

City of Pembroke Pines, Florida

PEMBROKE
PINES
CITY CENTER



The Center Of It All



Comprehensive Annual Financial Report
and Compliance Reports
Fiscal Year Ended
September 30, 2016

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

**For the Fiscal Year Ended
September 30, 2016**



**Prepared by
The Finance Department**

City of Pembroke Pines, Florida

Fiscal Year Ended September 30, 2016

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I. INTRODUCTORY SECTION

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



City of Pembroke Pines



Frank C. Ortis, Mayor
Carl Shechter, Vice Mayor
Charles F. Dodge, City Manager

Angelo Castillo, Commissioner
Jay Schwartz, Commissioner
Iris A. Siple, Commissioner

March 29, 2017

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, 2016.

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, 2016 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, 2016, 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, 2016.

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 161,799 according to the 2016 estimate by the Bureau of Economic and Business Research at the University of Florida, making it the 2nd most populous city in Broward County, and the 10th 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 hires 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 eight Charter Schools, and five Early Development Centers.

The annual budget serves as the foundation for the City of Pembroke Pines' financial planning and control. All departments of the City are required to submit proposed budgets to the City Manager, who 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 eight 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.

Local Economy

The City of Pembroke Pines’ positioning for progress is undoubtedly ensured for periods that extend far beyond the fifty-seven 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 2015 US Census Bureau estimates, is approximately 6.0 million and has the largest and most diverse labor force in the State. It is the 8th 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.

The economic outlook and prospects for the City continue to show a positive trajectory, as the City benefits from a stable and diverse revenue stream, and an efficiently managed service culture. Additionally, the City’s 2016 taxable assessed value of \$11.0 billion increased by 8.0% over last year. This represents the sixth consecutive year of accelerated growth, but remains 6.6% below the \$11.8 billion peak experienced in 2008.

The level of unemployment both locally and nationally has shown significant improvement, with Florida leading the nation in job growth for the month of January 2017. The City's average unemployment rate continues to trend lower in contrast to the other levels of government as shown in the table below. Additionally, the City’s wealth levels generally equal or exceed state and national averages, and the individual poverty rate is low, as measured by the medium household income.

	<u>FY2015-16*</u>	<u>FY2014-15*</u>
City of Pembroke Pines	4.2%	4.8%
Broward County	4.5%	5.2%
State of Florida	4.9%	5.6%
United States	4.9%	5.5%

*** Average unemployment data for 2015-16 & 2014-15 is on a fiscal year basis October 1st though September 30th. Information may contain preliminary data.**

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.

Pembroke Pines has always strived to maintain low property tax rates. The City's current millage rate for the fiscal year ending September 30, 2017 is 6.2381, which is comprised of an operating millage of 5.6736 and a debt service millage of 0.5645. For the fiscal year ended September 30, 2016, the City's millage rate was 6.2385, which was comprised of an operating millage of 5.6368 and a debt service millage of 0.6017. The fiscal year 2016-17 operating millage rate, approved by the City Commission, represented a \$4.5 million or 8.3% increase in the budgeted revenues as compared to fiscal year 2015-16 adopted budget, as a result of an increase in property values.

The development of the City's capital improvement plans, as well as the annual budget, has led the City to pursue a balance between covering increasing operating costs and strengthening service levels while keeping taxes and fees affordable for residents. In this regard, the recovery of the economy as a whole and the related boost in the real estate market is the major source of revenue increase for the 2016-17 adopted budget.

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 ("G.O. Bonds"), with an additional \$10.0 million in G.O. Bonds issued in 2015 for the City Center Project. This continues to provide, and is expected to 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. 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. Understanding and managing the risks associated with these transactions is critical to the City's financial health. 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 September 30, 2016, the City remarketed the Series 2008 Bonds in the principal amount of \$7,636,000 to TD Bank based on a 1.66% five year term Direct Purchase fixed rate, which resulted in a net present value savings of \$244,634. On October 11, 2016, the City refunded \$29.72 million Public Improvement Revenue Refunding Bonds, Series 2016, which resulted in net present value savings of \$1.8 million.

The importance of monitoring the City's fund balance levels has become an integral part of its overall financial planning. Over the past years, 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 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 of 10%. The City's General Fund unassigned fund balance for fiscal year 2015-16 is \$34.6 million which is 20.2% of budgeted expenditures and falls within the established policy guidelines. This reflects a decrease of \$1.20 million over last year, as additional amounts have been assigned to the subsequent year's budget.

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 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 G.O. Bonds. On June 4, 2015, the City issued the remaining \$10 million G.O. Bonds.



G.O Bond Projects

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 156 projects were approved by the City Commission relating to the “Building Our Future Program”. As of September 2016, 114 projects were fully completed, 4 projects were in the construction phase, 2 projects were in the design/planning phase, 14 projects were re-allocated, and 22 projects were eliminated. The current budget is \$117.6 million (the difference between the current budget and the \$100.0 million borrowed is due mainly to interest earned, property sale net proceeds, bond discounts, and miscellaneous receipts). Of the \$117.6 million, \$114.4 million or 97.2% has been spent or allocated to projects as of September 30, 2016.

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. Phase 1 and Phase 2 which includes 20 solar-powered signs and landscaping is funded by the 2005 GO bonds for \$250,000. Construction begun in 2013 and is approximately 90% completed. The expected completion date for the signs is mid-2017.



City Center

The development of “City Center” remain to be a project of significant importance in terms of both financial implications and resource allocation needed. 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 provides 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 our 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 approved the sale of 27.2 acres at City Center to Mill Creek Residential Trust LLC, to 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. The developer completed construction of Phase 1, consisting of 422 units in 2014, and Phase 2, consisting 278 units in 2015.

On October 3, 2012, the City Commission approved the sale of approximately 11 acres at City Center to RD Pembroke Apartments, LLC for \$9.5 million. The sale closed on August 25, 2014. RD Pembroke Apartments, LLC, completed 365 market rate multi-family units on the property in November 2016.

On June 18, 2014, the City Commission approved the contract between the City and Stiles Construction for design-build services for the construction of the Civic Center and City Hall in the amount of \$58.6 million. The funding for this project comes from the sale of various properties, including the existing City Hall site, the additional \$10.0 million in G.O. Bonds, and other available bond proceeds. This project broke ground in May 2015 and will be completed by April 2017. The new City Center building will officially have its grand opening on April 19, 2017. The overall design and concept as presented will make this facility the “Crown Jewel” of the City Center project, and perhaps the entire City as a whole.



