)	(18,711)	(1,731,150)
Fund balances, beginning	-	-	23,234	391,176	584,639	281,491	1,256,186	560,539	12,011,776
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,234</u>	<u>\$ 343,079</u>	<u>\$ 569,815</u>	<u>\$ 305,053</u>	<u>\$ 608,601</u>	<u>\$ 541,828</u>	<u>\$ 10,280,626</u>

\* As of June 30, 2013

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

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

**City of Pembroke Pines, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual**  
**Debt Service Fund**  
**Fiscal Year Ended September 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 5,443,121	\$ 5,443,121	\$ 5,514,105	\$ 70,984
Utility taxes	1,784,705	1,784,705	1,792,983	8,278
Communication services tax	6,440,111	6,440,111	6,463,422	23,311
Permits, fees and licenses	813,605	813,605	818,352	4,747
Investment income	102,232	102,232	4,365	(97,867)
Rental revenue	12,130,020	12,130,020	12,492,010	361,990
Total revenues	<u>26,713,794</u>	<u>26,713,794</u>	<u>27,085,237</u>	<u>371,443</u>
<b>Expenditures</b>				
Debt service:				
Principal	9,632,400	9,681,595	9,661,916	19,679
Interest	16,921,482	16,921,482	16,911,616	9,866
Other debt service costs	16,900	16,900	5,500	11,400
Total expenditures	<u>26,570,782</u>	<u>26,619,977</u>	<u>26,579,032</u>	<u>40,945</u>
Excess revenues over expenditures	<u>143,012</u>	<u>93,817</u>	<u>506,205</u>	<u>412,388</u>
<b>Other financing sources</b>				
Transfers in	-	49,195	29,516	(19,679)
Total other financing sources	<u>-</u>	<u>49,195</u>	<u>29,516</u>	<u>(19,679)</u>
Net change in fund balances	143,012	143,012	535,721	392,709
Fund balances, beginning	14,252,977	14,252,977	14,252,977	-
Fund balances, ending	<u>\$ 14,395,989</u>	<u>\$ 14,395,989</u>	<u>\$ 14,788,698</u>	<u>\$ 392,709</u>

**City of Pembroke Pines, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Nonmajor Governmental Funds**  
**Fiscal Year Ended September 30, 2013**

	Special Revenue Funds							
	Road and Bridge Fund				Law Enforcement Grant			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>Revenues</b>								
Taxes	\$ 2,653,000	\$ 2,653,000	\$ 2,669,684	\$ 16,684	\$ -	\$ -	\$ -	\$ -
Permits, fees and licenses	-	379,000	237,725	(141,275)	-	-	-	-
Intergovernmental	1,104,400	1,104,400	1,166,340	61,940	17,918	429,644	308,250	(121,394)
Charges for services	200,000	200,000	200,000	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	145,000	145,000	17,611	(127,389)	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-
Other	50,500	50,500	166,102	115,602	-	-	-	-
Total revenues	<u>4,152,900</u>	<u>4,531,900</u>	<u>4,457,462</u>	<u>(74,438)</u>	<u>17,918</u>	<u>429,644</u>	<u>308,250</u>	<u>(121,394)</u>
<b>Expenditures</b>								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	17,918	429,644	308,250	121,394
Transportation	4,371,678	4,473,858	4,075,736	398,122	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Total expenditures	<u>4,371,678</u>	<u>4,473,858</u>	<u>4,075,736</u>	<u>398,122</u>	<u>17,918</u>	<u>429,644</u>	<u>308,250</u>	<u>121,394</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(218,778)</u>	<u>58,042</u>	<u>381,726</u>	<u>323,684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(343,301)	(363,238)	(363,238)	-	-	-	-	-
Total other financing sources (uses)	<u>(343,301)</u>	<u>(363,238)</u>	<u>(363,238)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(562,079)	(305,196)	18,488	323,684	-	-	-	-
Fund balances, beginning	<u>4,354,834</u>	<u>4,354,834</u>	<u>4,354,834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u>\$ 3,792,755</u>	<u>\$ 4,049,638</u>	<u>\$ 4,373,322</u>	<u>\$ 323,684</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

**City of Pembroke Pines, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Nonmajor Governmental Funds**  
**Fiscal Year Ended September 30, 2013**  
(continued)

	Special Revenue Funds							
	Police Community Service Grant				State Housing Initiative Program			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>Revenues</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, fees and licenses	-	-	-	-	-	-	-	-
Intergovernmental	-	48,853	32,177	(16,676)	-	727,891	216,282	(511,609)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	17,000	17,000	-	(17,000)
Contributions	-	-	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>48,853</u>	<u>32,177</u>	<u>(16,676)</u>	<u>17,000</u>	<u>744,891</u>	<u>216,282</u>	<u>(528,609)</u>
<b>Expenditures</b>								
General government	-	-	-	-	-	-	-	-
Public safety	-	48,853	32,177	16,676	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	727,891	216,282	511,609
Human services	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>48,853</u>	<u>32,177</u>	<u>16,676</u>	<u>-</u>	<u>727,891</u>	<u>216,282</u>	<u>511,609</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,000</u>	<u>17,000</u>	<u>-</u>	<u>(17,000)</u>
<b>Other financing sources (uses)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-	17,000	17,000	-	(17,000)
Fund balances, beginning	-	-	-	-	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$ -</u>	<u>\$ (17,000)</u>

(continued)

**City of Pembroke Pines, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Nonmajor Governmental Funds**  
**Fiscal Year Ended September 30, 2013**  
(continued)

	Special Revenue Funds							
	Elementary Schools Chartered by Broward County *				Middle Schools Chartered by Broward County *			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>Revenues</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, fees and licenses	-	-	-	-	-	-	-	-
Intergovernmental	12,821,002	12,821,002	13,050,176	229,174	7,967,118	7,967,118	8,059,604	92,486
Charges for services	947,757	947,757	850,538	(97,219)	197,774	197,774	148,004	(49,770)
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	30,105	30,105	5,632	(24,473)	4,556	4,556	5,185	629
Contributions	385,843	419,721	188,274	(231,447)	262,564	276,374	127,087	(149,287)
Rental revenue	143,447	143,447	149,859	6,412	144,334	144,334	149,506	5,172
Other	404,225	404,225	379,085	(25,140)	358,657	358,657	376,158	17,501
Total revenues	<u>14,732,379</u>	<u>14,766,257</u>	<u>14,623,564</u>	<u>(142,693)</u>	<u>8,935,003</u>	<u>8,948,813</u>	<u>8,865,544</u>	<u>(83,269)</u>
<b>Expenditures</b>								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-
Human services	15,831,603	15,380,450	15,380,240	210	10,792,289	10,379,765	10,379,645	120
Total expenditures	<u>15,831,603</u>	<u>15,380,450</u>	<u>15,380,240</u>	<u>210</u>	<u>10,792,289</u>	<u>10,379,765</u>	<u>10,379,645</u>	<u>120</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,099,224)</u>	<u>(614,193)</u>	<u>(756,676)</u>	<u>(142,483)</u>	<u>(1,857,286)</u>	<u>(1,430,952)</u>	<u>(1,514,101)</u>	<u>(83,149)</u>
<b>Other financing sources (uses)</b>								
Transfers in	-	-	-	-	944,680	1,699,317	1,543,199	(156,118)
Transfers out	-	(215,000)	(215,000)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(215,000)</u>	<u>(215,000)</u>	<u>-</u>	<u>944,680</u>	<u>1,699,317</u>	<u>1,543,199</u>	<u>(156,118)</u>
Net change in fund balances	(1,099,224)	(829,193)	(971,676)	(142,483)	(912,606)	268,365	29,098	(239,267)
Fund balances, beginning	<u>2,830,428</u>	<u>2,830,428</u>	<u>2,830,428</u>	<u>-</u>	<u>19,428</u>	<u>19,428</u>	<u>19,428</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,731,204</u>	<u>\$ 2,001,235</u>	<u>\$ 1,858,752</u>	<u>\$ (142,483)</u>	<u>\$ (893,178)</u>	<u>\$ 287,793</u>	<u>\$ 48,526</u>	<u>\$ (239,267)</u>

\* As of June 30, 2013

(continued)

**City of Pembroke Pines, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Nonmajor Governmental Funds**  
**Fiscal Year Ended September 30, 2013**  
(continued)

	Special Revenue Funds							
	High School Chartered by Broward County *				Elementary School Chartered by Florida State University*			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>Revenues</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, fees and licenses	-	-	-	-	-	-	-	-
Intergovernmental	11,120,205	11,120,205	11,432,222	312,017	5,308,224	5,308,224	5,328,124	19,900
Charges for services	260,570	260,570	87,988	(172,582)	485,347	485,347	440,044	(45,303)
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	12,717	12,717	2,261	(10,456)	4,809	4,809	4,314	(495)
Contributions	383,210	444,227	210,393	(233,834)	135,883	146,623	73,205	(73,418)
Rental revenue	1,438,514	1,438,514	1,457,158	18,644	58,743	58,743	40,880	(17,863)
Other	552,931	552,931	851,230	298,299	131,837	131,837	142,537	10,700
Total revenues	<u>13,768,147</u>	<u>13,829,164</u>	<u>14,041,252</u>	<u>212,088</u>	<u>6,124,843</u>	<u>6,135,583</u>	<u>6,029,104</u>	<u>(106,479)</u>
<b>Expenditures</b>								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-
Human services	14,509,505	13,802,067	13,715,699	86,368	6,438,224	6,241,128	6,241,062	66
Total expenditures	<u>14,509,505</u>	<u>13,802,067</u>	<u>13,715,699</u>	<u>86,368</u>	<u>6,438,224</u>	<u>6,241,128</u>	<u>6,241,062</u>	<u>66</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(741,358)</u>	<u>27,097</u>	<u>325,553</u>	<u>298,456</u>	<u>(313,381)</u>	<u>(105,545)</u>	<u>(211,958)</u>	<u>(106,413)</u>
<b>Other financing sources (uses)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(215,000)	(215,000)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(215,000)</u>	<u>(215,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(741,358)	(187,903)	110,553	298,456	(313,381)	(105,545)	(211,958)	(106,413)
Fund balances, beginning	<u>1,028,023</u>	<u>1,028,023</u>	<u>1,028,023</u>	<u>-</u>	<u>681,798</u>	<u>681,798</u>	<u>681,798</u>	<u>-</u>
Fund balances, ending	<u>\$ 286,665</u>	<u>\$ 840,120</u>	<u>\$ 1,138,576</u>	<u>\$ 298,456</u>	<u>\$ 368,417</u>	<u>\$ 576,253</u>	<u>\$ 469,840</u>	<u>\$ (106,413)</u>

\* As of June 30, 2013

(continued)

**City of Pembroke Pines, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Nonmajor Governmental Funds**  
**Fiscal Year Ended September 30, 2013**  
(continued)

	Special Revenue Funds							
	Housing and Urban Development Grant				Community Bus Program			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>Revenues</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, fees and licenses	-	-	-	-	-	-	-	-
Intergovernmental	906,149	4,896,087	1,906,257	(2,989,830)	209,053	805,374	630,856	(174,518)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	<u>906,149</u>	<u>4,896,087</u>	<u>1,906,257</u>	<u>(2,989,830)</u>	<u>209,053</u>	<u>805,374</u>	<u>630,856</u>	<u>(174,518)</u>
<b>Expenditures</b>								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Transportation	99,277	99,277	99,277	-	552,354	1,121,286	1,113,758	7,528
Economic environment	806,872	4,796,810	1,806,980	2,989,830	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Total expenditures	<u>906,149</u>	<u>4,896,087</u>	<u>1,906,257</u>	<u>2,989,830</u>	<u>552,354</u>	<u>1,121,286</u>	<u>1,113,758</u>	<u>7,528</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(343,301)</u>	<u>(315,912)</u>	<u>(482,902)</u>	<u>(166,990)</u>
<b>Other financing sources (uses)</b>								
Transfers in	-	-	-	-	343,301	315,912	482,902	166,990
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>343,301</u>	<u>315,912</u>	<u>482,902</u>	<u>166,990</u>
Net change in fund balances	-	-	-	-	-	-	-	-
Fund balances, beginning	-	-	-	-	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

**City of Pembroke Pines, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Nonmajor Governmental Funds**  
**Fiscal Year Ended September 30, 2013**  
(continued)

	Special Revenue Funds							
	Older Americans Act				Treasury Confiscated			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>Revenues</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, fees and licenses	-	-	-	-	-	-	-	-
Intergovernmental	838,069	841,109	853,783	12,674	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	19,388	19,388	-
Investment income	-	-	-	-	8,000	8,000	243	(7,757)
Contributions	149,716	146,676	48,677	(97,999)	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	<u>987,785</u>	<u>987,785</u>	<u>902,460</u>	<u>(85,325)</u>	<u>8,000</u>	<u>27,388</u>	<u>19,631</u>	<u>(7,757)</u>
<b>Expenditures</b>								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	98,833	365,460	67,728	297,732
Transportation	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-
Human services	1,276,976	1,303,977	1,303,976	1	-	-	-	-
Total expenditures	<u>1,276,976</u>	<u>1,303,977</u>	<u>1,303,976</u>	<u>1</u>	<u>98,833</u>	<u>365,460</u>	<u>67,728</u>	<u>297,732</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(289,191)</u>	<u>(316,192)</u>	<u>(401,516)</u>	<u>(85,324)</u>	<u>(90,833)</u>	<u>(338,072)</u>	<u>(48,097)</u>	<u>289,975</u>
<b>Other financing sources (uses)</b>								
Transfers in	289,191	316,192	401,516	85,324	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>289,191</u>	<u>316,192</u>	<u>401,516</u>	<u>85,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-	(90,833)	(338,072)	(48,097)	289,975
Fund balances, beginning	23,234	23,234	23,234	-	391,176	391,176	391,176	-
Fund balances, ending	<u>\$ 23,234</u>	<u>\$ 23,234</u>	<u>\$ 23,234</u>	<u>\$ -</u>	<u>\$ 300,343</u>	<u>\$ 53,104</u>	<u>\$ 343,079</u>	<u>\$ 289,975</u>

(continued)

**City of Pembroke Pines, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Nonmajor Governmental Funds**  
**Fiscal Year Ended September 30, 2013**  
(continued)

	Special Revenue Funds							
	Justice Confiscated				\$2 Police Education			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>Revenues</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, fees and licenses	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	28,291	28,470	179	47,294	47,294	47,398	104
Investment income	8,000	8,000	376	(7,624)	-	-	189	189
Contributions	-	-	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	<u>8,000</u>	<u>36,291</u>	<u>28,846</u>	<u>(7,445)</u>	<u>47,294</u>	<u>47,294</u>	<u>47,587</u>	<u>293</u>
<b>Expenditures</b>								
General government	-	-	-	-	-	-	-	-
Public safety	78,371	418,962	43,670	375,292	47,294	247,778	24,025	223,753
Transportation	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Total expenditures	<u>78,371</u>	<u>418,962</u>	<u>43,670</u>	<u>375,292</u>	<u>47,294</u>	<u>247,778</u>	<u>24,025</u>	<u>223,753</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(70,371)</u>	<u>(382,671)</u>	<u>(14,824)</u>	<u>367,847</u>	<u>-</u>	<u>(200,484)</u>	<u>23,562</u>	<u>224,046</u>
<b>Other financing sources (uses)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(70,371)	(382,671)	(14,824)	367,847	-	(200,484)	23,562	224,046
Fund balances, beginning	<u>584,639</u>	<u>584,639</u>	<u>584,639</u>	<u>-</u>	<u>281,491</u>	<u>281,491</u>	<u>281,491</u>	<u>-</u>
Fund balances, ending	<u>\$ 514,268</u>	<u>\$ 201,968</u>	<u>\$ 569,815</u>	<u>\$ 367,847</u>	<u>\$ 281,491</u>	<u>\$ 81,007</u>	<u>\$ 305,053</u>	<u>\$ 224,046</u>

(continued)

**City of Pembroke Pines, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Nonmajor Governmental Funds**  
**Fiscal Year Ended September 30, 2013**  
(continued)

	<u>Special Revenue Fund</u>				<u>Permanent Fund</u>			
	<u>FDLE Confiscated</u>				<u>Wetland Mitigation Trust Fund</u>			
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Original</u>	<u>Final</u>	<u>Original</u>			<u>Final</u>			
<b>Revenues</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, fees and licenses	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	110,520	112,649	2,129	-	-	-	-
Investment income	27,000	27,000	669	(26,331)	36,000	36,000	1,209	(34,791)
Contributions	-	-	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	<u>27,000</u>	<u>137,520</u>	<u>113,318</u>	<u>(24,202)</u>	<u>36,000</u>	<u>36,000</u>	<u>1,209</u>	<u>(34,791)</u>
<b>Expenditures</b>								
General government	-	-	-	-	16,500	16,500	19,920	(3,420)
Public safety	248,060	1,239,304	760,903	478,401	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Total expenditures	<u>248,060</u>	<u>1,239,304</u>	<u>760,903</u>	<u>478,401</u>	<u>16,500</u>	<u>16,500</u>	<u>19,920</u>	<u>(3,420)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(221,060)</u>	<u>(1,101,784)</u>	<u>(647,585)</u>	<u>454,199</u>	<u>19,500</u>	<u>19,500</u>	<u>(18,711)</u>	<u>(38,211)</u>
<b>Other financing sources (uses)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(221,060)	(1,101,784)	(647,585)	454,199	19,500	19,500	(18,711)	(38,211)
Fund balances, beginning	<u>1,256,186</u>	<u>1,256,186</u>	<u>1,256,186</u>	<u>-</u>	<u>560,539</u>	<u>560,539</u>	<u>560,539</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,035,126</u>	<u>\$ 154,402</u>	<u>\$ 608,601</u>	<u>\$ 454,199</u>	<u>\$ 580,039</u>	<u>\$ 580,039</u>	<u>\$ 541,828</u>	<u>\$ (38,211)</u>

## **FIDUCIARY FUND TYPES**

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

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

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

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

**City of Pembroke Pines, Florida**  
**Combining Statement of Net Position**  
**Fiduciary Funds**  
**September 30, 2013**

	<b>General Employees <u>Pension</u></b>	<b>Firefighters and Police Officers <u>Pension</u></b>	<b>Other Post- Employment <u>Benefits</u></b>	<b><u>Totals</u></b>
<b>Assets</b>				
Cash and short-term investments	\$ -	\$ 17,841,888	\$ 250,922	\$ 18,092,810
Receivables				
Accrued interest and dividends	-	1,027,398	-	1,027,398
Other	2,818,726	724,443	509	3,543,678
Total receivables	<u>2,818,726</u>	<u>1,751,841</u>	<u>509</u>	<u>4,571,076</u>
Investments, at fair value				
U.S. Government securities	-	16,116,394	-	16,116,394
Corporate bonds	-	78,345,585	-	78,345,585
Common stocks	-	223,251,893	-	223,251,893
Foreign bonds	-	9,028,281	-	9,028,281
International equity securities	-	2,276,902	-	2,276,902
Domestic equity fund	56,938,380	29,690,506	16,229,489	102,858,375
International equity fund	18,324,385	33,420,285	2,782,313	54,526,983
Real estate fund	7,234,007	23,693,321	-	30,927,328
Fixed income fund	49,114,671	-	25,406,959	74,521,630
Diversified real assets	6,789,148	-	-	6,789,148
Total investments	<u>138,400,591</u>	<u>415,823,167</u>	<u>44,418,761</u>	<u>598,642,519</u>
Capital Assets:				
Property and equipment, net	-	388,496	-	388,496
Total capital assets	<u>-</u>	<u>388,496</u>	<u>-</u>	<u>388,496</u>
 Total assets	 <u>141,219,317</u>	 <u>435,805,392</u>	 <u>44,670,192</u>	 <u>621,694,901</u>
 <b>Liabilities</b>				
DROP participants payable	-	91,142,196	-	91,142,196
Reserve for health insurance claims	-	-	889,922	889,922
Accounts payable	-	915,411	219,981	1,135,392
Total liabilities	<u>-</u>	<u>92,057,607</u>	<u>1,109,903</u>	<u>93,167,510</u>
 <b>Net Position</b>				
Net position held in trust for benefits	<u>\$ 141,219,317</u>	<u>\$ 343,747,785</u>	<u>\$ 43,560,289</u>	<u>\$ 528,527,391</u>