Furthermore, on February 4, 2015, the City Commission approved the sale of approximately 47.5 acres of property, including the northern portion of the City Hall parcel and the remaining acreage of the City Center property to Terra World Investment, LLC. In November 2015, Terra World received site plan approval to develop Phase 1 of 3. Phase 1 includes approximately 17 acres of Commercial Development on the parcels along Pines Boulevard. The approved plan calls for approximately 200,000 square feet of Commercial use including retail, entertainment and restaurant. Phase 1 closed in September 2016. Phase 2 is currently going through the land use phase, and the expected close date is July 2017. Phase 3 is the northern portion of the City Hall, which is not expected for review until mid-2017 with an estimated closing in mid-2018.

Real Estate

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. Phase 1, Phase 2, and Phase 3 are currently under construction and are expected to be completed by the end of 2019. Currently, 51 single family homes and 63 townhomes are completed. Upon completion of the project, there will be 498 single family and townhomes. The City originally acquired the Raintree Golf and Country Club back in February 2009 for \$9.1 million, using G.O. Bond proceeds.

On September 11, 2014, City purchased the Broward Correctional Institution Property from the State of Florida for \$13.5 million. On January 26, 2017, the City sold the property to South Florida Distribution Center, LLC for \$14.3 million. The property will be developed into a 750,000 square foot distribution warehouse and is expected to be completed in December 2017.

On October 22, 2015, the City purchased the 27.4 acres real property from the United States Postal Service for \$17.9 million. On January 6, 2016, Commission approved the sale to Terra World Investments, LLC for \$23.5 million. Terra World Investments, LLC proposes to develop approximately 115,000 square feet of lifestyle commercial development (including restaurant, retail and second story office uses), approximately 120 single family homes as well as associated parking and site improvements. The expected closing date for Phase 1 is April 2017 and Phase 2 is December 2017.

On September 20, 2016, the City sold approximately 4.7 acres to Miami City Self Storage Pembroke Pines Blvd Owner, LLC for \$3.3 million. This project is being developed as a self-storage facility and is expected to be completed by May 2017.

Road Projects

Another significant project that the City is involved with is the construction of the Pembroke Road/I-75 Overpass. This project requires 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 project has begun, 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 was managed by Broward County and included 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 was completed in September 2016.



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 I-75 Express Lanes and associated interchange improvements will be June 2017. The

City has committed \$2.1 million from the Road & Bridge Fund for 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, 2015.

This was the fourteenth 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, 2015. The City of Pembroke Pines has received this award consecutively for nineteen 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, 2016. This is the thirteenth consecutive year that the Charter Schools received this award since the fiscal year beginning July 1, 2004.

The City of Pembroke Pines is a vibrant, and diverse community. As we continue to provide excellent services to our residents and business community, we are committed to doing so in the most cost-effective and efficient way possible in order to minimize negative impacts on our residents. We understand the importance of achieving the balance of fiscal responsibility and superb service delivery; and remain fully and completely dedicated to materialize our vision and live out our motto "Join us – progress with us".

Sincerely,



Charles F. Dodge
City Manager



Lisa Chong
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, 2015

Executive Director/CEO



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LISTING OF CITY OFFICIALS

At March 29, 2017



Frank C. Ortis

Mayor



Carl Shechter

Vice Mayor - District 1
Term: 2014 - 2018



Angelo Castillo

Commissioner - District 4
Term: 2014 - 2018



Jay Schwartz

Commissioner - District 2
Term 2016 - 2020



Iris A. Siple

Commissioner - District 3
Term 2016 - 2020

City Manager:

Charles F. Dodge

City Attorney:

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

City Clerk:

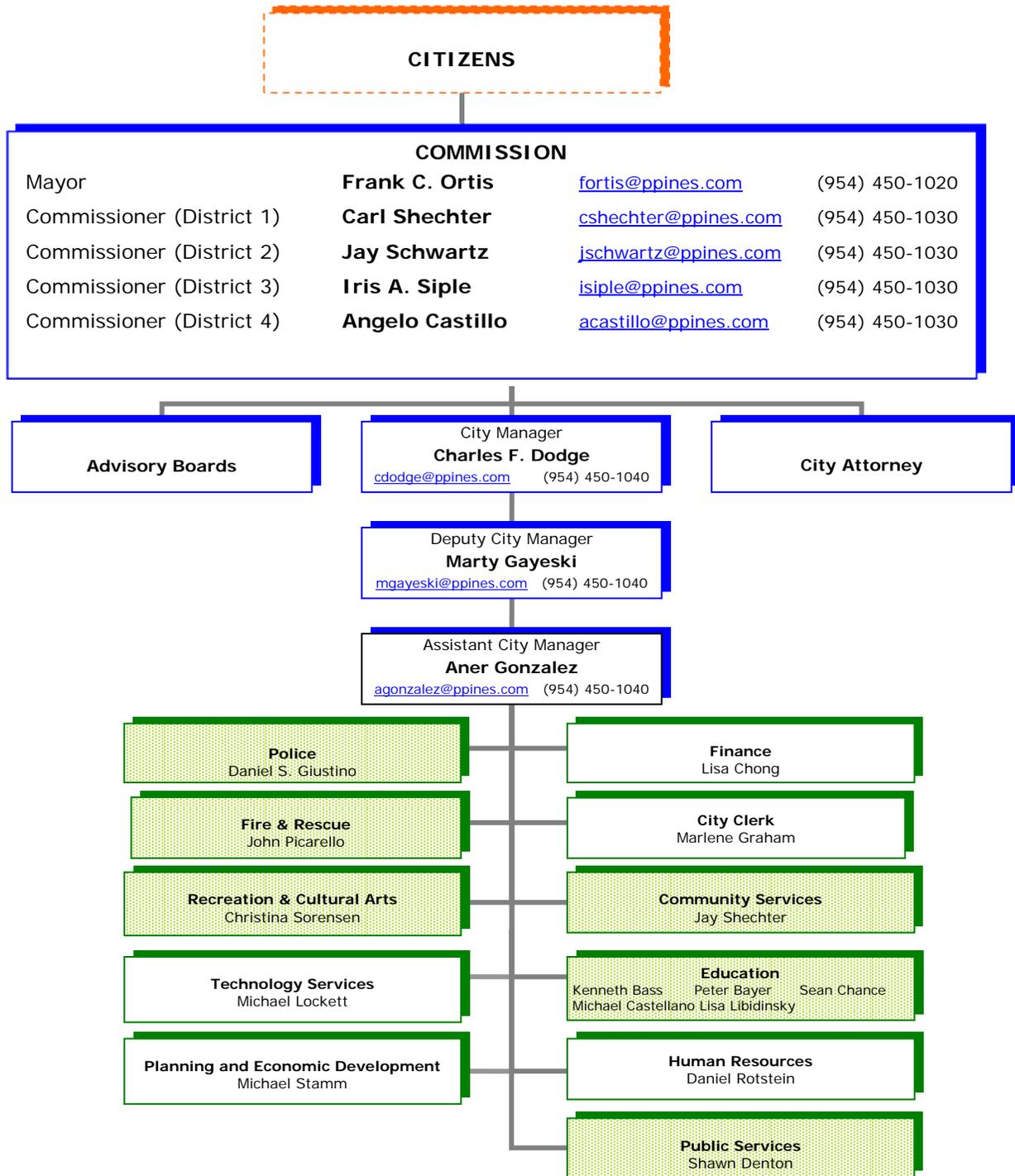
Marlene Graham

Finance Director:

Lisa Chong

CITY OF PEMBROKE PINES

Organizational Chart



Legend

Legislative and Executive

Departments

Shading indicates direct public service provider

II. FINANCIAL SECTION

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- **Management's Discussion and Analysis**
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 - **Government-wide Financial Statements**
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 - **Notes to Basic Financial Statements**
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Independent Auditors' Report



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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 represent 70% of the net position, 65% of the additions to, and 61% of the deductions from 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 the 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, 2016, 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, schedules of contributions, funding progress, changes in net pension liability and related ratios, employer contributions and annual weighted rate of return, and budgetary comparison information on pages 4 through 22 and 150 through 166 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, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedules of revenue, 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 Title 2 U.S. *Code of Federal Regulations* (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of revenues, expenditures, and changes in fund balances – budget to actual on pages 167 through 182 and the schedule of expenditures of federal awards, state financial assistance projects, and local awards on pages 223 through 226 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, schedule of revenue, expenditures, and changes in fund balance – budget to actual and the schedule of expenditures 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2017, on our consideration of the City of Pembroke Pines, Florida internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Pembroke Pines, Florida's internal control over financial reporting and compliance.

GLSC & Company, PLLC

Miami, Florida
March 29, 2017





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, 2016. 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 viii 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 \$195.9 million (*net position*), as compared with \$159.2 million for the previous fiscal year, as restated.
- The City's total net position increased by \$36.7 million (23.1%) during the current fiscal year. Included in the total net position is the governmental net position which increased by \$41.5 million (57.6%), and the business-type net position, which decreased by \$4.8 million (2.1%).
- At the end of the current fiscal year, unrestricted net position of the City's governmental activities had a deficit of \$175.6 million, or 77.0% of total governmental activities expenses. The unrestricted net position of the business-type activities was \$77.4 million, or 168.3% 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 \$109.1 million, a decrease of \$11.6 million (-9.7%) in comparison with the prior year. Approximately \$34.6 million (31.7%) 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 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.

City of Pembroke Pines, Florida

Management's Discussion and Analysis

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 167-170 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 150-153. 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 29-32 of this report.

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

The basic fiduciary fund financial statements can be found on pages 33-34 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.

City of Pembroke Pines, Florida

Management's Discussion and Analysis

The notes to the basic financial statements can be found on pages 35-149 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.

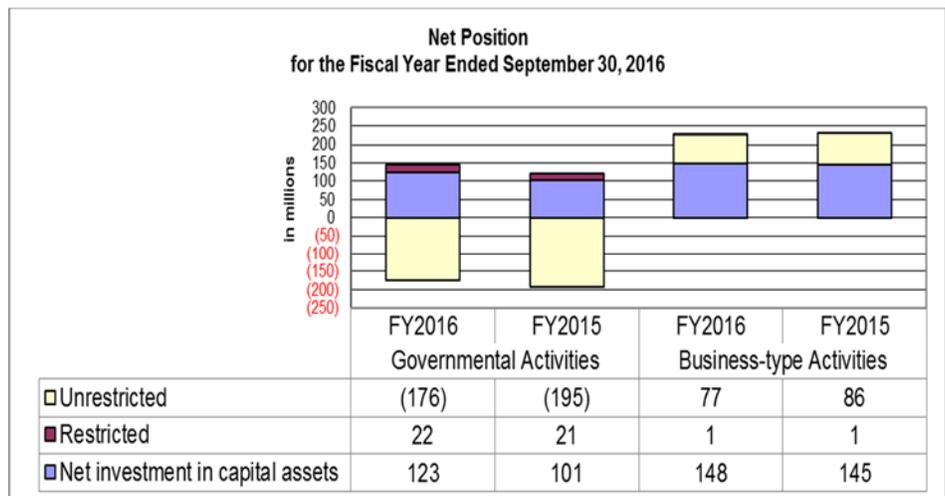
Required supplementary information can be found on pages 150-166 of this report.

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 167-170 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 \$195.9 million at the close of the most recent fiscal year, which represents a 23.1% increase compared to last year's net position of \$159.2 million. By far the largest portion of the City's net position, \$271.3 million (138.5%), 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.



The City's net position, \$271.3 million (138.5%), 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, \$22.8 million (11.7%), represents resources that are subject to external restrictions on how they may be used. This balance increased by approximately \$1.0 million (4.6%), which was mainly attributable to a \$0.4 million increase in the governmental activities restricted net position related to the debt service, a \$0.2 million increase related to FDLE and a \$0.4 million increase related to road and bridge.

The unrestricted net position of (\$98.2) million is mainly attributed to the net pension liability. This balance increased by \$10.8 million (9.9%) compared to last year's.