**City of Pembroke Pines, Florida**  
**Combining Statement of Changes in Net Position**  
**Fiduciary Funds**  
**Fiscal Year Ended September 30, 2013**

	<u>General Employees Pension</u>	<u>Firefighters and Police Officers Pension</u>	<u>Other Post- Employment Benefits</u>	<u>Totals</u>
<b>Additions</b>				
Contributions:				
Plan members	\$ 241,209	\$ 2,961,526	\$ 680,060	\$ 3,882,795
Employer	7,824,902	22,754,765	9,356,207	39,935,874
State	<u>-</u>	<u>2,458,939</u>	<u>-</u>	<u>2,458,939</u>
Total contributions	<u>8,066,111</u>	<u>28,175,230</u>	<u>10,036,267</u>	<u>46,277,608</u>
Investment income	14,237,775	49,088,949	4,932,913	68,259,637
Less investment expenses	<u>43,217</u>	<u>2,179,293</u>	<u>5,152</u>	<u>2,227,662</u>
Net investment income	<u>14,194,558</u>	<u>46,909,656</u>	<u>4,927,761</u>	<u>66,031,975</u>
Other additions:				
Specific stop loss and medical claims recovery	-	-	1,100,145	1,100,145
Other income	<u>-</u>	<u>67,442</u>	<u>-</u>	<u>67,442</u>
Total other additions	<u>-</u>	<u>67,442</u>	<u>1,100,145</u>	<u>1,167,587</u>
Total additions	<u>22,260,669</u>	<u>75,152,328</u>	<u>16,064,173</u>	<u>113,477,170</u>
<b>Deductions</b>				
Benefit payments and insurance premiums	9,123,379	23,543,861	7,132,251	39,799,491
Refunds of contributions	-	83,421	-	83,421
Administrative expenses	<u>260</u>	<u>500,725</u>	<u>219,072</u>	<u>720,057</u>
Total deductions	<u>9,123,639</u>	<u>24,128,007</u>	<u>7,351,323</u>	<u>40,602,969</u>
Change in net position	13,137,030	51,024,321	8,712,850	72,874,201
Net position, beginning	<u>128,082,287</u>	<u>292,723,464</u>	<u>34,847,439</u>	<u>455,653,190</u>
Net position, ending	<u>\$ 141,219,317</u>	<u>\$ 343,747,785</u>	<u>\$ 43,560,289</u>	<u>\$ 528,527,391</u>

## **AGENCY FUNDS**

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

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

**City of Pembroke Pines, Florida**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**Fiscal Year Ended September 30, 2013**

	<u>Balance</u> <u>September 30,</u> <u>2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2013</u>
<b>General Agency Fund</b>				
Assets:				
Pooled cash and cash equivalents	\$ 3,028,943	\$ 90,886,409	\$ 90,339,155	\$ 3,576,197
Accounts receivable	<u>3,883</u>	<u>-</u>	<u>3,883</u>	<u>-</u>
Total assets	<u>\$ 3,032,826</u>	<u>\$ 90,886,409</u>	<u>\$ 90,343,038</u>	<u>\$ 3,576,197</u>
Liabilities:				
Accrued liabilities	\$ 3,032,826	\$ 87,677,948	\$ 87,134,577	\$ 3,576,197
Due to other funds	<u>-</u>	<u>3,297,607</u>	<u>3,297,607</u>	<u>-</u>
Total liabilities	<u>\$ 3,032,826</u>	<u>\$ 90,975,555</u>	<u>\$ 90,432,184</u>	<u>\$ 3,576,197</u>
<b>Sanitation Fund</b>				
Assets:				
Pooled cash and cash equivalents	\$ -	\$ 27,501,469	\$ 27,497,656	\$ 3,813
Accounts receivable	<u>2,330,524</u>	<u>18,937,207</u>	<u>19,287,308</u>	<u>1,980,423</u>
Total assets	<u>\$ 2,330,524</u>	<u>\$ 46,438,676</u>	<u>\$ 46,784,964</u>	<u>\$ 1,984,236</u>
Liabilities:				
Accounts payable	\$ 2,330,524	\$ 19,700,173	\$ 20,046,461	\$ 1,984,236
Total liabilities	<u>\$ 2,330,524</u>	<u>\$ 19,700,173</u>	<u>\$ 20,046,461</u>	<u>\$ 1,984,236</u>
<b>Total - All Agency Funds</b>				
Assets:				
Pooled cash and cash equivalents	\$ 3,028,943	\$ 118,387,878	\$ 117,836,811	\$ 3,580,010
Accounts receivable	<u>2,334,407</u>	<u>18,937,207</u>	<u>19,291,191</u>	<u>1,980,423</u>
Total assets	<u>\$ 5,363,350</u>	<u>\$ 137,325,085</u>	<u>\$ 137,128,002</u>	<u>\$ 5,560,433</u>
Liabilities:				
Accounts payable	\$ 2,330,524	\$ 19,700,173	\$ 20,046,461	\$ 1,984,236
Accrued liabilities	3,032,826	87,677,948	87,134,577	3,576,197
Due to other funds	<u>-</u>	<u>3,297,607</u>	<u>3,297,607</u>	<u>-</u>
Total liabilities	<u>\$ 5,363,350</u>	<u>\$ 110,675,728</u>	<u>\$ 110,478,645</u>	<u>\$ 5,560,433</u>

### **III. STATISTICAL SECTION**

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



**City of Pembroke Pines, Florida**  
**Net Position by Component (1)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

<u>Fiscal Year</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (2)</u>	<u>2012</u>	<u>2013</u>
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 114,619,737	\$ 108,374,146	\$ 95,504,416	\$ 100,395,349	\$ 103,142,455	\$ 102,055,175	\$ 98,775,229	\$ 96,015,470	\$ 96,374,595	\$ 95,158,519
Restricted	25,397,569	18,819,948	17,008,357	25,789,838	28,030,233	28,634,625	27,778,800	27,477,286	25,037,929	23,491,796
Unrestricted	2,836,562	1,504,644	3,898,185	(11,556,042)	(15,795,579)	(16,635,595)	(5,662,804)	(2,761,804)	17,439,237	21,547,870
<b>Total governmental activities net position</b>	<b>\$ 142,853,868</b>	<b>\$ 128,698,738</b>	<b>\$ 116,410,958</b>	<b>\$ 114,629,145</b>	<b>\$ 115,377,109</b>	<b>\$ 114,054,205</b>	<b>\$ 120,891,225</b>	<b>\$ 120,730,952</b>	<b>\$ 138,851,761</b>	<b>\$ 140,198,185</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 152,461,927	\$ 148,774,481	\$ 143,262,982	\$ 143,935,636	\$ 153,389,446	\$ 152,797,781	\$ 149,327,456	\$ 142,748,564	\$ 147,671,862	\$ 147,106,303
Restricted	-	-	-	-	-	-	-	2,252,459	702,175	717,102
Unrestricted	31,828,371	83,683,180	83,495,955	76,910,616	65,919,119	63,917,539	65,709,435	72,665,822	70,129,711	75,074,326
<b>Total business-type activities net position</b>	<b>\$ 184,290,298</b>	<b>\$ 232,457,661</b>	<b>\$ 226,758,937</b>	<b>\$ 220,846,252</b>	<b>\$ 219,308,565</b>	<b>\$ 216,715,320</b>	<b>\$ 215,036,891</b>	<b>\$ 217,666,845</b>	<b>\$ 218,503,748</b>	<b>\$ 222,897,731</b>
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$ 267,081,664	\$ 257,148,627	\$ 238,767,398	\$ 244,330,985	\$ 256,531,901	\$ 254,852,956	\$ 248,102,685	\$ 238,764,034	\$ 244,046,457	\$ 242,264,822
Restricted	25,397,569	18,819,948	17,008,357	25,789,838	28,030,233	28,634,625	27,778,800	29,729,745	25,740,104	24,208,898
Unrestricted	34,664,933	85,187,824	87,394,140	65,354,574	50,123,540	47,281,944	60,046,631	69,904,018	87,568,948	96,622,196
<b>Total primary government net position</b>	<b>\$ 327,144,166</b>	<b>\$ 361,156,399</b>	<b>\$ 343,169,895</b>	<b>\$ 335,475,397</b>	<b>\$ 334,685,674</b>	<b>\$ 330,769,525</b>	<b>\$ 335,928,116</b>	<b>\$ 338,397,797</b>	<b>\$ 357,355,509</b>	<b>\$ 363,095,916</b>

(1) Statement of Net Assets renamed to Statement of Net Position in FY 2012 per GASB Statement No. 63.

(2) FY 2011 restricted and unrestricted net assets of the business-type activities restated for comparative purposes.

**City of Pembroke Pines, Florida**

**Changes in Net Position (1)**

**Last Ten Fiscal Years**

**(accrual basis of accounting)**

<b>Expenses</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Governmental activities:</b>										
General government (7)	\$ 21,245,245	\$ 21,438,009	\$ 23,008,076	\$ 23,303,062	\$ 23,235,940	\$ 20,915,269	\$ 19,647,193	\$ 17,927,195	\$ 18,177,121	\$ 20,448,927
Public safety (2) (7)	64,769,067	75,037,886	115,482,598	88,982,854	102,967,033	102,368,029	93,568,314	94,585,886	91,073,377	99,209,184
Physical environment	3,788,410	3,612,466	3,997,835	4,123,318	3,654,027	3,108,385	2,684,192	2,583,101	2,462,622	8,532,071
Transportation (3)	5,725,790	12,013,824	8,243,716	12,845,956	11,950,528	16,653,981	9,989,922	9,509,801	8,780,538	7,636,242
Economic environment	2,774,502	3,064,478	4,715,450	7,559,297	10,717,579	10,984,230	13,329,473	11,846,539	11,402,548	10,216,405
Human services	43,531,313	49,160,396	50,152,084	54,110,736	53,871,577	56,340,121	54,656,396	57,265,615	52,041,469	55,589,548
Culture/Recreation	16,875,139	18,447,037	19,673,548	20,948,154	21,576,740	20,744,104	18,316,771	17,921,567	17,002,608	12,112,573
Interest on long-term debt	11,349,415	13,765,458	15,728,258	16,823,152	17,996,176	18,753,360	19,166,448	18,391,348	17,816,972	17,683,512
<b>Total governmental activities expenses</b>	<b>170,058,881</b>	<b>196,539,554</b>	<b>241,001,565</b>	<b>228,696,529</b>	<b>245,969,600</b>	<b>249,867,479</b>	<b>231,358,709</b>	<b>230,031,052</b>	<b>218,757,255</b>	<b>231,428,462</b>
<b>Business-type activities:</b>										
Public safety	19,241	48,130	273,616	4,100	-	-	-	-	-	-
Water utility services	4,050,643	4,421,132	5,088,235	5,318,837	5,318,791	4,933,388	4,318,216	4,596,991	4,675,493	5,120,127
Sewer/wastewater services	8,873,928	9,600,254	9,970,132	12,271,389	13,080,744	10,742,197	10,946,520	11,947,362	12,568,023	12,703,656
Water-sewer combined services	22,821,895	22,917,382	25,887,741	26,104,176	24,812,790	25,614,616	24,764,738	24,365,791	23,257,294	24,156,348
Interest on long-term debt	-	-	-	-	-	-	-	-	418,802	-
<b>Total business-type activities expenses</b>	<b>35,765,707</b>	<b>36,986,898</b>	<b>41,219,724</b>	<b>43,698,502</b>	<b>43,212,325</b>	<b>41,290,201</b>	<b>40,029,474</b>	<b>40,910,144</b>	<b>40,919,612</b>	<b>41,980,131</b>
<b>Total primary government expenses</b>	<b>\$ 205,824,588</b>	<b>\$ 233,526,452</b>	<b>\$ 282,221,289</b>	<b>\$ 272,395,031</b>	<b>\$ 289,181,925</b>	<b>\$ 291,157,680</b>	<b>\$ 271,388,183</b>	<b>\$ 270,941,196</b>	<b>\$ 259,676,867</b>	<b>\$ 273,408,593</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 15,307,054	\$ 16,210,579	\$ 15,318,437	\$ 15,166,539	\$ 14,295,201	\$ 16,026,118	\$ 16,049,045	\$ 17,819,949	\$ 16,759,799	\$ 16,632,425
Public safety	14,630,803	16,612,089	19,436,165	19,897,138	28,386,165	28,257,835	28,399,794	28,600,551	32,454,166	29,134,920
Physical environment	2,593	560	120	600	1,075	-	158	-	-	-
Transportation	1,220,800	235,650	285,684	315,033	355,227	358,348	174,676	200,000	200,000	200,000
Economic environment	1,328,939	1,996,031	4,316,254	4,642,437	4,974,853	6,211,809	6,782,391	6,753,571	6,515,246	6,802,732
Human services	36,713,012	38,929,127	40,293,116	47,785,824	51,655,776	49,472,143	49,638,630	52,159,157	47,415,737	48,945,110
Culture/Recreation	3,854,108	4,112,009	3,962,945	3,702,140	4,759,467	4,797,806	4,129,033	4,214,764	3,711,491	4,020,147
Interest on long-term debt	8,328,253	8,217,168	8,996,692	10,070,967	9,602,414	10,906,060	12,014,252	12,359,630	10,940,507	12,492,011
Operating grants and contributions (4)	4,866,288	6,803,875	34,437,431	7,557,767	10,489,392	14,653,685	9,984,812	8,702,595	6,669,239	5,333,371
Capital grants and contributions	512,573	1,109,677	304,636	6,671,291	11,914,221	5,483,163	2,294,865	748,394	1,598,078	610,544
<b>Total governmental activities program revenues</b>	<b>86,764,423</b>	<b>94,226,765</b>	<b>127,351,480</b>	<b>115,809,736</b>	<b>136,433,791</b>	<b>136,166,967</b>	<b>129,467,656</b>	<b>131,558,611</b>	<b>126,264,263</b>	<b>124,171,260</b>
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Water utility services	14,033,949	14,188,320	14,775,105	15,372,828	16,310,543	18,042,310	18,015,418	20,160,031	20,648,379	21,214,069
Sewer/wastewater services (5)	18,145,972	14,633,008	15,277,785	15,338,034	15,422,017	19,150,659	18,689,072	20,872,045	21,143,920	21,863,304
Water-sewer combined services	185,963	141,794	147,947	346,881	136,225	109,946	98,253	128,124	131,311	125,892
Operating grants and contributions	19,241	42,113	151,310	10,066	-	-	192,400	-	-	-
Capital grants and contributions (6)	3,176,882	712,820	1,577,331	2,471,676	7,307,004	717,144	680,553	1,494,661	1,022,609	2,106,126
<b>Total business-type activities program revenues</b>	<b>35,562,007</b>	<b>29,718,055</b>	<b>31,929,478</b>	<b>33,539,485</b>	<b>39,175,789</b>	<b>38,020,059</b>	<b>37,675,696</b>	<b>42,654,861</b>	<b>42,946,219</b>	<b>45,309,391</b>
<b>Total primary government program revenues</b>	<b>\$ 122,326,430</b>	<b>\$ 123,944,820</b>	<b>\$ 159,280,958</b>	<b>\$ 149,349,221</b>	<b>\$ 175,609,580</b>	<b>\$ 174,187,026</b>	<b>\$ 167,143,352</b>	<b>\$ 174,213,472</b>	<b>\$ 169,210,482</b>	<b>\$ 169,480,651</b>

(1) Changes in Net Assets renamed to Changes in Net Position in FY 2012 per GASB Statement No. 63.

(2) The increase in FY 06 was due to expenses related to Hurricane Wilma.

(3) The FY 05 increase from the prior period was caused by expenditures for major roadwork improvements.

(4) The FY 06 increase from the prior period was due to Federal and State revenues from FEMA for Hurricane Wilma.

(5) The FY 05 decrease from the prior period was a result of a one-time settlement recorded in the prior period.

(6) Represents capital contributions from developers that were shown in charges for services in prior years. FY 04-05 restated for comparative purposes.

(7) FY 2008 includes a \$3.8 million reclass of OPEB expense from General government to Public safety.