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:

In both fiscal year 2016 and 2015, the City continued to report increase in net positions. For its separate business-type activities, the balances in all three categories of net position have been positive for both years.

Net Position (in millions) **

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 116.8	\$ 112.7	\$ 75.4	\$ 84.3	\$ 192.2	\$ 197.0
Restricted assets	36.4	48.2	9.9	9.7	46.3	57.9
Net pension asset	-	2.1	-	0.8	-	2.9
Negative net OPEB obligation	12.4	3.4	-	-	12.4	3.4
Unamortized bond issue costs	1.0	1.1	-	-	1.0	1.1
Capital assets, not being depreciated	104.1	70.9	11.2	3.8	115.3	74.7
Capital assets, being depreciated, net	259.0	264.9	141.1	145.8	400.1	410.7
Total assets	<u>529.7</u>	<u>503.3</u>	<u>237.6</u>	<u>244.4</u>	<u>767.3</u>	<u>747.7</u>
Total Deferred outflows of resources	87.4	54.5	4.4	2.3	91.8	56.8
Long-term liabilities	367.0	381.1	9.0	9.7	376.0	390.8
Other liabilities	254.3	223.1	6.2	5.2	260.5	228.3
Total liabilities	<u>621.3</u>	<u>604.2</u>	<u>15.2</u>	<u>14.9</u>	<u>636.5</u>	<u>619.1</u>
Total Deferred inflows of resources	26.4	25.7	0.3	0.4	26.7	26.1
Net investment in capital assets	122.9	101.3	148.4	145.1	271.3	246.4
Restricted	22.1	21.1	0.7	0.7	22.8	21.8
Unrestricted	(175.6)	(194.5)	77.4	85.5	(98.2)	(109.0)
Total net position	<u>\$ (30.6)</u>	<u>\$ (72.1)</u>	<u>\$ 226.5</u>	<u>\$ 231.3</u>	<u>\$ 195.9</u>	<u>\$ 159.2</u>

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

City of Pembroke Pines, Florida

Management's Discussion and Analysis

Governmental activities. Net position of the City's governmental activities increased by \$41.5 million (57.6%) from (\$72.1) million in the last fiscal year to (\$30.6) million in the current fiscal year.

Changes in Net Position (in millions) **

	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	Activities	Activities
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues:						
Charges for services	\$ 126.5	\$ 124.4	\$ 44.2	\$ 44.7	\$ 170.7	\$ 169.1
Operating grants & contributions	6.8	5.3	-	-	6.8	5.3
Capital grants & contributions	1.4	0.7	1.8	1.1	3.2	1.8
General Revenues:						
Property taxes	61.2	56.8	-	-	61.2	56.8
Utility taxes	13.0	12.9	-	-	13.0	12.9
Communications services tax	5.5	6.2	-	-	5.5	6.2
Insurance premium taxes	2.4	2.5	-	-	2.4	2.5
Local option gas tax	2.9	2.8	-	-	2.9	2.8
Franchise fees	17.2	17.3	-	-	17.2	17.3
Local business tax	3.5	3.4	-	-	3.5	3.4
Intergovernmental - unrestricted	15.8	15.2	-	-	15.8	15.2
Investment earnings (losses) - not restricted	1.7	0.2	6.2	0.4	7.9	0.6
Other miscellaneous	0.7	1.5	-	-	0.7	1.5
Total revenues	<u>258.6</u>	<u>249.2</u>	<u>52.2</u>	<u>46.2</u>	<u>310.8</u>	<u>295.4</u>
Expenses:						
General government services	23.9	23.8	-	-	23.9	23.8
Public safety	94.7	90.0	-	-	94.7	90.0
Physical environment	7.9	7.2	-	-	7.9	7.2
Transportation	7.8	8.3	-	-	7.8	8.3
Economic environment	10.1	10.0	-	-	10.1	10.0
Human services	60.2	57.8	-	-	60.2	57.8
Culture/recreation	9.7	9.7	-	-	9.7	9.7
Interest on long-term debt	13.9	16.0	-	-	13.9	16.0
Water utility services	-	-	5.8	4.5	5.8	4.5
Sewer/wastewater services	-	-	13.6	12.0	13.6	12.0
Water-sewer combined service	-	-	26.5	27.0	26.5	27.0
Total expenses	<u>228.2</u>	<u>222.8</u>	<u>45.9</u>	<u>43.5</u>	<u>274.1</u>	<u>266.3</u>
Changes in net position	30.4	26.4	6.3	2.7	36.7	29.1
Transfers	11.1	-	(11.1)	-	-	-
Increase (Decrease) in net position	41.5	26.4	(4.8)	2.7	36.7	29.1
Net position, beginning	(72.1)	(98.5)	231.3	228.6	159.2	130.1
Net position, ending	<u>\$ (30.6)</u>	<u>\$(72.1)</u>	<u>\$226.5</u>	<u>\$231.3</u>	<u>\$195.9</u>	<u>\$ 159.2</u>