**City of Pembroke Pines, Florida**

**Changes in Net Position (1)**

**Last Ten Fiscal Years**

**(accrual basis of accounting)**

	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Net (expense)/revenue:										
Governmental activities	\$ (83,294,458)	\$ (102,312,789)	\$ (113,650,085)	\$ (112,886,793)	\$ (109,535,809)	\$ (113,700,512)	\$ (101,891,053)	\$ (98,472,441)	\$ (92,492,992)	\$ (107,257,202)
Business-type activities	(203,700)	(7,268,843)	(9,290,246)	(10,159,017)	(4,036,536)	(3,270,142)	(2,353,778)	1,744,717	2,026,607	3,329,260
Total primary government net expense	<u>\$ (83,498,158)</u>	<u>\$ (109,581,632)</u>	<u>\$ (122,940,331)</u>	<u>\$ (123,045,810)</u>	<u>\$ (113,572,345)</u>	<u>\$ (116,970,654)</u>	<u>\$ (104,244,831)</u>	<u>\$ (96,727,724)</u>	<u>\$ (90,466,385)</u>	<u>\$ (103,927,942)</u>

**General Revenues and Other Changes in Net Position**

Governmental activities:

Taxes:

Property taxes, levied for debt service	\$ -	\$ -	\$ 2,825,984	\$ 2,665,536	\$ 5,264,984	\$ 5,520,777	\$ 5,482,360	\$ 5,459,564	\$ 5,441,632	\$ 5,514,105
Property taxes, levied for general purposes	32,372,655	35,586,353	39,709,378	47,104,494	47,077,737	46,044,021	47,224,460	45,839,333	45,704,600	46,282,854
Utility taxes	9,116,958	9,461,819	9,673,442	9,722,816	9,939,667	10,012,094	10,710,284	10,832,358	11,159,960	11,717,590
Communication service tax	6,497,257	6,729,782	7,062,674	7,060,041	7,359,061	8,524,622	7,748,084	7,359,807	7,549,655	7,598,497
Insurance premium taxes (8)	1,730,676	1,861,332	2,028,350	2,442,108	2,581,143	2,429,576	2,337,509	2,269,110	2,342,079	2,458,939
Local option gas taxes (8)	2,784,224	2,858,951	2,835,233	2,739,055	2,785,670	2,696,917	2,633,187	2,644,449	2,664,803	2,669,684
Local business tax (9)	2,643,082	2,583,227	2,792,926	3,075,143	3,316,948	3,307,733	3,191,395	3,045,727	3,166,530	14,930,045
Franchise fees	11,437,462	12,946,625	14,712,631	15,105,140	15,294,804	16,378,799	14,712,823	14,959,851	14,594,290	3,232,834
Intergovernmental revenue - unrestricted	11,795,659	13,439,226	14,081,754	13,503,386	12,563,396	11,229,891	11,171,464	11,808,190	12,530,757	13,371,163
Miscellaneous revenues	211,184	282,531	341,544	766,762	595,174	1,320,308	218,254	420,658	579,220	634,605
Investment earnings not restricted	1,070,666	2,407,813	5,298,389	6,910,527	3,505,189	4,912,870	3,298,253	1,418,618	2,117,118	(309,711)
Gain on sale of capital assets	122,097	-	-	9,972	-	-	-	29,621	98,179	503,021
Transfers in (out) (10)	-	-	-	-	-	-	-	(7,775,118)	2,664,978	-
Total governmental activities	<u>79,781,920</u>	<u>88,157,659</u>	<u>101,362,305</u>	<u>111,104,980</u>	<u>110,283,773</u>	<u>112,377,608</u>	<u>108,728,073</u>	<u>98,312,168</u>	<u>110,613,801</u>	<u>108,603,626</u>
Business-type activities:										
Investment earnings (losses) not restricted (10)	1,113,253	1,856,224	3,482,457	4,222,049	2,488,373	665,173	665,360	(6,891,075)	1,471,592	1,032,773
Miscellaneous revenues	-	142	99,618	23,947	10,476	11,723	9,989	1,194	813	3,669
Gain on sale of capital assets	2,000	469	9,447	336	-	-	-	-	2,869	28,281
Transfers in (out) (10)	-	-	-	-	-	-	-	7,775,118	(2,664,978)	-
Total business-type activities	<u>1,115,253</u>	<u>1,856,835</u>	<u>3,591,522</u>	<u>4,246,332</u>	<u>2,498,849</u>	<u>676,896</u>	<u>675,349</u>	<u>885,237</u>	<u>(1,189,704)</u>	<u>1,064,723</u>
Total primary government	<u>\$ 80,897,173</u>	<u>\$ 90,014,494</u>	<u>\$ 104,953,827</u>	<u>\$ 115,351,312</u>	<u>\$ 112,782,622</u>	<u>\$ 113,054,504</u>	<u>\$ 109,403,422</u>	<u>\$ 99,197,405</u>	<u>\$ 109,424,097</u>	<u>\$ 109,668,349</u>

**Change in Net Position**

Governmental activities	\$ (3,512,538)	\$ (14,155,130)	\$ (12,287,780)	\$ (1,781,813)	\$ 747,964	\$ (1,322,904)	\$ 6,837,020	\$ (160,273)	\$ 18,120,809	\$ 1,346,424
Business-type activities	911,553	(5,412,008)	(5,698,724)	(5,912,685)	(1,537,687)	(2,593,246)	(1,678,429)	2,629,954	836,903	4,393,983
Total primary government	<u>\$ (2,600,985)</u>	<u>\$ (19,567,138)</u>	<u>\$ (17,986,504)</u>	<u>\$ (7,694,498)</u>	<u>\$ (789,723)</u>	<u>\$ (3,916,150)</u>	<u>\$ 5,158,591</u>	<u>\$ 2,469,681</u>	<u>\$ 18,957,712</u>	<u>\$ 5,740,407</u>

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

(9) Occupational licenses reclassified from General government Program revenues to Local business tax in FY 04-06 for purposes of comparability.

(10) In FY 2011, the General Fund transferred \$7.8 million to offset the effect of interest written off, related to the Investment in City Center.

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

<b><u>Fiscal Year</u></b>	<b><u>Property Taxes</u></b>	<b><u>Utility Taxes</u></b>	<b><u>Communications Services Tax (1)</u></b>	<b><u>Insurance Premium Taxes</u></b>	<b><u>Local Option Gas Taxes</u></b>	<b><u>Local Business Tax (2)</u></b>	<b><u>Total</u></b>
2004	\$ 32,372,655	\$ 9,116,958	\$ 6,497,257	\$ 1,730,676	\$ 2,784,224	\$ 2,643,082	\$ 55,144,852
2005	35,586,353	9,461,819	6,729,782	1,861,332	2,858,951	2,583,227	59,081,464
2006	42,535,362	9,673,442	7,062,674	2,028,350	2,835,233	2,792,926	66,927,987
2007	49,770,030	9,722,816	7,060,041	2,442,108	2,739,055	3,075,143	74,809,193
2008	52,342,721	9,939,667	7,359,061	2,581,143	2,785,670	3,316,948	78,325,210
2009	51,564,798	10,012,094	8,524,622	2,429,576	2,696,917	3,307,733	78,535,740
2010	52,706,820	10,710,284	7,748,084	2,337,509	2,633,187	3,191,395	79,327,279
2011	51,298,897	10,832,357	7,359,807	2,269,110	2,644,449	3,045,727	77,450,347
2012	51,146,232	11,159,960	7,549,655	2,342,079	2,664,803	3,166,530	78,029,259
2013	51,796,959	11,717,590	7,598,497	2,458,939	2,669,684	3,232,834	79,474,503

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

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

**City of Pembroke Pines, Florida**  
**Fund Balances of Governmental Funds (2)**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<u>2004</u> (1)	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General fund										
Nonspendable	\$ 540,988	\$ 180,185	\$ 233,842	\$ 359,358	\$ 452,203	\$ 412,405	\$ 306,832	\$ 397,064	\$ 357,174	\$ 1,619,035
Assigned	2,887,984	6,200,843	3,507,638	2,551,332	2,179,327	2,127,635	2,125,767	2,419,331	12,990,861	8,788,284
Unassigned	25,133,258	26,137,809	28,611,752	30,828,040	31,325,893	34,142,847	36,155,207	36,090,554	38,330,423	42,147,303
Total general fund	<u>\$28,562,230</u>	<u>\$32,518,837</u>	<u>\$32,353,232</u>	<u>\$33,738,730</u>	<u>\$33,957,423</u>	<u>\$36,682,887</u>	<u>\$38,587,806</u>	<u>\$38,906,949</u>	<u>\$ 51,678,458</u>	<u>\$ 52,554,622</u>
All other governmental funds										
Nonspendable	\$ 555,349	\$ 534,841	\$ 558,410	\$ 552,616	\$ 580,746	\$ 548,675	\$ 522,613	\$ 568,224	\$ 564,699	\$ 527,074
Restricted	28,631,934	52,159,551	38,070,444	72,041,927	54,257,562	48,659,777	50,012,752	48,481,747	49,491,775	47,757,198
Assigned	3,651,101	2,332,232	1,108,380	1,208,597	5,338,482	5,039,130	5,116,328	5,459,283	4,559,679	3,515,694
Unassigned	(358,369)	(54,125)	(73,501)	(74,455)	(79,850)	(30,250)	(53,275)	(98,875)	(95,350)	(57,725)
Total all other governmental funds	<u>\$32,480,015</u>	<u>\$54,972,499</u>	<u>\$39,663,733</u>	<u>\$73,728,685</u>	<u>\$60,096,940</u>	<u>\$54,217,332</u>	<u>\$55,598,418</u>	<u>\$54,410,379</u>	<u>\$ 54,520,803</u>	<u>\$ 51,742,241</u>

(1) Includes a prior period adjustment of \$226,095 to a Special Revenue Fund.

(2) Fund balances for fiscal years 2004 - 2010 restated to conform with GASB Statement 54 - *Fund Balance Reporting and Governmental Fund*

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Revenues</b>										
Taxes	\$ 55,144,852	\$ 59,081,464	\$ 66,927,985	\$ 74,809,193	\$ 78,325,210	\$ 78,535,740	\$ 79,327,279	\$ 77,450,347	\$ 78,029,259	\$ 79,474,503
Special assessments	7,998,798	8,194,372	8,299,540	8,468,562	17,602,253	19,734,363	21,015,296	20,633,100	20,758,230	20,758,650
Permits, fees and licenses	14,719,053	17,592,755	21,021,458	22,185,099	20,801,798	18,508,763	15,009,358	15,390,067	15,003,943	15,328,261
Intergovernmental	46,663,998	50,899,822	81,112,119	59,130,835	64,894,563	65,065,938	61,513,829	61,421,335	54,985,417	55,760,952
Charges for services	23,259,471	24,989,138	24,836,751	26,284,799	27,467,164	29,477,979	29,126,538	31,359,527	32,932,098	30,300,642
Fines and forfeitures	882,780	958,626	1,364,608	1,426,849	1,475,291	1,594,585	1,879,569	2,117,330	2,829,174	2,267,483
Investment income	1,018,094	2,223,782	4,764,002	6,840,257	3,015,860	4,035,447	2,780,298	1,233,115	1,859,339	(388,702)
Contributions	236,906	1,773,367	487,008	6,696,257	11,366,688	5,660,901	986,077	691,235	2,070,193	1,073,813
Rental revenue	14,183,345	15,345,787	18,498,842	19,888,637	19,799,580	23,125,797	24,895,496	25,629,636	23,892,020	25,593,043
Other	1,473,464	1,338,585	1,426,743	1,734,635	1,920,227	2,360,034	1,675,016	1,720,201	1,872,355	2,217,860
Total revenues	<u>165,580,761</u>	<u>182,397,698</u>	<u>228,739,056</u>	<u>227,465,123</u>	<u>246,668,634</u>	<u>248,099,547</u>	<u>238,208,756</u>	<u>237,645,893</u>	<u>234,232,028</u>	<u>232,386,505</u>
<b>Expenditures</b>										
General government	25,858,854	26,862,617	23,624,343	22,515,991	21,511,476	19,597,106	20,337,005	18,187,343	17,767,976	19,848,137
Public safety	133,594,581	69,464,940	110,276,174	86,971,602	94,765,020	98,221,869	97,825,714	94,158,393	94,003,192	101,304,879
Physical environment	4,373,793	3,531,434	3,917,975	4,025,954	3,584,401	2,955,500	2,731,465	2,463,390	2,424,402	8,140,631
Transportation	4,608,285	10,365,168	8,689,081	26,343,989	29,135,640	15,465,192	7,524,769	6,569,318	6,597,524	6,912,419
Economic environment	20,264,192	18,235,896	6,406,373	26,728,564	10,869,712	9,027,377	12,107,775	10,659,737	10,164,667	9,280,264
Human services	42,221,480	45,094,806	46,032,389	50,611,995	60,872,921	55,052,389	51,917,155	53,925,104	50,169,454	52,525,696
Culture and recreation	19,228,390	18,611,509	18,454,015	39,322,524	24,075,681	25,565,490	16,349,527	17,944,585	13,498,021	13,388,170
Debt service:										
Principal	3,971,425	3,855,000	5,035,000	5,255,000	5,830,000	7,140,000	7,950,000	8,872,500	9,457,600	9,661,916
Interest	8,012,377	13,581,146	15,770,383	16,021,994	18,754,792	17,812,377	17,408,607	17,179,540	17,265,348	16,911,616
Other debt service costs	2,716,813	897,238	22,694	2,422,368	1,853,595	416,391	563,783	779,763	1,911	5,500
Total expenditures	<u>264,850,190</u>	<u>210,499,754</u>	<u>238,228,427</u>	<u>280,219,981</u>	<u>271,253,238</u>	<u>251,253,691</u>	<u>234,715,800</u>	<u>230,739,673</u>	<u>221,350,095</u>	<u>237,979,228</u>
Excess (deficiency) of revenues over (under) expenditures	(99,269,429)	(28,102,056)	(9,489,371)	(52,754,858)	(24,584,604)	(3,154,144)	3,492,956	6,906,220	12,881,933	(5,592,723)
<b>Other financing sources (uses)</b>										
Transfers in	4,469,516	1,536,782	1,413,924	1,695,484	3,148,839	2,153,600	909,154	2,111,535	2,869,330	2,457,133
Transfers out	(4,469,516)	(1,536,782)	(1,413,924)	(1,695,484)	(3,148,839)	(2,153,600)	(909,154)	(9,886,652)	(2,869,330)	(2,457,133)
Bonds issued	124,736,467	54,910,000	-	144,574,999	72,135,000	-	8,545,700	-	-	-
Premium (discount) on bonds	-	(358,853)	-	3,067,996	-	-	-	-	-	-
Current bond refunding	-	-	-	-	(7,910,000)	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	(5,985,000)	(59,437,687)	(53,053,448)	-	(8,752,651)	-	-	-
Installment purchase	-	-	-	-	-	-	-	-	-	590,327
Sales of Capital Assets	-	-	-	-	-	-	-	-	-	3,100,000
Total other financing sources (uses)	<u>124,736,467</u>	<u>54,551,147</u>	<u>(5,985,000)</u>	<u>88,205,308</u>	<u>11,171,552</u>	<u>-</u>	<u>(206,951)</u>	<u>(7,775,117)</u>	<u>-</u>	<u>3,690,327</u>
Net change in fund balances	<u>\$ 25,467,038</u>	<u>\$ 26,449,091</u>	<u>\$ (15,474,371)</u>	<u>\$ 35,450,450</u>	<u>\$ (13,413,052)</u>	<u>\$ (3,154,144)</u>	<u>\$ 3,286,005</u>	<u>\$ (868,897)</u>	<u>\$ 12,881,933</u>	<u>\$ (1,902,396)</u>
Debt service as a percentage of noncapital expenditures	5.0%	9.6%	9.3%	9.9%	10.7%	10.6%	11.1%	11.4%	12.3%	11.2%

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

<b>Fiscal Year</b>	<b><u>Property Taxes levied for:</u></b>			<b>Utility Taxes</b>	<b>Communications Services Tax</b>	<b>Insurance Premium Taxes (1)</b>	<b>Local Option Gas Taxes (1)</b>	<b>Local Business Tax (3)</b>	<b>Total</b>
	<b><u>Debt Service</u></b>	<b><u>General Purposes</u></b>							
2004	\$ -	\$32,372,655	\$9,116,958	\$6,497,257	\$1,730,676	\$2,784,224	\$2,643,082	\$55,144,852	
2005	-	35,586,353	9,461,819	6,729,782	1,861,332	2,858,951	2,583,227	59,081,464	
2006	2,825,984 (2)	39,709,378	9,673,442	7,062,674	2,028,350	2,835,233	2,792,926	66,927,987	
2007	2,665,536	47,104,494	9,722,816	7,060,041	2,442,108	2,739,055	3,075,143	74,809,193	
2008	5,264,984	47,077,737	9,939,667	7,359,061	2,581,143	2,785,670	3,316,948	78,325,210	
2009	5,520,777	46,044,021	10,012,094	8,524,622	2,429,576	2,696,917	3,307,733	78,535,740	
2010	5,482,360	47,224,460	10,710,284	7,748,084	2,337,509	2,633,187	3,191,395	79,327,279	
2011	5,459,564	45,839,333	10,832,358	7,359,807	2,269,110	2,644,449	3,045,727	77,450,348	
2012	5,441,632	45,704,600	11,159,960	7,549,655	2,342,079	2,664,803	3,166,530	78,029,259	
2013	5,514,105	46,282,854	11,717,590	7,598,497	2,458,939	2,669,684	3,232,834	79,474,503	

(1) Insurance premium taxes and local option gas taxes were shown in one line item labeled "Other taxes" in prior years FY04-FY05.

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

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

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

Fiscal Year Ended September 30	Assessment Value		Less:				Total Taxable Assessed Value	Total Direct Tax Rate (5)	Estimated Actual Taxable Value	Assessed Value(6) as a Percentage of Actual Value
	Real Property	Personal Property	Tax-Exempt Properties(1)	Personal Exemptions(2)	Capped Differential(3)	V.A.B. Adjustments (4)				
2004	\$ 9,893,613,820	\$ 326,666,763	\$ 467,318,917	\$ 1,137,266,930	\$ 1,273,239,600	\$ 91,310,573	\$ 7,251,144,563	4.5990	\$ 10,220,280,583	100.00%
2005	11,264,982,620	341,697,566	556,966,799	1,152,257,400	1,831,872,990	53,852,583	8,011,730,414	4.5990	11,606,680,186	100.00%
2006	13,270,318,770	335,740,322	632,642,006	1,170,867,380	2,773,394,220	52,508,365	8,976,647,121	4.9265	13,606,059,092	100.00%
2007	16,778,736,280	366,721,537	781,881,297	1,170,127,780	4,554,450,930	46,195,039	10,592,802,771	4.8596	17,145,457,817	100.00%
2008	18,897,931,150	354,767,117	1,088,601,100	1,251,591,080	5,197,289,590	(41,518,535)	11,756,735,032	4.6397	19,252,698,267	100.00%
2009	17,477,224,530	371,437,004	1,185,181,305	2,211,645,023	3,664,549,250	51,004,352	10,736,281,604	4.9630	17,848,661,534	100.00%
2010	14,350,984,240	376,229,179	1,301,379,660	2,165,825,895	1,665,617,130	41,890,096	9,552,500,638	5.7200	14,727,213,419	100.00%
2011	12,227,149,400	370,605,893	1,369,374,188	2,067,960,606	739,111,603	26,651,836	8,394,657,060	6.3660	12,597,755,293	100.00%
2012	12,282,068,370	390,101,814	1,411,247,232	2,006,049,281	800,373,704	41,956,052	8,412,543,915	6.3081	12,672,170,184	100.00%
2013	12,168,981,170	390,454,887	1,416,710,838	1,971,419,226	652,531,463	4,987,130	8,513,787,400	6.3084	12,559,436,057	100.00%

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

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

- (1) Just value of agricultural land classified net of use value, governmental and institutional (charitable, religious, scientific, and educational).
- (2) Widows/widowers, disability/blind, \$25,000 homestead, additional \$25,000 homestead, additional \$25,000 homestead age 65 and older, homestead assessment reduction for parents or grandparents, disabled veterans' homestead discount and deployed service member's homestead exemption.
- (3) Per Florida Statute 193.155, the reassessed value of homestead property shall not exceed the lower of a) 3% of the assessed value of the property for the prior year; or b) the percentage change in the Consumer Price Index. Per Florida Statutes 193.1554 & 193.1555, the reassessed value may not exceed 10% of the assessed value of the property for the prior year. Per Florida Statute 193.461, no lands shall be classified as agricultural lands unless a return is filed on or before March 1 of each year. Per Florida Statute 193.621, the reassessed value may not be greater than its market value as salvage.
- (4) Final adjustments to assessed value made by the Value Adjustment Board (VAB) of Broward County per Florida Statute 194.011 & BCPA.
- (5) Total direct tax rate includes debt service millage as follows: 0.3275-FY2006, 0.2606-FY2007, 0.4672-FY2008, 0.5318-FY2009, 0.5951-FY2010, 0.6780-FY2011, 0.6713-FY2012 and 0.6716-FY2013.
- (6) Includes tax-exempt property.