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

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

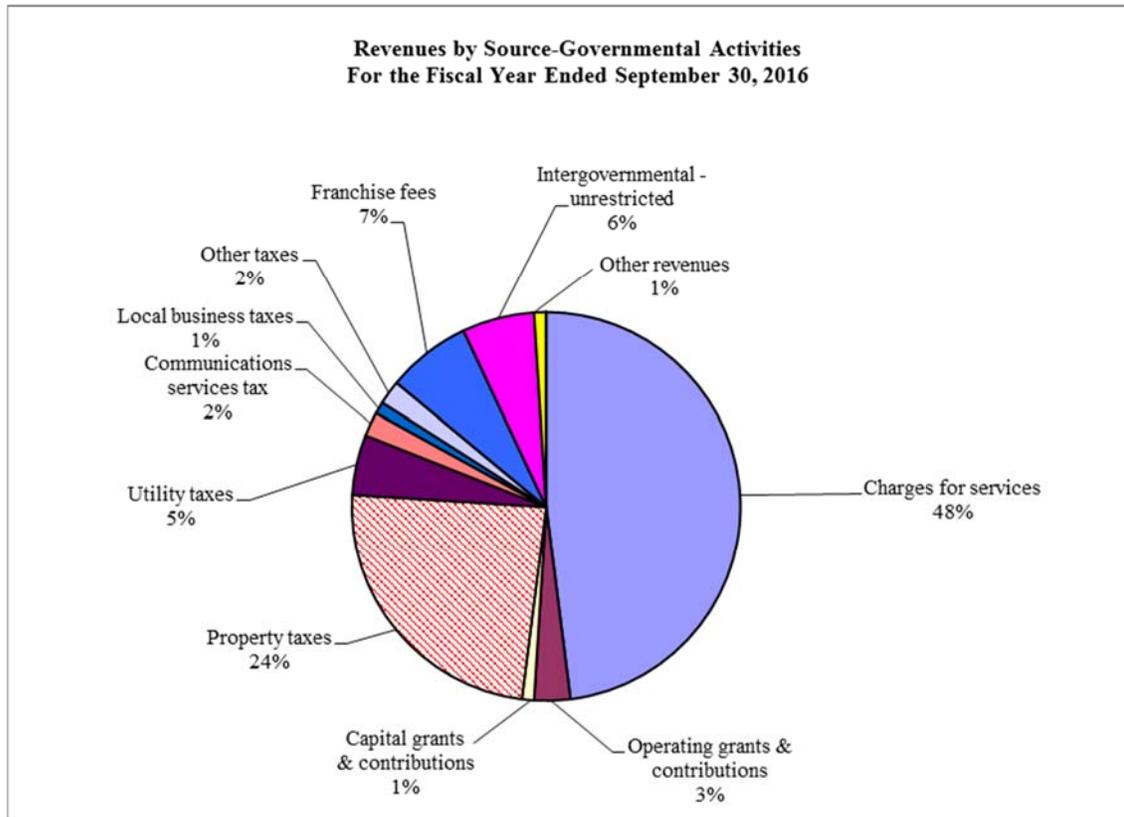
Revenues:

Revenues from Governmental activities increased by approximately \$9.4 million (3.8%) over last year. Total program revenues, consisting of charges for services, operating grants and contributions, and capital grants and contributions, increased overall by \$4.4 million (3.4%), and general revenues increased by \$5.1 million (4.3%).

Program revenues showed a \$2.1 million increase in charges for services, a \$1.5 million increase in operating grants and contributions, and a \$0.7 million increase in capital grants and contributions.

Charges for services increased by \$2.1 million. This was mainly as a result of a \$0.6 million increase in public safety and a \$1.7 million increase in human services which is offset by a \$0.2 million decrease in general government. Public safety increase is attributable to an increase in fire protection special assessment and interim fire assessment fees. The \$1.7 million increase in human services is due to an increase by the State for the Florida Education Finance Program (FEFP) revenues for the Charter Schools.

General revenues, increased by \$5.1 million (4.3%). Overall, all revenue categories, with the exception of communications services tax and other revenues, experienced an increase over last year as the economy experienced positive growth. Property taxes increased by \$4.4 million as a result an increase in property tax values and intergovernmental revenues-unrestricted also increased by \$0.6 million due to increased state-shared sales tax proceeds. In addition, investment earnings-not restricted increased by \$1.5 million due to the positive outlook of the economy. However, increases in general revenues were offset by a \$0.9 million decrease in other revenues due to less gain on sale of capital assets recognized compare to last fiscal year.



City of Pembroke Pines, Florida

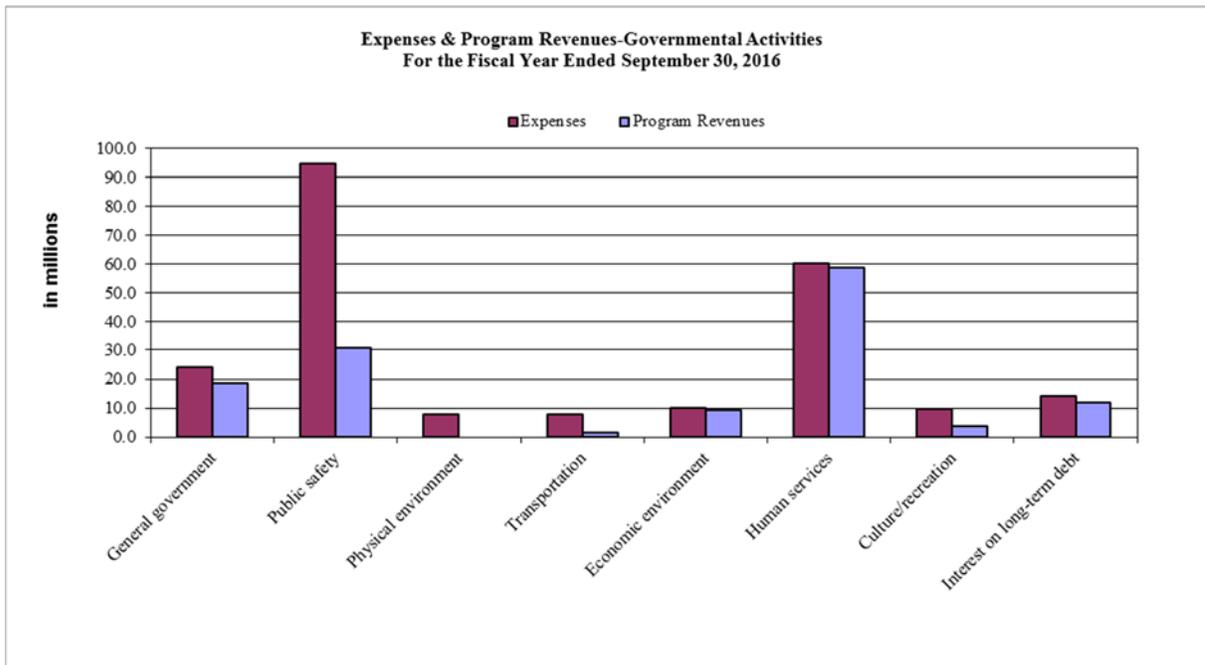
Management's Discussion and Analysis

Expenses:

Governmental activity expenses increased by \$5.4 million (1.4%) over last year. This increase took place in all governmental functions/programs except transportation and interest on long-term debt.

Public safety, physical environment, and human services increased \$4.7 million (5.2%), \$0.7 million (9.7%), and \$2.4 million (4.2%), respectively. These were mainly attributable to the increase in function sourcing, contractual services, repair and maintenance, and pension expenses.

Transportation and interest on long-term debt decreased \$0.5 million (-6.0%) and \$2.1 million (-13.1%), respectively. These were mainly attributable to the reduction in the reduction in transportation projects and savings from recent bond refundings.



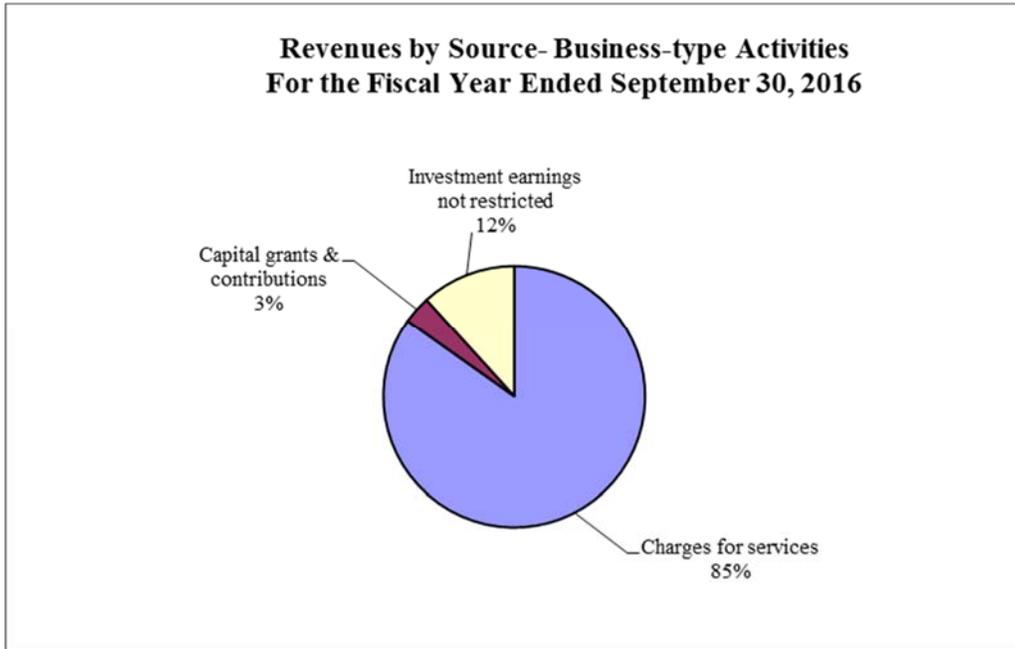
City of Pembroke Pines, Florida

Management's Discussion and Analysis

Business-type activities. The net position of the City's business-type activities decreased by \$4.8 million (2.2%) from \$231.3 million in the last fiscal year to \$226.5 million in the current fiscal year.

Revenues:

Revenues from business-type activities increased over last year by \$5.9 million (12.5%). The main factor contributing to this was an increase of \$5.7 million in investment earnings-not restricted.



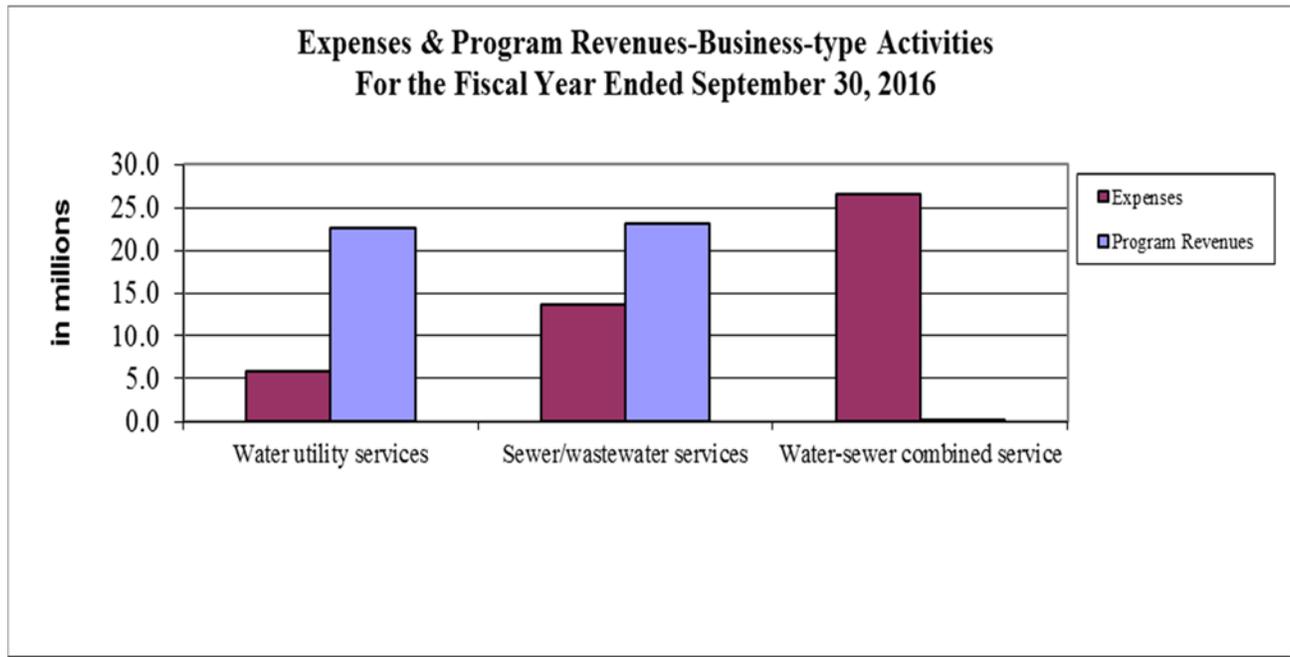
City of Pembroke Pines, Florida

Management's Discussion and Analysis

Expenses:

Expenses of the business-type activities increased by \$2.5 million (5.8%) to \$46.0 million. This was attributable to a \$1.4 million increase in water utility services, a \$1.7 million increase in sewer/wastewater services, and offset by a \$0.5 million decrease in water-sewer combined service.