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

<b>Fiscal Year</b>	<b>City of Pembroke Pines</b>			<b>Broward County</b>				<b>School Board</b>				<b>Special Districts</b>	<b>Total Direct &amp; Overlapping Rates</b>
	<b>Operating Millage</b>	<b>Debt Service Millage</b>	<b>Total City Millage</b>	<b>Operating Millage</b>	<b>Capital Projects Millage</b>	<b>Debt Service Millage</b>	<b>Total County Millage</b>	<b>General Fund Millage</b>	<b>Capital Outlay Millage</b>	<b>Debt Service Millage</b>	<b>Total School Millage</b>		
2004	4.5990	-	4.5990	6.3146	0.2919	0.5815	7.1880	6.1240	2.0000	0.2936	8.4176	2.8611	23.0657
2005	4.5990	-	4.5990	6.1905	0.2926	0.5399	7.0230	6.0140	2.0000	0.2555	8.2695	2.7347	22.6262
2006	4.5990	0.3275	4.9265	5.9838	0.3104	0.4888	6.7830	5.8410	2.0000	0.2213	8.0623	2.6086	22.3804
2007	4.5990	0.2606	4.8596	5.4054	0.2379	0.4228	6.0661	5.6790	2.0000	0.1897	7.8687	2.4728	21.2672
2008	4.1725	0.4672	4.6397	4.7471	0.1418	0.3979	5.2868	5.4770	2.0000	0.1714	7.6484	2.1800	19.7549
2009	4.4312	0.5318	4.9630	4.7471	0.1418	0.4256	5.3145	5.6670	1.7500	-	7.4170	2.2252	19.9197
2010	5.1249	0.5951	5.7200	4.7612	0.1277	0.5000	5.3889	5.9310	1.5000	-	7.4310	2.3560	20.8959
2011	5.6880	0.6780	6.3660	5.0399	0.0622	0.4509	5.5530	6.1310	1.5000	-	7.6310	2.4013	21.9513
2012	5.6368	0.6713	6.3081	5.1220	0.0640	0.3670	5.5530	5.9180	1.5000	-	7.4180	1.6997	20.9788
2013	5.6368	0.6716	6.3084	5.1939	0.0637	0.2954	5.5530	5.9560	1.5000	-	7.4560	1.5536	20.8710

Source: Broward County Property Appraiser.

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Pembroke Pines. Not all overlapping rates apply to all City of Pembroke Pines property owners (e.g. the rates for special districts only apply to the proportion of Pembroke Pines' property owners whose property is located within the geographic boundaries of the special district).

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

<u>Taxpayer</u>	<u>2013 Collection Year</u>			<u>2004 Collection Year</u>		
	<u>Taxable</u>		<u>Percentage of</u>	<u>Taxable</u>		<u>Percentage of</u>
	<u>Assessed</u>	<u>Rank</u>	<u>Total Taxable</u>	<u>Assessed</u>	<u>Rank</u>	<u>Total Taxable</u>
	<u>Value</u>		<u>Value</u>	<u>Value</u>		<u>Value</u>
Arium Resort LLC	\$ 156,236,380	1	1.83%	\$ -	-	- %
Pembroke Lakes Mall LTD	122,790,100	2	1.44%	109,790,130	1	1.51%
JRA HHF Venture LLC	78,611,980	3	0.92%	-	-	-
EQR-SWN Line Financing Limited	53,985,800	4	0.63%	-	-	-
Taplin Falls Ltd.	46,349,960	5	0.54%	39,053,790	4	0.54%
WRI JT Pembroke Commons LP	42,334,090	6	0.50%	34,318,870	8	0.47%
PR Pembroke Crossing LLC	41,466,370	7	0.49%	-	-	-
Stockbridge Lap LLC	40,212,790	8	0.47%	-	-	-
CP Pembroke Pines LLC	38,170,300	9	0.45%	-	-	-
MIG/Pines Development LTD	36,996,320	10	0.43%	-	-	-
Pasadena Place Associates	-	-	-	74,912,880	2	1.03%
Prudential Insurance Co. of America	-	-	-	51,508,150	3	0.71%
CCMSC 2000-1 Broward Plaza LLC	-	-	-	38,102,550	5	0.53%
Marquesa Apartment Corporation	-	-	-	37,800,020	6	0.52%
Jefferson Pembroke LP	-	-	-	37,680,720	7	0.52%
Cole Boulevard Square Holdings	-	-	-	32,755,230	9	0.45%
KLS Flamingo Land Trust	-	-	-	32,145,750	10	0.44%
<b>Total</b>	<b>\$ 657,154,090</b>		<b>7.70%</b>	<b>\$ 488,068,090</b>		<b>6.72%</b>

Source: Broward County Property Appraiser's Tax Roll.

## City of Pembroke Pines, Florida

### Property Tax Levies and Collections (1) Last Ten Fiscal Years

<b>Fiscal Year Ended September 30</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Subsequent Years Collections (2)</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>% of Levy</b>		<b>Amount</b>	<b>% of Levy</b>
2004	\$ 33,348,014	\$ 32,255,971	96.7%	\$ 70,944	\$ 32,326,915	96.9%
2005	36,845,948	35,493,585	96.3%	31,292	35,524,877	96.4%
2006	41,283,600	39,684,572	96.1%	105,835	39,790,407	96.4%
2007	48,716,300	46,954,319	96.4%	104,413	47,058,732	96.6%
2008	49,054,977	47,021,192	95.9%	208,303	47,229,495	96.3%
2009	47,574,611	45,833,741	96.3%	77,689	45,911,430	96.5%
2010	48,955,611	47,093,237	96.2%	187,645	47,280,882	96.6%
2011	47,748,809	45,707,333	95.7%	(172,464)	45,534,869	95.4%
2012	47,419,828	45,698,158	96.4%	-	45,698,158	96.4%
2013	47,990,517	46,244,787	96.4%	-	46,244,787	96.4%

Source: Broward County Property Appraiser

(1) For operating purposes only - excludes taxes levied for voted debt service.

(2) Includes refunds due to reassessments and overpayments.

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

<u>Fiscal Year</u>	<u>Governmental Activities</u>			<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Installment Purchase</u>	<u>Utility Bonds</u>			
2004	\$ -	\$ 266,387,937	\$ -	\$ -	\$ 266,387,937	5.12%	\$ 1,771
2005	46,641,200	270,527,999	-	-	317,169,199	7.45%	2,100
2006	45,625,776	260,693,946	-	-	306,319,722	7.11%	2,018
2007	87,417,966	300,894,270	-	-	388,312,236	9.41%	2,540
2008	85,968,632	306,910,737	-	-	392,879,369	10.06%	2,613
2009	84,278,691	301,719,994	-	-	385,998,685	9.91%	2,553
2010	82,528,051	296,203,708	-	-	378,731,759	8.56%	2,447
2011	80,716,685	289,413,450	-	12,300,000	382,430,135	9.31%	2,469
2012	78,839,570	282,111,497	-	11,695,147	372,646,214	8.63%	2,412
2013	76,891,680	274,713,500	560,810	11,033,544	363,199,534	*	2,335

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

(1) See Schedule of Demographic and Economic Statistics on page 172 for personal income and population data.

(2) Debt from FY 2004 onward is net of premiums, discounts, and deferred gains and losses on refundings.

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

\* Information not available.

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Amounts Available in Debt Service</b>		<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value(1) of Property</b>	<b>Per Capita(2)</b>
		<b><u>Fund for Payment of Principal</u></b>	<b><u>Interest</u></b>			
2004	\$ -	\$ -	\$ -	\$ -	-	\$ -
2005	46,641,200	-	-	46,641,200	0.40%	309
2006	45,625,776	-	112,347	45,625,776	0.34%	301
2007	87,417,966	-	68,568	87,417,966	0.51%	572
2008	85,968,632	-	569	85,968,632	0.45%	572
2009	84,278,691	-	12,171	84,278,691	0.47%	557
2010	82,528,051	-	50,204	82,528,051	0.56%	533
2011	80,716,685	-	65,201	80,716,685	0.64%	521
2012	78,839,570	-	66,125	78,839,570	0.62%	510
2013	76,891,680	-	103,481	76,891,680	0.61%	494

Notes:

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

- (1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 163 for property value data.
- (2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 172.

## City of Pembroke Pines, Florida

### Direct and Overlapping Governmental Activities Debt As of September 30, 2013

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Broward County	\$ 301,730,000	6.73%	\$ 20,306,429
School Board of Broward County	-	6.73%	-
South Florida Water Management District	504,665,749	6.73%	33,964,005
South Broward Hospital District	-	6.73%	-
Other debt			
Broward County	370,535,000	6.73%	24,937,006
School Board of Broward County	1,947,509,000	6.73%	131,067,356
South Florida Water Management District	19,519,164	6.73%	1,313,640
South Broward Hospital District	539,900,000	6.73%	<u>36,335,270</u>
Subtotal, overlapping debt			247,923,706
City of Pembroke Pines, direct debt (2)			351,605,180
Total direct and overlapping debt			<u><u>\$ 599,528,886</u></u>

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

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

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

(2) Includes all governmental activities debt.

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

<u>Fiscal Year</u>	<u>Net Available Revenues (1)</u>	<u>Debt Service</u>		<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	
<b>Revenue Bonds Secured by Electric Franchise Fees (2)</b>				
2004	\$ 7,001,743	\$ 1,185,000	\$ 2,431,283	1.94
2005	7,448,243	1,235,000	2,497,603	2.00
2006	8,958,121	1,280,000	2,428,471	2.42
2007	9,184,098	1,125,000	2,969,187	2.24
2008	9,176,429	1,635,000	4,014,338	1.62
2009	9,208,118	1,695,000	3,768,469	1.69
2010	8,401,468	2,295,000	3,588,054	1.43
2011	8,339,055	2,167,500	3,412,868	1.49
2012	8,059,519	2,502,600	3,373,748	1.37
2013	7,852,195	2,607,400	3,340,924	1.32
<b>Revenue Bonds Secured by Electric Public Service Tax (3)</b>				
2004	\$ 7,612,895	\$ 1,425,000	\$ 2,011,198	2.22
2005	7,931,137	1,475,000	3,336,527	1.65
2006	8,084,904	1,530,000	3,586,996	1.58
2007	8,093,581	1,590,000	3,236,221	1.68
2008	8,220,016	1,665,000	3,337,808	1.64
2009	8,124,202	1,730,000	3,269,248	1.63
2010	8,840,661	1,805,000	3,197,138	1.77
2011	8,788,593	2,715,000	3,110,026	1.51
2012	9,076,627	2,815,000	3,004,799	1.56
2013	9,587,367	2,925,000	2,892,821	1.65
<b>Revenue Bonds Secured by Charter School total revenues and Early Development Center lease payments (4)</b>				
2004	\$ 34,035,981	\$ 175,000	\$ 2,486,421	12.79
2005	36,922,829	1,115,000	2,467,971	10.31
2006	38,008,056	1,145,000	2,433,869	10.62
2007	43,925,966	1,190,000	2,394,806	12.25
2008	48,332,426	1,225,000	2,781,566	12.06
2009	46,318,931	-	2,641,369	17.54
2010	45,749,766	300,000	2,708,780	15.21
2011	48,459,697	300,000	2,834,899	15.46
2012	43,576,127	300,000	2,836,491	13.89
2013	45,485,610	100,000	3,018,375	14.59

**City of Pembroke Pines, Florida**

**Pledged-Revenue Coverage**

**Last Ten Fiscal Years**

(continued)

<u>Fiscal Year</u>	<u>Net Available Revenues (1)</u>	<u>Debt Service</u>		<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	
Revenue Bonds Secured by <b>Communications Services Tax and Water Public Service Tax (5)</b>				
2004	\$ 7,787,772	\$ -	\$ 1,086,099	7.17
2005	8,040,474	-	4,832,776	1.66
2006	8,431,668	-	4,832,776	1.74
2007	8,469,829	405,000	4,828,220	1.62
2008	8,854,262	1,045,000	4,799,152	1.52
2009	10,200,595	1,690,000	4,738,133	1.59
2010	9,388,292	1,765,000	4,662,033	1.46
2011	9,189,255	1,845,000	4,579,520	1.43
2012	9,413,185	1,930,000	4,490,170	1.47
2013	9,517,421	2,020,000	4,393,590	1.48

Revenue Bonds Secured by **Net Revenues of the Consolidated Utility System (6)**

2011	\$ 7,458,921	\$ -	\$ 391,080	19.07
2012	8,412,559	604,853	418,802	8.22
2013	9,879,616	661,603	395,684	9.34

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

- (1) **Net available revenues** are equal to gross revenues as specific operating expenses are not applicable.
- (2) **Electric Franchise Fees** are fees collected from granting an electric franchise to Florida Power and Light Company, which consists of the non-exclusive privilege of constructing, maintaining and operating in streets, rights of way and other public places in the City, electric light and power facilities.
- (3) **Electric Public Service Taxes** are taxes levied within the corporate limits of the City on the purchase of electricity service.
- (4) **Charter School total revenues and Early Development Center lease payments** are total revenues and other financing sources (transfers in) from all Charter Schools combined plus revenues equal to the Early Development Center lease payments relating to these bonds.
- (5) **Communications Services Taxes** are taxes levied pursuant to Chapter 202, Florida Statutes, except the receipts of taxes levied pursuant to Section 202.12, Florida Statutes.  
**Water Public Service Taxes** are taxes levied within the corporate limits of the City on the purchase of water service.
- (6) **Net Revenues** of the System are the Gross Revenues after deduction of the Cost of Operation and Maintenance.  
**Gross Revenues** are all income and earnings, including all investment income but excluding Contributions in Aid of Construction.  
(Refer to Note 9. LONG TERM DEBT under Consolidated Utility System Revenue Bonds, Series 2010 for details.)  
**Cost of Operations and Maintenance** are current expenses for the operation, maintenance and repair of the System, excluding capital expenditures, any reserve for renewals and replacements, any allowance for depreciation and any Bond Service Requirement.  
**Renewal, Replacement and Improvement Fund** is a reserve that is at least equal to five percent (5%) of the Gross Revenues received during the immediately preceding fiscal year.

# City of Pembroke Pines, Florida

## Demographic and Economic Statistics Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Population(1)</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income(2)</b>	<b>Median Age(3)</b>	<b>Percent with a bachelor's degree or higher(3)</b>	<b>School Enrollment(4)</b>	<b>Unemployment Rate(5)</b>
2004	150,435	\$ 5,199,034	\$ 34,560	37.8	32.2%	24,280	3.5%
2005	151,045	4,259,016	28,197	37.8	32.3%	24,759	3.3%
2006	151,786	4,307,231	28,377	37.5	30.4%	23,497	2.9%
2007	152,888	4,125,224	26,982	39.3	29.8%	23,239	3.0%
2008	150,380	3,904,466	25,964	40.8	28.9%	24,907	5.2%
2009	151,193	3,895,639	25,766	39.4	31.2%	25,678	7.4%
2010	154,019	4,404,943	28,600	39.1	32.9%	25,826	9.5%
2011	154,158	4,087,962	26,518	38.9	31.4%	26,478	9.1%
2012	154,508	4,297,176	27,812	40.4	34.0%	26,331	7.4%
2013	155,565	*	*	*	*	25,834	5.8%

Data sources:

- (1) Years 2004 - 2006 are estimates from the University of Florida's Statistical Abstract. Years 2007 & 2008 are estimates from the City's Planning Department. Years 2009, 2011 - 2013 are estimates from the University of Florida. Year 2010 is the 2010 US Census. Years 2010-2013 were adjusted based on retroactive 2010 US Census.
  - (2) Represents income per capita for Broward County as provided by the U.S. Department of Commerce, Bureau of Economic Analysis. Years 2008 and on are from US Census Bureau, American Community Survey Profile
  - (3) US Census Bureau, American Community Survey Profile - Pembroke Pines.
  - (4) Grades 1 -12, Broward County School Board, First Day Enrollment Count report.
  - (5) Florida Department of Labor, Bureau of Labor Market Information. The unemployment rates for FY 2004-2010 represent the average for 12 months ending September 30th. Unemployment rate for FY 2011 and 2012 is obtained from US Census Bureau. FY 2013 was obtained from US Bureau of Labor Statistics.
- \* Information not available.

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

<u>Employer</u>	<u>2013</u>			<u>2004</u>		
	<u>(1)</u> <u>Employees</u>	<u>Rank</u>	<u>Percentage</u> <u>of Total City</u> <u>Employment (2)</u>	<u>(1)</u> <u>Employees</u>	<u>Rank</u>	<u>Percentage</u> <u>of Total City</u> <u>Employment (2)</u>
Alfa Laval Separation, Inc	5,000	1	5.83%	N/A	1	N/A
City of Pembroke Pines	1,601	2	1.87%	2,065	2	2.97%
The Bicycle Casino, Inc	1,665	3	1.94%	N/A	3	N/A
New Times Media, Inc	1,494	4	1.74%	N/A	4	N/A
Humana Hospital	672	5	0.78%	N/A	5	N/A
Maroone Auto Plaza	500	6	0.58%	N/A	6	N/A
Total Food Service Direction, Inc	429	7	0.50%	N/A	7	N/A
AJA CC Holdings	400	8	0.47%	N/A	8	N/A
GDKN Corporation	350	9	0.41%	N/A	9	N/A
Gabriel Security Corporation	350	10	0.41%	N/A	10	N/A

(1) Source - City of Pembroke Pines Human Resources Department (includes full-time and part-time). Greater Fort Lauderdale Alliance - Broward County

N/A - information not available

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

<b>Function</b>	<b>Fiscal Year</b>									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government services	141.50	141.50	141.00	140.00	114.50	98.00	80.00	78.50	77.00	75.00
Public safety										
Police										
Sworn	230.00	236.00	242.00	250.00	247.00	241.00	231.00	231.00	231.00	230.50
Non-sworn and grant positions	93.00	93.00	91.00	84.50	77.00	65.50	63.50	56.50	56.50	57.50
Fire and rescue	250.00	250.00	259.00	259.00	266.50	270.50	266.50	270.50	270.50	262.50
Building	68.50	65.50	59.50	57.50	52.50	11.50	*	*	*	*
Code enforcement	12.00	12.00	12.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Physical environment	28.50	28.00	27.00	27.00	13.00	12.00	8.50	8.00	8.00	6.50
Transportation	32.00	32.50	32.11	31.30	26.90	8.00	6.00	6.00	5.00	3.00
Economic environment	2.00	4.00	2.00	4.00	4.00	3.50	2.50	2.50	2.50	2.50
Human services										
Early development centers	123.00	117.50	117.50	118.50	115.50	110.50	116.00	113.50	113.00	105.50
Community services	30.75	30.75	29.25	31.25	26.75	4.50	2.50	2.50	2.50	2.50
SW multipurpose center	22.75	21.75	22.64	23.45	26.35	*	*	*	*	*
Charter schools	449.00	446.99	461.50	473.00	477.00	499.00	489.50	491.50	493.50	491.50
Culture and recreation	229.50	231.50	236.50	239.50	195.00	164.50	135.00	138.00	131.00	131.50
Water-sewer combined service	124.50	125.00	125.00	125.00	85.50	65.00	40.00	40.00	38.50	31.50
<b>Total</b>	<u>1,837.00</u>	<u>1,835.99</u>	<u>1,858.00</u>	<u>1,875.00</u>	<u>1,738.50</u>	<u>1,564.50</u>	<u>1,452.00</u>	<u>1,449.50</u>	<u>1,440.00</u>	<u>1,411.00</u>

\* the City utilized contracted employees.

Source: City of Pembroke Pines, Florida Annual Budget.

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

<b>Function</b>	<b>Fiscal Year</b>									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Public safety										
Police										
Number of calls answered	106,772	78,376	97,790	100,480	100,040	119,574	96,831	90,643	105,000	90,726
Felony arrests	2,064	1,564	1,068	n/a	1,295	1,354	1,164	1,074	1,041	1,188
Traffic accidents	4,980	5,192	5,125	5,152	5,058	5,038	5,002	4,878	5,000	5,154
Traffic/parking/red light citations	28,346	38,268	42,575	46,797	51,847	55,896	45,883	60,018	60,293	48,103
False alarm citations	n/a	n/a	n/a	n/a	n/a	n/a	262	1,937	4,585	1,048
Fire/ambulance rescue										
Number of EMS calls answered	17,528	18,204	18,638	18,726	18,146	18,448	18,193	18,470	19,615	19,258
Number of fire calls answered	318	288	274	224	230	201	205	214	171	145
Building permits issued	9,457	10,991	16,996	10,837	7,110	4,835	5,267	5,611	6,200	7,357
Physical environment										
Maintained rights of ways (miles)	550	575	575	576	466	466	466	466	475	475
Landscaping and irrigation (miles)	140	155	165	165	157	160	160	160	160	160
Transportation										
Traffic guardrails installed (linear feet)	200	-	500	-	-	-	-	-	-	-
Sidewalks replaced (linear feet)	4,500	2,000	11,700	2,200	17,758	10,501	15,962	13,785	19,878	19,000
Curbing installed (linear feet)	1,000	500	600	143	-	1,000	-	-	400	-
Number of trips - Community Bus program	131,205	182,518	195,610	201,292	197,223	180,000	205,947	206,425	217,161	218,497
Human services										
Charter schools										
Average student class size	25	25	25	25	25	25	23	24	24	24
Number of students enrolled	5,172	5,194	5,289	5,295	5,426	5,499	5,537	5,628	5,610	5,624
Culture/recreation										
Number of sports leagues	49	42	51	55	39	41	41	41	44	41
Number of tennis memberships	217	233	217	137	169	174	174	167	193	155
Water-sewer combined service										
Number of water accounts	44,036	44,161	44,644	44,997	45,586	42,819	42,526	46,401	42,792	42,935
Sewer mains rehabilitated (linear feet)	11,500	9,802	2,200	12,000	4,600	5,250	5,000	4,500	9,853	-
Average daily consumption (millions of gallons)	13.02	12.39	12.54	12.61	11.66	11.50	12.50	11.30	11.21	11.30

Source: Various City Departments

n/a -Information is not available for earlier years.

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Public safety</b>										
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	365	365	365	365	365	310	308	281	311	314
Fire/ambulance rescue:										
Stations	6	6	6	6	6	6	6	6	6	6
Fire trucks / engines	13	13	13	13	9	9	9	10	9	9
Other trucks	0	0	1	1	1	1	1	2	1	3
Fire ladders	4	4	4	4	4	4	4	4	4	3
Fire rescue ambulances	11	11	11	11	12	12	12	12	12	12
<b>Physical environment</b>										
Water:										
Water mains (miles)	489	489	489	489	489	489	489	489	489	489
Fire hydrants	4,121	4,121	4,121	4,121	4,121	4,121	4,121	4,121	4,121	4,121
Maximum daily permit capacity (millions of gallons)	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2
Maximum daily plant capacity (millions of gallons)	18	18	18	18	18	18	18	18	18	18
Sewer:										
Sanitary sewers (miles)	397	399	400	401.9	402	402	403	403	412	412
Storm sewers (miles)	226	226	226	226	226	226	226	226	226	226
Maximum daily treatment capacity (millions of gallons)	7.69	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
<b>Transportation</b>										
Maintained roads (miles)	460	462	460	460	479	465	465	465	465	465
<b>Economic environment</b>										
Senior housing units	190	584	584	584	804	804	804	804	804	804
Transitional living units	0	0	0	24	19	21	21	21	21	21
<b>Human services</b>										
City operated charter schools										
Elementary School	2	5	4	4	4	4	4	4	4	4
Middle School	2	3	2	2	2	2	2	2	2	2
High School	1	2	1	1	1	1	1	1	1	1
<b>Culture/recreation</b>										
Parks acreage	302	302	302	357	418	421	421	421	421	421
Parks	29	29	29	29	30	30	31	31	31	31
Swimming pools	8	8	8	8	7	7	6	6	6	6
Tennis courts	50	50	50	50	50	50	50	50	50	50
Recreation centers	5	5	6	6	6	6	4	4	4	4
Football/Soccer fields	12.5	12.5	15	15	19	19	19	19	19	18
Basketball courts	17	17	20.5	20.5	21.5	21.5	21.5	21.5	21.5	21.5
Playgrounds	20	20	21	19	20	20	20	20	21	22

# City of Pembroke Pines, Florida

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

September 30, 2013

### **Property Assessed Value:**

Estimated Actual Taxable Value	\$12,559,436,057
Less: Property and Personal Exemptions	(3,388,130,064)
Homestead Assessment Differential <sup>(1)</sup>	(571,982,930)
Nonhomestead Residential Property Differential <sup>(2)</sup>	(16,674,390)
Certain Residential and Nonresidential Real Property Differential <sup>(2)</sup>	(34,683,260)
Agricultural Differential <sup>(3)</sup>	(29,245,220)
Pollution Control Devices Differential <sup>(4)</sup>	54,337
Value Adjustment Board & Broward County Property Appraiser	(4,987,130)
Final Taxable Value	\$ 8,513,787,400

### **Outstanding Debt:**

<b>City's direct unlimited tax general obligation debt limitation (1.5% of the City's taxable assessed valuation)</b>	<b>\$127,706,811</b>
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### **Revenue Bonds:**

Public Improvement Revenue Bonds, Series 2001	940,000
Taxable Communications Services Tax Revenue Bonds, Series 2003A	35,550,000
Taxable Communications Services Tax Revenue Bonds, Series 2004	43,595,000
Public Improvement Revenue Bonds, Series 2004A	18,680,000
Public Improvement Revenue Bonds, Series 2004B	14,845,000
Public Improvement Revenue Refunding Bonds, Series 2006	25,430,000
Capital Improvement Revenue Refunding Bonds, Series 2006	37,870,000
Capital Improvement Revenue Bonds, Series 2007	24,620,000
Charter School Revenue Bonds, Series 2008	62,795,000
Variable Rate Capital Improvement Revenue Refunding Bonds, Series 2008	8,040,000
Capital Improvement Revenue Refunding Bonds, Series 2010	7,708,200
Consolidated Utility system Revenue Bonds, Series 2010	11,033,544
Total outstanding revenue bonds	291,106,744

### **General Obligation Bonds:**

General Obligation Bonds, Series 2005	38,990,000
General Obligation Bonds, Series 2007	38,335,000
<b>Total General Obligation Bonds subject to debt limitation</b>	<b>77,325,000</b>
Total outstanding debt	368,431,744
Less: Reserve for debt service	(10,375,972)
Net total outstanding debt	\$ 358,055,772
<b>Legal debt margin</b>	<b>\$ 50,381,811</b>

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

(2) Per F.S. 193.1554 & 193.1555, the reassessed value may not exceed 10% of the assessed value of the property for the prior year.

(3) Per F.S. 193.461, no lands shall be classified as agricultural lands unless a return is filed on or before March 1 of each year.

(4) Per F.S. 193.621, the reassessed value may not be greater than its market value as salvage.

# City of Pembroke Pines, Florida

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

September 30, 2013  
(continued)

### **Legal Debt Limit:**

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

### **Debt Management Policies:**

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

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

A. Target Limitations on Unlimited Tax General Obligation Indebtedness. The City shall, as a matter of policy, conduct its finances so that the amount of direct unlimited tax general obligation ("UTGO") debt outstanding at any time that is subject to approval by the voters (excluding long-term, non-self-supporting leases) does not exceed 1.5% of the City's total taxable assessed valuation.

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

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

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

# City of Pembroke Pines, Florida

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

September 30, 2013  
(continued)

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

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

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

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

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

# City of Pembroke Pines, Florida

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

September 30, 2013  
(continued)

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

### **Covenants:**

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

#### ***Public Improvement Revenue Bonds, Series 2001***

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

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

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

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

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

#### ***Public Improvement Revenue Refunding Bonds, Series 2006***

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

# **City of Pembroke Pines, Florida**

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

**September 30, 2013  
(continued)**

### ***Capital Improvement Revenue Refunding Bonds, Series 2006***

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

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

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

### ***Charter School Revenue Bonds, Series 2008***

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

### ***Variable Rate Capital Improvement Revenue Refunding Bonds, Series 2008***

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

### ***Capital Improvement Revenue Refunding Bonds, Series 2010***

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

### ***Consolidated Utility System Revenue Bonds, Series 2010***

Additional Parity Obligations shall be issued after the amount of the Net Revenues derived for any consecutive twelve (12) months out of the preceding twenty-four (24) months preceding the date of issuance of the proposed Additional Parity Obligations (the "Test Period") adjusted as provided in Resolution No. 3287, is equal to and not less than one hundred twenty percent (120%) of the Maximum Bond Service Requirement becoming due in any Bond Year thereafter on all existing and proposed Additional Parity Obligations.

## City of Pembroke Pines, Florida

### Debt Service Coverage - Electric Public Service Tax

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

<b>Debt Service Requirements (1)</b>									
Fiscal Year	Pledged Revenues (2)	% Change	1998 Public Improvement Revenue Bonds	2001 Public Improvement Revenue Bonds	2004A Public Improvement Revenue Bonds	2004B Public Improvement Revenue Bonds	2006 Public Improvement Revenue Refunding Bonds	Total	Coverage
					(3)	(3)	(3) (4)		
2004	\$ 7,612,895	-0.5%	\$ 1,889,160	\$ 1,547,038	\$ -	\$ -	\$ -	\$ 3,436,198	2.22
2005	7,931,137	4.2%	1,893,045	1,538,850	838,565	541,067	-	4,811,527	1.65
2006	8,084,904	1.9%	1,890,245	1,539,963	928,873	757,915	-	5,116,996	1.58
2007	8,093,581	0.1%	1,428,608	1,254,775	928,873	757,915	456,050	4,826,221	1.68
2008	8,220,016	1.6%	959,545	973,625	928,873	757,915	1,382,850	5,002,808	1.64
2009	8,124,202	-1.2%	960,210	970,000	928,873	757,915	1,382,250	4,999,248	1.63
2010	8,840,661	8.8%	-	963,500	928,873	757,915	2,351,850	5,002,138	1.77
2011	8,788,593	-0.6%	-	965,800	1,396,748	1,116,528	2,345,950	5,825,026	1.51
2012	9,076,626	3.3%	-	966,265	1,391,741	1,113,343	2,348,450	5,819,799	1.56
2013	9,587,367	5.6%	-	964,425	1,390,110	1,114,136	2,349,150	5,817,821	1.65

Coverage of Estimated Combined Maximum Annual Debt Service:

Electric Public Service Tax - Most Recent Fiscal Year	\$ 9,587,367
Combined Maximum Annual Debt Service (5)	5,817,821
Coverage	1.65

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

## City of Pembroke Pines, Florida

### Debt Service Coverage - Electric Franchise Fees

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

			Debt Service Requirements (1)								
Fiscal Year	Pledged Revenues	% Change	1993	1999	2005	2006	2007	2008	2010	Total	Coverage
	(2)		Capital Improvement Revenue Bonds	Capital Improvement Revenue Bonds	Variable Rate Capital Imp. Revenue Bonds	Capital Improvement Revenue Refunding Bonds	Capital Improvement Revenue Bonds	Variable Rate Capital Imp. Revenue Bonds	Capital Improvement Revenue Refunding Bonds		
				(7)	(3) (4)	(3) (5)	(3)	(3)	(3)		
2004	\$ 7,001,743	7.6%	\$ 520,357	\$ 3,095,926	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,616,283	1.94
2005	7,448,243	6.4%	521,683	3,098,253	112,667	-	-	-	-	3,732,603	2.00
2006	8,958,121	20.3%	363,585	3,093,400	251,486	-	-	-	-	3,708,471	2.42
2007	9,184,098	2.5%	-	2,394,515	287,439	984,856	427,377	-	-	4,094,187	2.24
2008	9,176,429	-0.1%	-	1,692,750	303,076	2,425,412	1,211,462	16,638	-	5,649,338	1.62
2009	9,208,118	0.3%	-	1,694,340	-	2,416,613	1,211,463	141,053	-	5,463,469	1.69
2010	8,401,468	-8.8%	-	752,820	-	3,372,712	1,716,163	41,359	-	5,883,054	1.43
2011	8,339,055	-0.7%	-	-	-	3,372,713	1,715,163	57,560	434,932	5,580,368	1.49
2012	8,059,519	-3.4%	-	-	-	3,370,313	1,713,363	91,480	701,212	5,876,367	1.37
2013	7,852,195	-2.6%	-	-	-	3,365,513	1,715,663	161,435	705,714	5,948,324	1.32

Coverage of Estimated Combined Maximum Annual Debt Service:

Electric Franchise Fees - Most Recent Fiscal Year	\$ 7,852,195
Combined Maximum Annual Debt Service (6)	5,948,324
Maximum Debt Service Coverage	1.32

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

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

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

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

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

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

The 2008 Variable Rate Capital Improvement Revenue Refunding Bonds' maximum annual debt service is based on the five year term (from September 7, 2011) Direct Purchase fixed rate in effect which is 2.0079%.

(7) A portion was refunded by the Capital Improvement Revenue Refunding Bonds, Series 2006, and the outstanding balance was refunded by the Capital Improvement Revenue Refunding Bonds, Series 2010.

## City of Pembroke Pines, Florida

### Debt Service Coverage - Charter School Revenues (1)

Charter School Revenue Bonds, Series 2001A;  
Charter School Revenue Bonds, Series 2001B; and  
Charter School Revenue Bonds, Series 2008

Fiscal <u>Year</u>	Pledged <u>Revenues</u> (3)	% <u>Change</u>	Debt Service Requirements (2)			<u>Total</u>	<u>Coverage</u>
			2001A Charter School <u>Revenue Bonds</u> (4) (5)	2001B Charter School <u>Revenue Bonds</u> (4) (5)	2008 Charter School <u>Revenue Bonds</u> (4)		
2004	\$34,035,981	23.4%	\$ 1,534,578	\$ 1,126,843	\$ -	\$2,661,421	12.79
2005	36,922,829	8.5%	2,126,479	1,456,492	-	3,582,971	10.31
2006	38,008,056	2.9%	2,123,846	1,455,023	-	3,578,869	10.62
2007	43,925,966	15.6%	2,123,519	1,461,287	-	3,584,806	12.25
2008	48,332,426	10.0%	2,120,934	1,455,183	430,449	4,006,566	12.06
2009	46,318,931	-4.2%	-	-	2,641,369	2,641,369	17.54
2010	45,749,766	-1.2%	-	-	3,008,780	3,008,780	15.21
2011	48,459,697	5.9%	-	-	3,134,899	3,134,899	15.46
2012	43,576,127	-10.1%	-	-	3,120,152	3,120,152	13.97
2013	45,485,610	4.4%	-	-	3,118,375	3,118,375	14.59

Coverage of Estimated Combined Maximum Annual Debt Service:

Total pledged revenues for the most recent fiscal year.	\$45,485,610
Combined Maximum Annual Debt Service (6)	5,801,040
Maximum Debt Service Coverage	7.84

- (1) This schedule is based on the Charter Schools' fiscal year which is July 1 through June 30.
- (2) Excludes paying agent fees; includes variable rate bond fees and SWAP settlements.
- (3) Pledged revenues consist of total revenues and other financing sources (transfers in) from all Charter Schools combined plus revenues equal to the Early Development Center lease payments relating to these bonds.
- (4) No statistics are available prior to the year of bond issuance.
- (5) Refunded by the Charter School Revenue Bonds, Series 2008.
- (6) The greatest amount of aggregate Bond Service Requirements for the then current or any future Fiscal Year.  
The 2008 Charter School Revenue Bonds' maximum annual debt service was based on 0.96% which was the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA) Rate in effect at the financial statement date (September 30, 2013) per GASB Statement No. 38, paragraph 10, which was 0.07% plus the 0.89% Direct Purchase spread to the bondholder for a three year term from May 17, 2011.

## City of Pembroke Pines, Florida

### Debt Service Coverage - Communications Services Tax and Water Public Service Tax

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

Fiscal Year	Communication Services Tax	Public Service Tax Water	Total Pledged Revenues	% Change	Debt Service Requirements (1)		Total	Coverage
					2003A Taxable Communications Services Tax Revenue Bonds	2004 Taxable Communications Services Tax Revenue Bonds		
			(2)			(3)		
2004	\$ 6,497,257	\$ 1,290,514	\$7,787,772	N/A	\$ 1,086,099	\$ -	\$ 1,086,099	7.17
2005	6,729,782	1,310,692	8,040,474	3.2%	2,384,120	2,448,656	4,832,776	1.66
2006	7,062,674	1,368,994	8,431,668	4.9%	2,384,120	2,448,656	4,832,776	1.74
2007	7,060,041	1,409,788	8,469,829	0.5%	2,384,120	2,849,100	5,233,220	1.62
2008	7,359,060	1,495,201	8,854,262	4.5%	2,995,314	2,848,838	5,844,152	1.52
2009	8,524,622	1,675,973	10,200,595	15.2%	2,991,658	3,436,475	6,428,133	1.59
2010	7,748,084	1,640,208	9,388,292	-8.0%	2,990,764	3,436,269	6,427,033	1.46
2011	7,359,807	1,829,448	9,189,255	-2.1%	2,992,332	3,432,188	6,424,520	1.43
2012	7,549,654	1,863,530	9,413,185	2.4%	2,991,214	3,428,956	6,420,170	1.47
2013	7,598,497	1,918,924	9,517,421	1.1%	2,987,409	3,426,181	6,413,590	1.48

Coverage of Estimated Combined Maximum Annual Debt Service:

Communications Services Tax and Water Public Service Tax - Most Recent Fiscal Year	\$ 9,517,421
Combined Maximum Annual Debt Service (4)	6,413,590
Maximum Debt Service Coverage	1.48

(1) Exclude paying agent fees.

(2) Pledged revenues consist of Communications Services Tax and Water Public Service Tax on an even parity for both issues. Water Public Service Tax is subject to release when Communications Services Tax revenues is greater than or equal to 1.30 times the Maximum Bond Service Requirement on all Bonds then Outstanding for the two Fiscal Years immediate preceding such release. As of 9/30/2013, Communications Services Tax revenues was 1.18 times the Maximum Bond Service Requirement on all Bonds then Outstanding, and was less than the 1.30 required coverage ratio.