Overall, for the business-type activities, personnel costs including benefits decreased by \$0.2 million mainly as a result of the deletion of the Deputy Public Services Director position. Operating costs increased by \$2.5 million which was mainly due to \$1.0 million increase in function sourcing, a \$0.6 million increase in operating chemicals, and \$1.0 million increase in wastewater treatment charges related to the City of Hollywood.



City of Pembroke Pines, Florida

Management's Discussion and Analysis

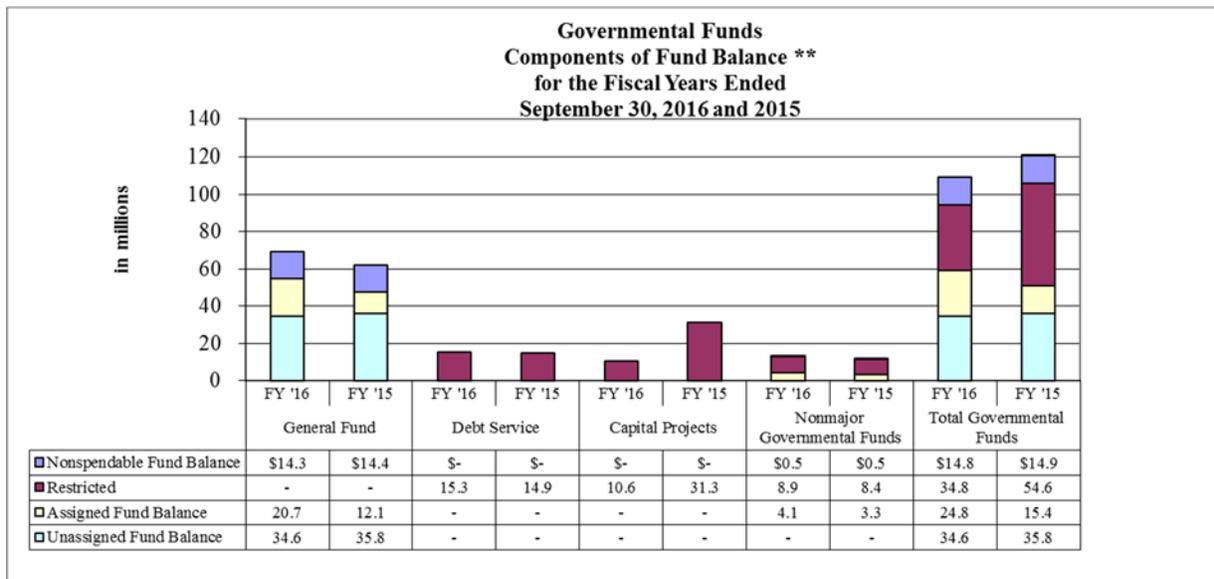
Financial Analysis of the City's Governmental Funds

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 \$109.1 million, a decrease of \$11.7 million in comparison with the \$120.8 million prior year balance. Overall, governmental funds' assets decreased by \$0.2 million, and liabilities increased by \$11.4 million compared to last year.

Approximately \$34.6 million (31.7%) of total governmental fund balance of \$109.1 million, 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 \$34.6 million, as compared with \$35.8 million in the prior year. For fiscal year 2016, unassigned fund balance represents 21.5% of total general fund expenditures, excluding transfers. Assigned fund balance increased to \$20.8 million from \$12.1 million, the majority of which is assigned for the subsequent year's budget for technology upgrades, police improvements, and civic center.

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:

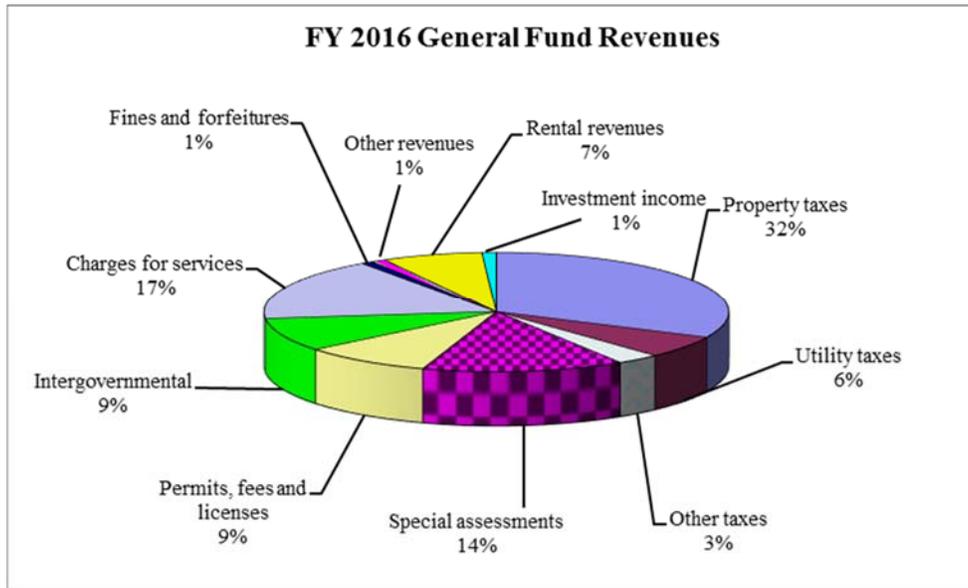
General Fund Revenues (in millions) **						
Revenue Sources:	2016	Percent	2015	Percent	Increase	% Increase
	Amount	of	Amount	of	(Decrease)	(Decrease)
		Total		Total	From 2015	From 2015
Property taxes	\$55.3	32%	\$51.5	31%	\$3.8	7%
Utility taxes	10.8	6%	11.2	7%	(0.4)	2%
Communications services tax	0.0	0%	0.2	0%	(0.2)	300%
Other taxes	5.9	3%	5.9	4%	-	0%
Special assessments	23.1	14%	22.2	13%	0.9	0%
Permits, fees and licenses	15.9	9%	16.2	10%	(0.3)	5%
Intergovernmental	15.1	9%	15.0	9%	0.1	12%
Charges for services	29.2	17%	29.7	18%	(0.5)	1%
Fines and forfeitures	1.3	1%	1.6	1%	(0.3)	23%
Investment income(loss)	1.1	1%	(0.4)	0%	1.5	200%
Rental revenues	12.3	7%	11.7	7%	0.6	3%
Other revenues	0.1	1%	0.1	0%	0.0	-83%
Total revenues	\$170.1	100%	\$164.9	100%	\$5.2	3%

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

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

Compared to the prior fiscal year, total General Fund revenues increased by \$5.2 million or 3.2% in fiscal year 2016. This was mainly attributable to a \$3.8 million increase in property taxes, a \$1.5 million increase in investment income, and a \$0.9 million increase in special assessment, which is offset by \$0.5 decrease in charges for services and \$0.4 million in utility taxes.