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

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

## City of Pembroke Pines, Florida

### Debt Service Coverage - Net Revenues of the Consolidated Utility System

Consolidated Utility System Revenue Bonds, Series 2010

Debt Service Requirement and Reserve for  
Renewal, Replacement, and Improvement  
(RR&I) Requirement

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Fiscal Year	Pledged Revenues	% Change	Debt Service Requirement	Reserve for Renewal, Replacement, and Improvement (RR&I) Requirement	Total Requirement	Debt Service Coverage	Debt Service and RR&I Coverage
(2)	(1)		(3)				
2011	\$ 7,458,921	N/A	\$ 391,080	\$ 1,593,554	\$ 1,984,634	19.07	3.76
2012	8,412,559	12.8%	1,023,655	2,147,993	3,171,648	8.22	2.65
2013	9,879,616	17.4%	1,057,287	2,217,158	3,274,445	9.34	3.02

Coverage of Estimated Combined Maximum Annual Debt Service:

Net Revenues of the Consolidated Utility System - Most Recent Fiscal Year	\$ 9,879,616
Maximum Annual Debt Service (3)	1,059,355
Maximum Debt Service Coverage	9.33

(1) Pledged revenues consist of net revenues of the Consolidated Utility System.

(Refer to Note 9. LONG TERM DEBT under Consolidated Utility System Revenue Bonds, Series 2010 for details)

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

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

**City of Pembroke Pines, Florida**  
**Schedule of Debt Service on Outstanding Bonds as of September 30, 2013**

Type of Bonds	Governmental Activities											Business-type	Combined					
	Police Annex, Parks & Other Improvements	Firefighters Pension	Police Officers & General Employees Pension	Senior Project Tower 1	Housing Project Tower 2	Senior Housing Project Tower 2	Various Capital Projects & Refunding Cap Imprv Series 1993	Advance Refunding Public Imprv Series 1998 & Series 2001	Various Capital Projects & Advance Refunding Cap Imprv, Series 1999	Senior Project Tower 3	Housing Project Tower 3	Various Capital Projects	Refunding Charter Sch Bonds & New Charter School Projects	Refunding Susan B. Anthony Center 2005 Bonds	Refunding Capital Imprv Series 1999	Consolidated Utility System Project	Activities	Activities
	\$19,600,000	\$39,935,000	\$49,910,000	\$20,140,000	\$15,975,000	\$47,000,000	\$29,720,000	\$45,050,000	\$26,805,000	\$43,000,000	\$64,095,000	\$8,040,000	\$8,545,700	\$12,300,000				
Revenue	Public Improv.	Taxable Comm. Services Tax	Taxable Comm. Services Tax	Public Improv.	Public Improv.		Public Improv. Refunding	Capital Improv. Refunding	Capital Improv.			Charter School	Variable Rate Cap Imprv. Refunding	Capital Improv. Refunding	Consolidated Utility System			
General Obligation						General Obligation					General Obligation	*	**					
Fiscal Y/E	Series 2001	Series 2003A	Series 2004	Series 2004A	Series 2004B	Series 2005	Series 2006	Series 2006	Series 2007	Series 2007	Series 2008	Series 2008	Series 2010	Series 2010				Debt Service/ Principal
Sep 30																		
2014	\$ 960,210	\$ 2,985,768	\$ 3,423,431	\$ 1,391,610	\$ 1,113,879	\$ 2,797,377	\$ 2,348,050	\$ 3,373,012	\$ 1,716,962	\$ 2,680,075	\$ 700,995	\$ 161,435	\$ 704,418	\$ 1,058,950	\$	\$	\$	\$ 25,416,172
2015	-	2,985,994	3,426,731	1,391,397	1,112,423	2,797,828	3,294,550	3,370,675	1,717,263	2,678,075	700,040	309,929	702,021	1,058,530				25,545,456
2016	-	2,982,935	3,420,763	1,389,735	1,109,678	2,795,707	3,296,675	3,361,088	1,716,562	2,679,675	700,752	311,867	703,538	1,058,096				25,527,071
2017	-	2,981,445	3,420,331	1,391,835	1,110,760	2,798,583	3,293,050	3,369,962	1,714,013	2,678,425	699,797	323,604	703,784	1,057,647				25,543,236
2018	-	2,981,222	3,416,813	1,387,732	1,110,587	2,798,557	3,288,550	3,366,713	1,716,250	2,679,225	703,818	330,091	707,676	1,057,182				25,544,416
2019	-	2,977,119	3,415,088	1,386,942	1,109,059	2,796,158	3,282,925	3,371,350	1,712,319	2,683,112	696,205	336,376	705,234	1,056,701				25,528,588
2020	-	2,978,838	3,414,919	1,389,365	1,110,701	2,796,757	3,285,675	3,363,487	1,716,300	2,679,875	693,595	342,461	706,283	1,056,203				25,534,459
2021	-	2,976,078	3,412,881	1,384,763	1,105,656	2,795,158	3,276,550	3,372,113	1,714,900	2,683,250	695,952	343,395	706,141	1,055,687				25,522,524
2022	-	2,973,692	3,408,578	1,383,263	1,109,294	2,794,520	3,290,800	3,364,237	1,712,300	2,682,675	694,992	359,078	708,345	1,055,153				25,536,927
2023	-	2,971,381	3,404,791	1,384,831	1,106,253	2,794,495	3,284,400	3,363,763	1,713,400	2,684,625	1,827,282	369,409	708,938	1,054,601				26,668,169
2024	-	2,963,995	3,406,134	1,383,844	1,106,125	2,796,707	-	3,366,363	1,713,100	2,678,875	2,103,058	374,490	707,946	1,054,029				23,654,666
2025	-	2,966,088	3,397,481	1,380,725	1,104,125	2,795,945	-	3,250,153	1,716,300	2,680,650	1,973,873	384,319	827,893	1,053,438				23,530,990
2026	-	2,962,210	3,397,212	1,379,750	1,105,500	2,797,208	-	3,249,963	1,717,287	2,679,500	2,010,333	393,848	827,123	1,052,826				23,572,760
2027	-	2,957,212	3,389,875	1,380,625	1,105,125	2,795,282	-	3,245,028	1,716,038	2,680,425	3,525,408	398,125	829,084	-				24,022,227
2028	-	2,955,648	3,386,500	1,379,250	1,103,000	2,795,170	-	1,148,687	1,713,375	2,683,200	4,645,085	417,052	-	-				22,226,967
2029	-	2,952,069	3,386,563	1,375,625	1,099,125	2,796,745	-	1,142,569	1,713,750	2,683,400	4,778,549	430,526	-	-				22,358,921
2030	-	2,946,177	3,384,669	1,374,625	1,098,375	2,799,270	-	1,144,750	1,716,250	2,679,800	4,896,774	438,649	-	-				22,479,339
2031	-	2,942,524	3,380,556	1,376,000	1,100,500	2,797,520	-	1,140,125	1,715,750	2,682,400	5,013,792	456,370	-	-				22,605,537
2032	-	2,935,662	3,378,831	1,374,625	1,095,500	2,796,495	-	1,138,694	1,717,125	2,680,725	4,844,743	468,640	-	-				22,431,040
2033	-	2,934,994	3,374,100	1,370,500	1,098,250	2,795,825	-	-	1,715,250	2,679,775	4,972,128	480,508	-	-				21,421,330
2034	-	2,929,923	3,366,100	1,368,500	1,093,625	2,795,575	-	-	1,715,000	2,684,313	5,117,156	496,924	-	-				21,567,116
2035	-	-	-	1,368,375	1,091,625	2,795,375	-	-	1,716,125	2,683,863	5,286,262	512,838	-	-				15,454,463
2036	-	-	-	-	-	-	-	-	1,713,500	5,478,425	5,449,615	533,200	-	-				13,174,740
2037	-	-	-	-	-	-	-	-	1,716,875	-	5,619,107	552,960	-	-				7,888,942
2038	-	-	-	-	-	-	-	-	-	-	5,801,040	567,168	-	-				6,368,208
2039	-	-	-	-	-	-	-	-	-	-	-	585,823	-	-				585,823
<b>Total debt service</b>	<b>\$ 960,210</b>	<b>\$ 62,240,974</b>	<b>\$ 71,412,347</b>	<b>\$ 30,393,917</b>	<b>\$ 24,299,165</b>	<b>\$ 61,522,257</b>	<b>\$ 31,941,225</b>	<b>\$ 52,502,732</b>	<b>\$ 41,165,994</b>	<b>\$ 64,464,363</b>	<b>\$ 74,150,352</b>	<b>\$ 10,679,085</b>	<b>\$ 10,248,424</b>	<b>\$ 13,729,043</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 549,710,088</b>
Principal outstanding FY 2013	\$ 940,000	\$ 35,550,000	\$ 43,595,000	\$ 18,680,000	\$ 14,845,000	\$ 38,990,000	\$ 25,430,000	\$ 37,870,000	\$ 24,620,000	\$ 38,335,000	\$ 62,795,000	\$ 8,040,000	\$ 7,708,200	\$ 11,033,544	\$	\$	\$	\$ 368,431,744

\* Based on the 0.96% interest rate which was the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA) Rate in effect at the financial statement date (September 30, 2013) per GASB Statement No. 38, paragraph 10, which was 0.07% + the 0.89% Direct Purchase spread to the bondholder for a three year term from May 17, 2011.

\*\* Based on the 2.0079% five year term (from September 7, 2011) Direct Purchase fixed rate in effect at the financial statement date (September 30, 2011) per GASB Statement No. 38, paragraph 10.

**City of Pembroke Pines, Florida**

**SCHEDULE OF INSURANCE IN FORCE - FISCAL YEAR ENDED SEPTEMBER 30, 2013**

<u>Current Provider</u>	<u>Policy Number</u>	<u>Effective Dates</u>	<u>Description of Coverages or Services</u>	<u>Limits</u>	<u>Annual Premiums/Fees</u>
1 Hartford Life and Accident Ins. Co.	SRG0009140586	10/01/13-10/01/14	Police & Firefighters Accidental Death & Dismemberment 3-year Policy	\$59,694 in the line of duty or fresh pursuit; \$179,083 unlawful and intentional death	14,765
2 Liberty Mutual	YB2-L9L-423240-0231	10/01/13-10/01/14	Equipment Breakdown-Boiler & Mach.	\$50,000,000 limit; \$1,000 deductible	12,538
3 Zurich-American Insurance Co.	BM596972202	10/01/13-10/01/14	Equipment Breakdown-covers only the W.C. Young Human Resource Center	\$50,000,000 limit; \$1,000 deductible	876
4 Illinois Union Insurance	PEPG19851345004	10/01/13-10/01/14	Comprehensive General Liability - 3rd Party Liab.;Auto Liab.;Work.Comp.; Empl. Benefits Liab.-Claims Made; Crime - Money & Securities, Deposits Forgery and Employee Dishonesty	Limit \$850,000 per occurrence/Combined Single Limit Excess \$150,000 SIR per occurrence. Work.Comp. & Employer Liab. \$150,000 Excess \$350,000 SIR per occurrence; Police & Fire \$500,000 Excess \$350,000 per occur; \$1,850,000 annual aggregate excess the SIR	349,512
5 Florida Division of Workers' Comp.	FEIN#59-0908106	10/01/13-10/01/14	Workers' Compensation	State Self-Insurer Annual Assessment	60,466
6 Florida Municipal Insurance Trust	FMIT # 0470	10/01/13-10/01/14	Buildings and Personal Property	\$25,000 deduct. \$259.5MM bldg; \$17.7MM pers. Stoploss \$1,031,991 on property & \$75,000 autos. Total loss limitation of \$100MM on real property	914,609
7 Florida Municipal Insurance Trust	FMIT # 0470	prior years	Buildings and Personal Property	Returned premiums from audits on prior years.	400,546
8 Gallagher Bassett Services, Inc.	1000900117	10/1/13-10/01/14	Service & Consulting Fees and Costs	Prior years actual claims filed over deposit est - \$9,228; Annual Contract Service Fees-\$162,815	225,000
9 New York Marine & Gen. Ins. Co.	WC2012EPP00143	10/1/13-10/01/14	Excess Workers' Compensation and Employers Liability Indemnity	\$1,000,000 each accident;\$1,000,000 employee liab.& \$500K-\$600K retention each occurrence; \$1,000,000 annual maximum limit of indemnity.	238,123
10 Travelers Casualty & Surety Company	105688499	10/1/13-10/1/14	Public Employees Dishonesty, including Faithful Performance	\$2,400,000 Limit per Loss,Excess \$100,000 Ded., \$75,000 Excess, \$25,000 Self Insured Retention	4,660
11 Travelers Casualty & Surety Company	104038463	3/1/12-3/01/13	Crime policy for Charles F.Dodge,LLC	\$50K ea.City Mgr.& Asst.City Mgr;\$5K ea.ded.	831
12 The Hartford Insurance Co. of the SE	21BSBF8821	12/10/13-12/10/14	Public Officials Surety Bond	\$100,000 Limit - Covers Finance Director	405
13 American Bankers Insurance Co.	MAY11FLOOD8OR	5/16/13-5/16/14	Flood - Various City locations	Limits/premiums vary for each location. Deductibles on each-\$500 bldg. & \$500 contents	24,074
14 National Fire & Marine Insurance Co.	72LPS018533	10/01/13-10/01/14	Liability - Six Special Use Facilities	\$1MM/occurrence;\$2MM/aggregate-\$1,000 ded.	8,190
15 United Medical Resources (UMR)	Group No. 76510020	10/1/13-9/30/14	Administrative fees / stop loss broker	-	650,000
16 United Medical Resources (UMR)	Group No. 76510020	10/1/13-9/30/14	EPO/ PPO - Reinsurance carrier is Combined Insurance Co. of America	Individual max. \$250,000; Max. City exposure for annual loss per employee is \$18,120	732,590
17 Life Insurance - the Guardian	470452	10/1/13-10/1/14	Employees life insurance and AD&D	1 x base annual salary-maximum \$100,000	268,000
18 Commerce and Industry Insurance Co.	FPL008084644	11/26/13-11/26/14	18 Fuel Storage Tanks- 3rd-Party Liab.	\$2MM each / \$2MM aggregate; \$25,000 ded.	14,385
19 Mt. Hawley Insurance Company	MGL01788231	6/25/13-6/25/14	General Liability-Walter C. Young Resource Center and the Southwest Regional Library at Academic Village	\$2,000,000 General Aggregate; \$1,000,000 each occurrence; \$1,000 deductible each claim (*net of \$4,984 paid by County & School Board)	8,246
20 National Union Fire Ins.of Pittsburgh	3059926	9/2/13-9/2/14	Youth Soccer Accidental Death&Dism	\$500,000 Medical Maximum; \$10,000 death/dism.	6,215
21 Lloyd's of London	FP0018313	10/01/13-10/01/14	Terrorism - Property	\$5,000,000 Limit / Excess / ded. \$100,000	21,572
22 Lloyd's of London	FP0018413	10/01/13-10/01/14	Terrorism - General Liability	\$5MM / \$10MM Limit / Excess / ded. \$25,000	9,016
23 Florida Dept. of Children & Families	Agreement with State of Florida	10/01/12-10/01/13	Fire Insurance and Fire Safety Inspection Fees - Form Health Park	Buildings' actual cash value as determined by Florida - replacement cost less depreciation	10,868
24 Special Purpose Policies & Services	Various	Various	Cobra adm.fees; Professional Liability; Hazardous Cleanup; Other Post-Employment Benefits Actuary Services	Premiums:Cobra Fees - \$2000; Dive Team Instructor - \$165; OPEB Actuary Services-\$	2,165
25 Westchester Fire Insurance Company	DONG23642360005	10/01/13-10/01/14	Employee Theft Flood Insurance - Academic Village/High School + Charter Elementary & Middle Schools + Early Learning Centers)See attached flood schedule showing all locations and details	Limit \$75,000 Ded. \$25,000	3,853
26 American Bankers Insurance Co of Fla	AB0029505-25/2038021300	5/16/13-5/16/14	Flood - 80 different City locations (See attached flood schedule specifying more details)	Total of 22 locations \$500.00 deductible for all policies Limits/premiums vary for each location.Deductible on each \$ 500 bldg. \$ 500 contents (Policy revived by Dan & Ilene Abella on 05/03/10)	29,094
27 American Bankers Insurance Co of Fla	MAY11FLOOD8OR805	16/12-5/16/13	Weather Coverage/Rain Insurance 4th of July Event - location Pembroke Pines North Perry Airport, Florida	Incremental Rainfall (1/4 .25 inch or more of rain - \$25,000 total limit)	65,612
28 Travelers Property Casualty Ins	WKFC487705	7/4/12-7/4/13	General Liability (Gen. Liab. + Auto Liab. + School Board Legal & Empl. Practices Liab.on claims basis & Miscellaneous Prof. Liab.on claims basis.	Accidental Medical Expense Benefit \$ 1-2M/deductible \$20,000	1,925
29 ACE American Insurance	XPEG19851382003	10/01/12-10/01/13	School Official Liability + Ed. Inst. Reimb. Ed. Inst. Liability & Empl. Practices Liability	Limit liability \$2M each occurrence/\$2M annual aggregate/\$10,000 Retention and \$20,000 employment practices violation/Covers: Schools Entity/Board/EachBoard Member/all Employee/Volunteers & Student /Teachers	52,676
30 ACE American Insurance	XPEG19851382003	10/01/12-10/01/13	School Time Compulsory Blanket Student Accident	Max benefit amount \$25,000 deductible 0 benefit period: 728 days	15,530
31 Zurich - American Insurance Co	TBD	7/31/13-7/31/14	Accident Medical Expense Benefit Catastrophic Cash Benefit	Max benefit amount \$6,000 per participant - Lump sum after 6 months Benefits amount\$100,000/Yr Max Benefit Period: 10 yrs	29,975
32 Zurich - American Insurance Co	2669796	7/31/13-7/31/14	Fiduciary Liability - Finance Department	Total Limit of Liability \$1M aggregate	10,970
33 RLI Insurance Company	EPG004837	4/5/13-4/5/14	Susan B Anthony Shelter Complex	Four buildings- varying limits	15,195
34 Florida Municipal Insurance Trust	FMTIT0470	10/1/13-10/1/14	Liability Insurance Fire Safety		34,217
35 Health Park		10/1/13-10/1/14	Professional Liability Police Liability Dive Instructors (Jeffrey Clark)	Coverage to Divemaster & Assistant Instructor only	10,694
36 Vicencia & Buckley	PADI#36536	6/30/13-6/30/14	Self funded Health Insurance cost based on actual claims	Self funded TPA (third party administrator) Handles Medical & Prescriptions	569
37 UMR Health Plan Administrators	76510020	10/1/13-10/1/14	Cobra Administrator for Health (UMR) Dental & Vision (Humana)		17,700,000
38 UMR COBRA		10/1/13-10/1/14	Long Term Disability based employee's annual salary		2,000
39 Reliance Standrad Life Insurance	Voluntary Group VPL300214	10/1/13-10/1/14	Flexible Account Admin/ AFLAC reimb CPP every month		35,000
40 Diversified Administration Inc	Section 125 Cafeteria	10/1/13-10/1/14			1,800

**City of Pembroke Pines, Florida  
School Enrollment**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>College/University: (1)</b>										
Broward College										
Pines Center -Academic Village	1,350	1,701	2,610	2,591	1,451	2,369	2,028	2,120	2,454	2,740
South Campus	8,854	9,068	9,938	9,489	12,259	14,267	13,895	13,768	25,605	13,390
Florida International University - Pines Center	-	-	-	-	-	1,827	1,602	1,482	1,294	1,400
Total College/University Enrollment	<u>10,204</u>	<u>10,769</u>	<u>12,548</u>	<u>12,080</u>	<u>13,710</u>	<u>18,463</u>	<u>17,525</u>	<u>17,370</u>	<u>29,353</u>	<u>17,530</u>
<b>High Schools: (2)</b>										
Pembroke Pines Charter High School	1,578	1,591	1,691	1,703	1,716	1,695	1,721	1,738	1,724	1,730
Flanagan	3,267	3,146	3,063	3,172	3,100	3,212	3,241	3,164	3,106	2,860
Somerset Academy Charter High School	305	477	542	593	552	602	708	751	845	1,051
West Broward High School	-	-	-	-	1,926	2,561	2,695	2,777	2,712	2,772
Somerset Conservatory	-	-	-	-	-	-	-	91	162	113
Total High School Enrollment	<u>5,150</u>	<u>5,214</u>	<u>5,296</u>	<u>5,468</u>	<u>7,294</u>	<u>8,070</u>	<u>8,365</u>	<u>8,521</u>	<u>8,549</u>	<u>8,526</u>
<b>Middle Schools: (2)</b>										
Pines Middle School	1,487	1,463	1,343	1,461	1,542	1,655	1,754	1,519	1,493	1,375
Silver Trail Middle	1,555	1,695	1,785	1,745	1,756	1,695	1,666	1,474	1,508	1,481
Walter C. Young	1,885	1,899	1,874	1,945	1,853	1,707	1,488	1,405	1,268	1,201
Somerset Academy Charter Middle School	620	661	654	604	608	693	798	835	868	870
Pembroke Pines Charter Middle School (West/Central)	1,099	1,204	1,198	1,199	1,203	1,218	1,239	1,287	1,284	1,301
Franklin Academy	-	-	-	-	-	-	-	419	465	428
Broward Charter School of Science & Technology	-	-	-	-	-	-	-	-	-	25
Total Middle School Enrollment	<u>6,646</u>	<u>6,922</u>	<u>6,854</u>	<u>6,954</u>	<u>6,962</u>	<u>6,968</u>	<u>6,945</u>	<u>6,939</u>	<u>6,886</u>	<u>6,681</u>
<b>Elementary Schools: (2)</b>										
Pembroke Pines	816	803	664	690	653	617	613	594	586	594
Pembroke Lakes	861	854	772	730	720	737	690	622	565	534
Pines Lakes	1,058	965	837	853	823	820	795	733	656	609
Pasadena Lakes	843	837	818	725	722	725	763	719	614	573
Palm Cove	1,136	1,154	1,031	961	908	926	926	857	800	819
Chapel Trail	1,270	1,231	1,153	1,043	1,026	948	927	810	760	751
Silver Palms	1,081	1,067	1,014	912	915	874	816	669	729	662
Panther Run	982	940	791	780	726	724	686	620	599	550
Lakeside	1,057	1,024	958	885	875	858	858	835	760	707
Somerset Academy Charter Elementary	875	932	899	825	801	831	861	886	887	932
Pembroke Pines Charter Elem (East/West/Central)	1,895	1,799	1,800	1,793	1,872	1,930	1,926	1,924	1,923	1,910
Pembroke Pines/FSU Charter Elementary	610	615	610	620	610	650	655	678	679	679
Dolphin Bay Elementary (3)	-	402	-	-	-	-	-	-	-	-
Franklin Academy	-	-	-	-	-	-	-	792	845	842
Kidz Choice Charter	-	-	-	-	-	-	-	124	103	100
Charter School of Excellence @ Davie 2	-	-	-	-	-	-	-	155	154	106
Atlantic Montessori Charter School	-	-	-	-	-	-	-	-	73	130
Broward Charter School of Science & Technology	-	-	-	-	-	-	-	-	163	129
Total Elementary School Enrollment	<u>12,484</u>	<u>12,623</u>	<u>11,347</u>	<u>10,817</u>	<u>10,651</u>	<u>10,640</u>	<u>10,516</u>	<u>11,018</u>	<u>10,896</u>	<u>10,627</u>
Total All Schools	<u>34,484</u>	<u>35,528</u>	<u>36,045</u>	<u>35,319</u>	<u>38,617</u>	<u>44,141</u>	<u>43,351</u>	<u>43,848</u>	<u>55,684</u>	<u>43,364</u>

Source: (1) Broward College - Registrar's Office and FIU Dean of Partnership Center.

(2) Broward County School Board, Years 2004 - 2012 Twentieth Day Enrollment Report; 2013 First Day Enrollment Count

(3) For one year Dolphin Bay Elementary School was temporarily located in the City, it has subsequently moved to the City of Miramar.

## City of Pembroke Pines, Florida

### Property Value and Construction (1)

#### Last Ten Fiscal Years

<u>Year</u>	<u>Total Permits Issued</u>	<u>Miscellaneous</u>		<u>Residential</u>		<u>Commercial</u>		<u>Total Value of Construction</u>	<u>Gross Assessed Value (3)</u>
		<u>Permits Issued (2)</u>	<u>Valuation</u>	<u>Number of Units</u>	<u>Valuation</u>	<u>Number of Units</u>	<u>Valuation</u>		
2004	9,457	8,939	\$ 52,063,598	505	\$ 26,524,490	13	\$ 5,664,939	\$ 84,253,027	\$ 10,220,280,583
2005	10,991	10,761	73,078,888	214	17,326,438	16	26,553,469	116,958,795	11,606,680,186
2006	16,996	16,853	151,071,862	132	12,850,765	11	19,898,203	183,820,830	13,606,059,092
2007	10,837	10,267	161,924,777	554	50,298,274	16	25,169,009	237,392,060	17,145,457,817
2008	7,411	7,365	95,057,849	27	1,939,720	19	42,172,649	139,170,218	19,252,698,267
2009	6,318	6,289	62,524,850	24	2,106,616	5	4,331,001	68,962,467	17,848,661,534
2010	5,274	5,205	64,069,445	66	6,585,866	3	2,409,185	73,064,496	14,727,213,419
2011	6,939	6,662	37,295,528	202	18,600,807	75	265,336,362	321,232,697	12,597,755,293
2012	6,200	5,434	77,506,551	655	226,091,294	111	226,188,208	529,786,054	12,672,170,184
2013	7,357	6,732	273,469,366	579	298,916,697	46	71,849,779	644,235,843	12,559,436,057

(1) Source: City of Pembroke Pines Building Department.

(2) Miscellaneous permits include remodeling, partitioning, and interior completions.

(3) Assessed value certified by Broward County Property Appraiser at 100% of estimated market value ("just value") as required by State Statute.

# City of Pembroke Pines, Florida

## General Information

### Introduction

The City of Pembroke Pines is a multi-cultural, ethnically diverse and integrated city, located in the Miami-Fort Lauderdale-Pompano Beach, FL Metropolitan Statistical Area, which is the 8th largest in the country with an estimated population of 5.7 million. The population of Pembroke Pines is currently estimated at 155,565 which is the second largest city in Broward County and the eleventh largest city in Florida. During the year, the City has a mean average annual temperature of 75.8 degrees, which allows many residents and visitors to enjoy a relaxed lifestyle geared to the outdoors. The general terrain of this 34.25-square mile residential city is similar to that of other southwestern Broward County communities. Elevations range from 7 to 8 feet above sea level. Fort Lauderdale and the cruise ship docks at Port Everglades are 45 minutes away northeast, and Miami, 45 minutes south of Pembroke Pines, provide numerous cultural advantages of a larger metropolitan area as well as a major cruise ship port. South of the City is the City of Miramar with its notable Miramar Park of Commerce, to the northwest are the upscale communities of Southwest Ranches and Weston, and northeast is the Town of Davie, home of Nova Southeastern University, the Bergeron Rodeo Grounds, and the exotic Flamingo Gardens. The City also borders Cooper City on the north and the oceanfront city of Hollywood on the east. The City maintains its own top-rated police and fire and rescue departments, provides two sites containing a total of five senior housing apartment buildings, provides other senior-related services, and maintains its own Water Treatment Plant.

### Airports

The City of Pembroke Pines has the benefit of being served by a number of airlines, as the Fort Lauderdale-Hollywood International Airport is only a 40-minute drive northeast, and the Miami International Airport, located south of Pembroke Pines, is a little over a 45-minute drive. The Palm Beach International Airport can also be reached by a one and a half hour drive north of the City. The Opa-locka Airport, a full Fixed-Base Operator (FBO) service Executive Airport located in North Miami-Dade County is about a 30-minute drive south of the City. Other full service FBOs include the Boca Raton Airport which is about a one hour drive northeast of Pembroke Pines, and the City of Fort Lauderdale Executive Airport which is about a 45-minute drive northeast. The North Perry Airport, originally opened in Pembroke Pines by the U. S. Navy in 1943 as a World War II training field, is a general aviation facility open to non-commercial, non-jet aircraft. Facilities include a charter service, aircraft rentals, repair and fuel for small aircraft, as well as a flight school.

### Road and Highway Systems

Road and highway facilities are excellent in Pembroke Pines. Pines Boulevard is the main east-west corridor that connects into the Atlantic Ocean beaches at the east end and into the Everglades at the west end. The City has a complete and adequate network of approximately 460 miles of paved and signalized roadways, in addition to bike paths and sidewalks that meet the latest national standards. The Florida Turnpike passes through the eastern section of the City and provides transportation to the north central part of the State and as far south as the entrance to the Florida Keys. Interstate 95, which is about 5 miles east of the community, provides alternative north-south transportation to the City and other areas of the southeastern section of Florida. Interstate 75, a north-south controlled access highway located in the geographic center of the City, provides north-south transportation from Miami to Tampa via the Alligator Alley which crosses the Florida peninsula connecting the Atlantic Ocean east coast with the Gulf of Mexico west coast. US 27, a major highway that winds through the central portion of Florida to the state capital in Tallahassee, passes through the western edges of the City.

# City of Pembroke Pines, Florida

## General Information

### Parks & Recreation

The City of Pembroke Pines operates a year-round comprehensive community recreation program. The hub of the City's athletic, cultural, and social programs for adults and youth are the five recreation centers. Programs include such diverse activities as art, music, baseball, softball, football, volleyball, basketball, swimming, tennis, soccer, roller-hockey, karate, gymnastics, preschool and after-school programs, Jazzercise, and dancing.

Located throughout the City are 31 fully developed recreation facilities covering more than 975 acres. In addition, three public golf courses are located within the City besides the City-owned and renovated 18-hole Pembroke Lakes Golf and Racquet Club. The other three are the Hollybrook Golf and Tennis Club, the Flamingo Lakes Country Club located in Century Village at Pembroke Pines, and the Grand Palms Golf and Country Club Resort. In August 2002, the City purchased 57 acres in western Pembroke Pines which has been developed with wetlands and athletic facilities, including soccer fields, handball courts and basketball courts. Cultural arts programs are available at the City's River of Grass Arts Park and the Fletcher Art and Cultural Center. A number of the residential developments in the community are also served by their own private recreational facilities. The City is also home to the County-operated C. B. Smith Park, a large Regional Park offering many activities, including camping, boat rentals, and a 4.69-acre aquatic complex interactive water playground with two waterslides and a tube ride. The park hosts 20,000 visitors every year who attend the annual KISS Country 99.9 FM's Chili Cook-off and Concert. Of special interest to the public is the City-owned Chapel Trail Nature Preserve consisting of 459 acres of reconstructed natural habitat featuring canoe rentals, an Environmental Interpretive Center, and a 1,650-foot elevated boardwalk that allows visitors to walk out over and into the wetlands.

### Medical Facilities

Healthcare services for the City of Pembroke Pines residents are provided through Memorial Hospital West (located at the northeast corner of Pines Boulevard and Flamingo Road), Memorial Hospital Pembroke (located on the southeast corner of University Drive and Sheridan Street), the Memorial Urgent Care Center (located on the eastern side of Douglas Road, between Pines Boulevard and Pembroke Road), and Memorial Hospital Miramar (located on 172<sup>nd</sup> Avenue in adjacent Miramar) which serves the western portion of Pembroke Pines. These facilities are all a part of the Memorial Health Care System and offer state of the art diagnostics.

Fifteen minutes north of the City off Interstate 75 is an upscale facility of the world-famous Cleveland Clinic Hospital.

Memorial Manor is Broward County's first public, skilled nursing facility. The 120-bed nursing home, located adjacent to the Memorial Urgent Care Center on Douglas Road, provides long-term nursing home care and short-term rehabilitative care.

### Educational Facilities

The City of Pembroke Pines is a true pioneer in charter school education. The City currently operates three charter elementary schools, one charter lab elementary school operated in collaboration with Florida State University, two charter middle schools and one charter high school that serve approximately 5,620 students. Of this total, the FSU charter school students include 679 in elementary school; the other three elementary schools have 1,910 students; the two middle schools 1,301 students; and the high school 1,730 students. These facilities offer smaller class sizes, and complement the already existing public education

# City of Pembroke Pines, Florida

## General Information

system provided through the Broward County School Board. In addition to the City's charter schools, within the City are fifteen elementary schools, six middle schools and four other high schools. This also includes Somerset Academy, a charter school system operated by Academica Corp. A community school offering evening classes for adults is located at the Walter C. Young Resource Center. The City also operates four early development centers for pre-kindergarten children.

In addition to this, the City also offers post-secondary as well as post-graduate education. Broward College has two campuses in the City - the South Campus located just east of University Drive on Pines Boulevard, and the Pines Center/Academic Village Campus. The Academic Village is a unique multi-building facility located on Sheridan Street west of Interstate 75, and also houses Florida International University (FIU), which is a part of the State University system, offering under-graduate and graduate programs. The campus of the Venezuelan-administered Jose Maria Vargas University is located in the Senator Howard C. Forman Human Services Campus. Keiser College also operates its Pembroke Pines branch campus with a 30,000-square foot facility offering various associate, under-graduate and graduate programs. Barry University also maintains a branch campus in the Pines Professional Center in the western portion of the City. Two schools in the nearby adjacent City of Miramar are DeVry University which offers a variety of Certificate Programs, Associate, Bachelor and Master's Degrees; and a branch of the Puerto Rican Ana G.Mendez University, a private school that serves bilingual students in a 30,000-square foot building at the Miramar Park of Commerce just south of Pembroke Pines.

The City is served by three County-operated libraries – the Southwest Regional Library located at the Academic Village, the South Regional Library located at the Broward College South Campus, and the Pembroke Pines Library located at the Walter C. Young Resource Center.

## Arts and Culture

The City promotes arts and cultural activities for its citizens. The City maintains a Glass Gallery in the City Hall lobby programming public art exhibitions of local artists and sculptors. The artists are selected by the City's Arts & Culture Advisory Board and often include special opening exhibit programs accompanied by music and dance performances. An Artists' Colony complex has been developed through the renovation of an existing structure located in the Senator Howard C. Forman Human Services Campus. The facility named *Studio 18 in the Pines* contains rental studios and gallery space consisting of 18 inside studios, 5 outside studios, a jewelry studio and a ceramics studio. The City also provides space for theatrical performances at the *Susan B. Katz Memorial Auditorium*, a 450-seat auditorium located in the Academic Village for the *Pembroke Pines Theatre of the Performing Arts* - a local theatrical group that stages numerous outstanding performances, including Broadway musicals. Special events are provided to the City's residents through the Parks & Recreation Department and include annual events such as *Kids Konnection*; the *Art Festival in the Pines* which is conducted in the River of Grass Arts Park; the *Pines Day* celebration commemorating the founding of the City in 1960, and many other community, cultural and sports activities staged throughout the year. The Pembroke Pines Historical Museum is located in the Village Community Center on the City's east side, and has opened a new and expanding World War II exhibit. Artifacts are displayed from donations by the City's Second World War veterans, and from two archeology digs on the City's North Perry Airport which served as an outlying field of the Miami Naval Air Station from 1943 until 1945. Each year, the city underwrites nine free outdoor jazz performances that feature local jazz musicians. It also hosts an annual, two-day, outdoor arts celebration that features the work of nearly 100 artists and attracts more than 15,000 visitors each year.

## Communications

All principal television networks are received within the City with broadcast stations in Boynton Beach, Fort Lauderdale, Hollywood, Miami, Miramar, Palm Beach Gardens, and West Palm Beach. Cable television is provided to the entire City by Comcast and BellSouth Entertainment, Inc. The City has its

# City of Pembroke Pines, Florida

## General Information

own informational cable channel that televises all Commission meetings and provides information such as upcoming events and public service information.

City information can also be accessed through the Internet site, [www.ppines.com](http://www.ppines.com). On the web site, information including Commission meeting dates, trash and recycling schedules, a calendar of events, budget information, and annual and monthly financial statements are available.

## Commercial

The City contains a large and diversified number of retail establishments, including the expansive Pembroke Lakes Mall with its major department stores, including Dillard's, JCPenney, Macy's and Sears plus approximately 135 more stores and restaurants. A stunning addition to the City's retail base is the Shops at Pembroke Gardens, located at Interstate 75 and Pines Boulevard. This complex contains approximately 70 upscale stores and restaurants, and is centrally located to serve the residents of the City and neighboring municipalities. The City is the executive office headquarters for Claire's Stores, Inc., an international retail chain which owns, franchises or joint ventures approximately 3,369 stores selling costume jewelry and fashion accessories. Pembroke Pines is also the administrative headquarters for Decorator Industries, Inc., a publicly-held Corporation (Amex: DII) who designs, manufactures and sells various interior furnishings to the recreational vehicle, manufactured housing and hospitality industries. The company has six manufacturing plants and approximately 275 employees across the United States.

The dynamics of the growth of commercial and residential activities in Pembroke Pines and its surrounding area has resulted in at least seven hotels offering a variety of hospitality suites. Within the City is the Grand Palms Golf and Country Club Resort at Pines Boulevard just west of Interstate I-75 offering upscale lodgings, as well as the Hampton Inn Hotel just east of Interstate I-75 and Sheridan and the adjacent newly-built all-suite Holiday Inn Express Hotel & Suites. Just to the south, east of Interstate I-75 at Miramar Parkway in adjacent Miramar, are the Courtyard by Marriott, the Residence Inn by Marriott, the Hilton Garden Inn and the Wingate by Wyndham.

## Awards and Acknowledgments

Throughout the years, the City of Pembroke Pines has received numerous awards, and accolades. Below is a list and brief description of some of these noteworthy achievements:

- ◇ **2002 - Charter Schools accredited** by the Southern Association of Colleges and Schools
- ◇ **2002 - Finalist** - Harvard University Innovations In American Government.
- ◇ **2004 - National Civic League's All-America City Award** – Academic Village, Senior Center & Youth Programs
- ◇ **2004** - Named Best Integrated City by the Associated Press.
- ◇ **2004 - Florida League of Cities' Innovations Showcase Award** – Pembroke Pines Charter School System
- ◇ **2004 - Distinguished Budget Presentation Award** to Pembroke Pines Charter School System for FY beginning July 1, 2004 by the Government Finance Officers Association.
- ◇ **2005 - US Conference of Mayors' Outstanding Achievement Award** – Pembroke Pines Charter School System.
- ◇ **2005 - Excellence Award** for Category II cities (150,000-199,000) from the Florida Recreation & Parks Association.
- ◇ **2005 - America's Promise, the Alliance for Youth 100 Best Communities Award** for Young People.

# City of Pembroke Pines, Florida

## General Information

- ◇ **2006 - Named to *Money*/CNN listing of “Best Places to Live” in America** (one of only four Florida communities).
- ◇ **2006 - City of Excellence Award, Mayor of the Year, City Spirit Award (Senior Affordable Housing & Services), City Finance Official of the Year** by the Florida League of Cities.
- ◇ **2007 - Charter School of the Year** by the Center for Education Reform.
- ◇ **2007 - City Employee of the Year** by the Florida League of Cities.
- ◇ **2007 - Municipal Excellence Silver Award - Senior Solutions: Comprehensive Services & Affordable Housing for Seniors** by the National League of Cities.
- ◇ **2007 - NatureScape Emerald Special Achievement Award** from the Broward County Environmental Protection and Growth Management Department.
- ◇ **2009 - *BusinessWeek*’s Best Places in the United States to Raise Your Kids – Ranked #1 in Florida**, based on school performance; number of schools; household expenditures; crime rates; air quality; job growth; family income; museums, parks, theaters, and other amenities; and diversity.
- ◇ **2009 - Gold Seal of Excellence - Pembroke Pines Charter Elementary School West Campus** by the Florida Consortium of Public Charter Schools– for student academic achievement and meeting rigorous and comprehensive operations criteria, including Parent involvement, staff retention, compliance, financial management and governing board performance.
- ◇ **2009 - Broward County Disability Awareness Award – Miracle League Baseball Field & Program.** Children and young adults with disabilities play baseball, regardless of their abilities, at the Price Park Miracle League Field. The synthetic turf field accommodates wheelchairs and other assistive devices and Price Park has adapted restrooms and fencing.
- ◇ **2009 - Blue Ribbon School designation**, awarded to Pembroke Pines Charter Middle School by the U.S Department of Education. For 27 years, Blue Ribbon Schools’ have been recognized for their stellar test scores and large strides in the classroom.
- ◇ **2010 - Florida Communities for a Lifetime -** a statewide initiative that assists Florida cities, towns and counties in planning and implementing improvements that benefit their residents, youthful or elder. The Communities for a Lifetime Bureau is comprised of the following focus areas: Housing, Transportation, Employment, Health and Wellness, Volunteerism, and Intergenerational Programs.
- ◇ **2010 - Finalist for the 2010 Awards for Municipal Excellence** by the National League of Cities (NLC). The NLC selects 40 city programs from across the country as finalists. The City was selected for its revitalization efforts at the Senator Howard C. Forman Human Services Campus. The various projects are a result of innovative public-private partnerships involving the City, the State, for-profit and non-profit agencies.
- ◇ **2010 - *BusinessWeek*’s Best Places in the United States to Raise Your Kids – Ranked #1 in Florida**, based on school performance; number of schools; household expenditures; crime rates; air quality; job growth; family income; museums, parks, theaters, and other amenities; and diversity.

# City of Pembroke Pines, Florida

## General Information

- ◇ **2012 - On January 19, 2012, the City of Pembroke Pines received three awards** from the Aging & Disability Resource Center of Broward County (ADRC). Jay Shechter, Director of Community Services and Housing was awarded the Project Personality of the Year, the City of Pembroke Pines, received the 30-year Full Fair Share Contribution award, and City Attorney Samuel S. Goren Esq., was named the volunteer of the year.
- ◇ **2012 - Mayor Frank Ortis received the Public Leadership in the Arts Award** from the U.S. Conference of Mayors and Americans for the Arts, America's leading nonprofit organization for advancing the arts and arts education.
- ◇ **2012 - Mayor Frank Ortis received the President's Call to Service Award** from the President's Council on Service and Civic Participation.
- ◇ **2012 - Mayor Frank Ortis received the President's Volunteer Service Award** from the President's Council on Service and Civic Participation.
- ◇ **2013 - Devarn Flowers, Principal of the City of Pembroke Pines Charter School West Campus was named Principal of the Year** by the Florida Consortium of Public Charter Schools.
- ◇ **2013 - Mayor Frank Ortis received the Coceano Community Leadership Award** from the Miramar/Pembroke Pines Regional Chamber of Commerce for his leadership contributions to the overall good of the community.
- ◇ **2013 - Mayor Frank Ortis received the "Small Business Advocate Award"** from the Partner America/U.S. Conference of Mayors for efforts and support of small business in the City.
- ◇ **2013 - Mayor Frank Ortis won the E. Drew Harris Award** from the Florida League of Cities.

# IV. COMPLIANCE SECTION



## City of Pembroke Pines, Florida

Schedule of Expenditures of Federal Awards, State Financial Assistance Projects and Local Awards  
Fiscal Year Ended September 30, 2013

<u>Federal Agency/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant or Identifying Number</u>	<u>Total Award</u>	<u>Expenditures</u>
<b><i>U.S. Department of Housing and Urban Development</i></b>				
Community Development Block Grant 2007	14.218	B07MC120040	\$ 920,848	\$ 20,653
Community Development Block Grant 2008	14.218	B08MC120040	883,925	48,104
Community Development Block Grant 2009	14.218	B09MC120040	884,500	22,064
Community Development Block Grant 2010	14.218	JA-112-10-2013	951,210	158,782
Community Development Block Grant 2011	14.218	B11MC120040	792,851	184,198
Community Development Block Grant 2012	14.218	B12MC120041	661,849	464,372
Neighborhood Stabilization Program (NSP2008)	14.218	B-08-MN-12-0022	4,398,575	73,837
Neighborhood Stabilization Program (NSP2010)	14.218	B-11-MN-12-0022	2,330,542	721,035
Sub-total	14.218			<u>1,693,045</u>
<b><i>Pass-Through Broward County</i></b>				
HOME Investment Partnerships Program 2010	14.239	N/A	241,659	129,118
HOME Investment Partnerships Program 2011	14.239	N/A	217,155	73,151
HOME Investment Partnerships Program 2012	14.239	N/A	150,696	10,944
Sub-total	14.239			<u>213,213</u>
<b><i>Total U.S. Department of Housing and Urban Development</i></b>				<b><u>1,906,258</u></b>
<b><i>U.S. Department of Justice</i></b>				
<b><i>Pass-Through the Office of the Attorney General</i></b>				
Victim of Crime Act Grant (VOCA) 2012	16.575	V12036	17,918	17,613
<b><i>Pass-Through Broward County Sheriff's Office</i></b>				
Byrne Justice Assistance Grant 2010	16.738	2010-DJ-BX-0414	34,345	1,043
Byrne Justice Assistance Grant 2011	16.738	2011-DJ-BX-2512	27,038	24,800
Byrne Justice Assistance Grant 2012	16.738	2012-DJ-BX-0035	20,417	6,268
Sub-total	16.738			<u>32,111</u>
<b>ARRA</b> -Byrne Justice Assistance Grant 2009	16.804	2009-SB-B9-3324	155,853	65
Law Enforcement Agency Equitable Sharing Fund from Justice	16.922	N/A		<u>43,670</u>
<b><i>Total U.S. Department of Justice</i></b>				<b><u>93,459</u></b>
<b><i>U.S. Department of Treasury</i></b>				
Law Enforcement Agency Equitable Sharing Fund from Treasury	21.000	N/A		<u>67,728</u>
<b><i>Total U.S. Department of Treasury</i></b>				<b><u>67,728</u></b>
<b><i>U.S. Department of Agriculture</i></b>				
<b><i>Pass-Through Florida Department of Education</i></b>				
School Breakfast Program	10.553	01-0363	96,313	96,313
National School Lunch Program	10.555	01-0363	625,663	625,663
<b><i>Pass-Through Florida Department of Agriculture &amp; Consumer Services</i></b>				
NSLP Non-Cash Assistance (Commodities)	10.555	2040	158,900	158,900
Sub-total	10.555			<u>784,563</u>
<b><i>Total U.S. Department of Agriculture</i></b>				<b><u>880,876</u></b>
<b><i>U.S. Department of Education</i></b>				
<b><i>Pass Through the Florida State University</i></b>				
Individuals with Disabilities Education Act (IDEA)	84.027A	686-2633A-3CB01	74,898	74,898
<b><i>Pass Through the School Board of Broward County</i></b>				
Individuals with Disabilities Education Act (IDEA)	84.027A	060-2632A-3CB01	22,688	22,688
Sub-total	84.027A			<u>97,586</u>
<b><i>Total U.S. Department of Education</i></b>				<b><u>97,586</u></b>

# City of Pembroke Pines, Florida

Schedule of Expenditures of Federal Awards, State Financial Assistance Projects and Local Awards  
Fiscal Year Ended September 30, 2013

<u>Federal Agency/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant or Identifying Number</u>	<u>Total Award</u>	<u>Expenditures</u>
<i><b>U.S. Department of Homeland Security</b></i>				
<i>Pass-Through Florida Division of Emergency Management</i>				
Urban Area Strategic Initiative (UASI 2009)	97.067	11DS-32-11-16-02-017	\$ 391,509	\$ 772
Urban Area Strategic Initiative (UASI 2010)	97.067	11DS-A1-11-16-02-487	391,750	186,742
Urban Area Strategic Initiative (UASI 2011)	97.067	12DS-22-11-23-02-236	220,901	99,991
Sub-total	97.067			<u>287,505</u>
<i><b>U.S. Department of Homeland Security</b></i>				<u><b>287,505</b></u>
<i><b>U.S. Department of Health and Human Services</b></i>				
<i>Pass-Through Areawide Council on Aging of Broward County, Inc.</i>				
Older Americans Act- IIIB - 2012	93.044	JA-012-10-2012	351,315	39,403
Older Americans Act- IIIB - 2013	93.044	JA-113-10-2013	351,315	266,407
Sub-total	93.044			<u>305,810</u>
Older Americans Act- IIIE - 2012	93.052	JA-012-10-2012	93,215	30,148
Older Americans Act- IIIE - 2013	93.052	JA-113-10-2013	93,215	67,896
Sub-total	93.052			<u>98,044</u>
Energy Assistance -2013	93.568	JP112-10-2013	14,731	8,982
Energy Assistance -2014	93.568	JP113-10-2014	19,404	7,404
Sub-total	93.568			<u>16,386</u>
<i>Pass-Through Florida Department of Children and Families</i>				
Chafee Foster Care Independence Program-Transitional Housing-2012-2013	93.674	JJ214	71,769	71,769
Chafee Foster Care Independence Program-Transitional Housing-2013-2014	93.674	JJ214	23,069	23,069
Sub-total	93.674			<u>94,838</u>
<i>Pass-Through Nova Southeastern University</i>				
Geriatric Education Centers	93.969	SUB4HP19211-03-00	3,040	3,040
<i><b>Total U.S. Department of Health and Human Services</b></i>				<u><b>518,118</b></u>
<i><b>Executive Office of the President</b></i>				
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	G10MI0001A	30,000	3,133
<i><b>Total Executive Office of the President</b></i>	95.001			<u><b>3,133</b></u>
<i><b>Department of Transportation</b></i>				
<i>Pass-Through Florida Department of Transportation DBA: S FL Regional Transportation</i>				
Federal Transit Capital Investment Grant	20.500	FL-04-0130-00	427,500	323,040
<i><b>Total U.S. Department of Transportation</b></i>				<u><b>323,040</b></u>
<i><b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b></i>				<u><u><b>\$ 4,177,703</b></u></u>

N/A - not available or not applicable.

## City of Pembroke Pines, Florida

Schedule of Expenditures of Federal Awards, State Financial Assistance Projects and Local Awards

Fiscal Year Ended September 30, 2013

(Continued)

<u>State Agency/Pass-Through Grantor/Program Title</u>	<u>State CSFA Number</u>	<u>Grant or Identifying Number</u>	<u>Total Award</u>	<u>Expenditures</u>
<b>Florida Department of Elder Affairs</b>				
<i>Pass-Through Areawide Council on Aging of Broward County, Inc.</i>				
Local Services Program -2013	65.009	JA-112-10-2013	\$254,388	\$ 194,657
Local Services Program -2014	65.009	JA-113-10-2014	254,388	77,643
Sub-total	65.009			<u>272,300</u>
<b>Total Florida Department of Elder Affairs</b>				<b><u>272,300</u></b>
<b>Florida Housing Finance Agency</b>				
<i>My Safe Florida Home Program</i>				
	43.002	CF050	263,387	202,627
State Housing Initiatives Partnership (S.H.I.P.) - F/Y11-12	52.901	N/A	117,004	4,634
State Housing Initiatives Partnership (S.H.I.P.) - F/Y12-13	52.901	N/A	60,494	7,170
State Housing Initiatives Partnership (S.H.I.P.) - F/Y13-14	52.901	N/A	217,664	1,850
Sub-total	52.901			<u>13,654</u>
<b>Total Florida Housing Finance Agency/ Sub-total</b>				<b><u>216,281</u></b>
<b>TOTAL EXPENDITURES OF STATE PROJECTS</b>				<b><u>\$ 488,581</u></b>
<u>Local Awards/Program Title</u>				
<b>Broward County Local Awards</b>				
Broward County Transit Grant	N/A	N/A	\$307,816	\$ 307,816
OAA Older American Act-Broward Cash Match - 2012	N/A	JA-012-10-2012	43,868	3,721
OAA Older American Act-Broward Cash Match - 2013	N/A	JA-113-10-2013	43,868	43,867
Broward County Land Stewardship Program Phase II -West Pines Soccer	N/A	P4P-12-10	73,300	70,300
Broward County Land Stewardship Program Phase III -West Pines Soccer	N/A	P4P-12-11	75,000	75,000
<b>Total Broward County Local Awards</b>				<b><u>500,704</u></b>
<b>Children's Services Council of Broward County</b>				
CSC Maximizing out-of-School Time (MOST SN)	N/A	12-4321	104,000	<u>82,960</u>
<b>Total Children's Services Council of Broward County</b>				<b><u>82,960</u></b>
<b>TOTAL EXPENDITURES OF LOCAL AWARDS</b>				<b><u>\$ 583,664</u></b>

N/A - not available or not applicable.

**CITY OF PEMBROKE PINES, FLORIDA**  
**NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,**  
**STATE FINANCIAL ASSISTANCE PROJECTS AND LOCAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**NOTE A – BASIS FOR PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards, State Financial Assistance and Local Awards includes the federal, state and local grant activity of the City of Pembroke Pines, Florida and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by grantor agency as result of such audit, any claim for reimbursement to the grantor agencies would become a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor, City Commissioners  
and City Manager  
City of Pembroke Pines, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Pembroke Pines, Florida as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise City of Pembroke Pines, Florida's basic financial statements, and have issued our report thereon dated March 17, 2014. Our report includes a reference to other auditors who audited the financial statements of the City's Firefighters and Police Pension Trust Funds, as described in our report of the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Pembroke Pines, Florida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Pembroke Pines, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Pembroke Pines, Florida's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Honorable Mayor, City Commissioners  
and City Manager

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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Pembroke Pines, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

GLSC & Company, PLLC

Miami, Florida  
March 17, 2014





**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133**

To the Honorable Mayor, City Commissioners  
and City Manager  
City of Pembroke Pines, Florida

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of the City of Pembroke Pines, Florida (the "City") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have direct and material effect on each of the City's major federal programs for the year ended September 30, 2013. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of City Pembroke Pines, Florida's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Pembroke Pines, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Pembroke Pines, Florida's compliance.

**Opinion on Each Major Federal Program**

In our opinion, City of Pembroke Pines, Florida, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.



To the Honorable Mayor, City Commissioners  
and City Manager

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**Report on Internal Control Over Compliance**

Management of City of Pembroke Pines, Florida, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Pembroke Pines, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Pembroke Pines, Florida's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

GLSC & Company, PLLC

Miami, Florida  
March 17, 2014

**CITY OF PEMBROKE PINES, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED  
COSTS - FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the City of Pembroke Pines, Florida.
2. There were no significant deficiencies relating to the audit of the basic financial statements reported in the independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*. The audit did not disclose noncompliance that is material to the financial statements.
3. There were no significant deficiencies relating to the audit of the major federal programs reported in the independent auditors' report on compliance for each major program and on internal control over compliance in accordance with OMB Circular A-133.
4. The auditors' report on compliance for the major federal programs for the City of Pembroke Pines, Florida expresses an unmodified opinion.
5. Audit findings relative to the major federal programs for the City of Pembroke Pines, Florida are reported in Parts C and D. of this Schedule.
7. The programs tested as major programs include:

<u>Federal Programs</u>	<u>CFDA No.</u>	<u>Amount</u>
Community Development Block Grant/ Entitlement Grant	14.218	\$ 1,693,045
HOME Investment Partnership Program	14.239	213,213
Federal Transit Capital Investment Grant	20.500	<u>323,040</u>
		<u>\$ 2,229,298</u>

Dollar threshold to distinguish Type A and Type B Programs \$300,000

8. The City of Pembroke Pines, Florida, was determined to be a low-risk audit pursuant to OMB Circular A-133.

**CITY OF PEMBROKE PINES, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED  
COSTS - FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
(Continued)**

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

NONE

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS AUDIT**

NONE

**D. OTHER ISSUES**

1. No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs.
2. No corrective action plan is required because there were no findings required to be reported under the federal Single Audit Act.



**MANAGEMENT LETTER PURSUANT TO THE RULES OF  
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Honorable Mayor, City Commissioners  
and City Manager  
City of Pembroke Pines, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Pembroke Pines, Florida (the "City"), as of and for the year ended September 30, 2013, which collectively comprise the City of Pembroke Pines' basic financial statements and have issued our report thereon dated March 17, 2014. We did not audit the financial statements of the Pension Trust Fund for Firefighters and Police Officers which represent 65% of the total net position, 66% of the total additions, and 59% of deductions of the fiduciary fund totals. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amount included for the Pension Trust Fund for Firefighters and Police Officers is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 17, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report or schedule:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

To the Honorable Mayor, City Commissioners  
and City Manager

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Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies (refer to other governmental agencies if appropriate), and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the City of Pembroke Pines, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.

GLSC & Company, PLLC

Miami, Florida  
March 17, 2014



**LETTER TO MANAGEMENT**

**I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

**NONE**

**II. STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

**NONE**

**LETTER TO MANAGEMENT  
(CONTINUED)**

**III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

1. Unless otherwise required to be reported in the auditors' report on internal control over financial reporting and on compliance and other matters or schedule of finding and questioned costs, the management letter shall include, but not be limited to a statement as to whether or not corrective actions have been taken to address significant findings and recommendations in the preceding annual financial audit report pursuant to Rule 10.557(3)(b)2. There were no recommendations made in the preceding annual financial audit.
2. The City of Pembroke Pines complied with Section 218.415, Florida Statutes, regarding the investment of public funds.
3. There were no significant findings and recommendations to improve the City's financial management, accounting procedures, and internal control for the fiscal year ended September 30, 2013.
4. There were no findings of noncompliance with provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statement that is less than material but which warrants the attention of those charged with governance.
5. The City of Pembroke Pines, Florida was incorporated in accordance with House Bill No. 1413 on June 20, 1960. There are no component units related to the City.
6. The City of Pembroke Pines has not met one or more of the conditions described in Section 218.503(1), Florida Statutes.
7. The annual financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1) (a), Florida Statutes agrees with the September 30, 2013 financial audit report.
8. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted. It is management's responsibility to monitor the City of Pembroke Pines, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.