Property tax revenues increased by \$3.8 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 8.0% as compared with a 7.0% 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>	Percent		Percent		Increase (Decrease)	% Increase (Decrease)
	<u>2016</u> <u>Amount</u>	<u>of</u> <u>Total</u>	<u>2015</u> <u>Amount</u>	<u>of</u> <u>Total</u>		
General government services	\$ 26.6	17%	\$ 27.6	18%	\$ (1.0)	29%
Public safety	103.0	63%	99.3	63%	3.7	(3)%
Physical environment	10.3	6%	8.0	5%	2.3	27%
Economic environment	7.3	5%	7.3	5%	-	4%
Human services	6.1	4%	5.8	4%	0.3	4%
Culture/Recreation	7.9	5%	7.6	5%	0.3	(1)%
Total expenditures	\$ 161.2	100%	\$ 155.6	100%	\$ 5.6	4%

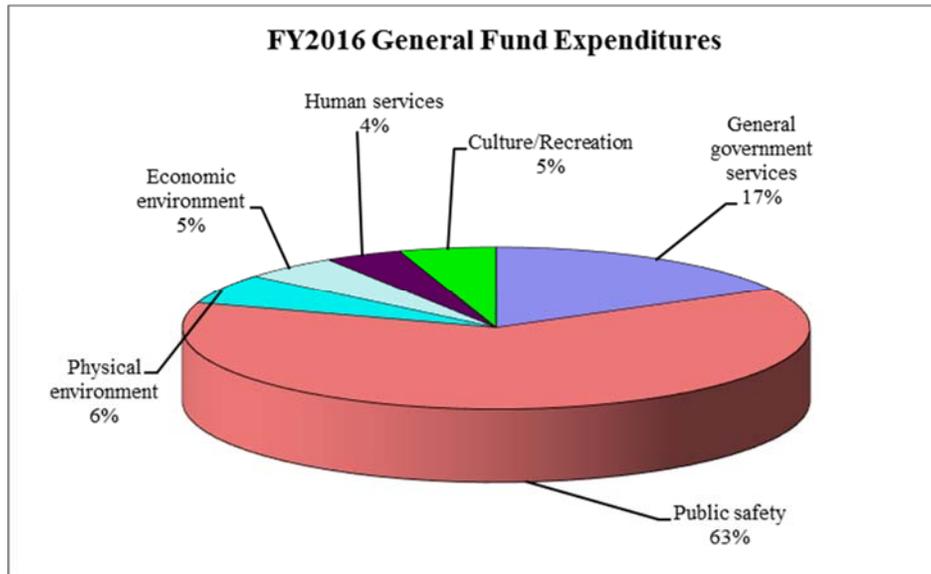
** Amounts may differ from the Fund Financial Statements due to rounding.

City of Pembroke Pines, Florida

Management's Discussion and Analysis

In fiscal year 2016, total General Fund expenditures increased by \$5.6 million (3.6%) compared to prior fiscal year.

Overall, salaries and benefits have increased by \$2.7 million mainly due to the increase in retiree health contribution. Operating and capital expenditures have increased by \$2.9 million. The main contributing factors to the \$4.2 million increase in operating expenditures are due to the increase in function sourcing, contractual services, and repair and maintenance. And the main contributing factors to the \$1.3 million decrease in capital expenditures are due to decrease in spending on the technology modernization project.



Other Major Governmental Funds:

Debt Service Fund

The fund balance in the Debt Service Fund increased by \$0.4 million (2.9%) as compared with fiscal year 2015. Additional information can be found in the Capital Assets and Debt Administration section on pages 19-20.

Capital Projects Fund

Total fund balance of \$10.6 million in the Capital Projects Fund is restricted. The \$20.7 million decrease from last year is mainly attributable to the construction of the new City Center.

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 \$76.9 million compared to \$85.1 million in the prior year. This decrease is mainly due to transfer of \$11.1 million to the capital project fund for the construction of the new city hall. Transfer consists of net profits realized from the sale of investments in real estate. Other factors concerning the finances of this major fund have already been addressed in the discussion of the City's business-type activities.

City of Pembroke Pines, Florida

Management's Discussion and Analysis

General Fund Budgetary Highlights

Revenues

Actual revenues were \$0.4 million greater than the final budget due mostly to offsetting variances in the following categories:

- **Permits, fees, and licenses** - \$0.5 million favorable variance was largely attributable to \$0.3 million in building permit fees, mainly paving/drainage permits, resulting from increased construction activity and \$0.5 million in Special Assessments, with Fire Assessment accounting for \$0.3 million as all property owners did not take advantage of the early payment discount. These were partially offset by a \$0.3 million unfavorable variance in Franchise Fees, primarily Franchise Electricity due to fuel rate decreases.
- **Charges for services** - \$1.0 million unfavorable variance was due mainly to enrollment at the Early Development Centers (EDCs) being below plan.
- **Miscellaneous** - \$1.1 million favorable variance of which \$0.7 million was due to interest earnings associated with stronger than expected market conditions and \$0.4 million in connection with rental of city premises. The latter included primarily unanticipated receipts from rental of space for building permitting operations and communication towers.

Expenditures

Actual expenditures excluding transfers to other funds were \$14.0 million or 8.0% below the final budget due largely to unspent appropriations/budget savings in the following functions:

- **General government services** - \$4.1 million of unspent appropriations consisted primarily of \$3.0 million in Administrative Services, \$0.4 million in City Clerk, and \$0.5 million in Public Services. The largest component of unspent appropriations in Administrative Services was \$2.9 million for the multi-year IT Modernization Project. These appropriations were carried forward to fiscal year 2017 to complete the project. The \$0.3 million appropriation for microfilming of back-log records, the biggest part of the unspent for City Clerk, was also carried forward to fiscal year 2017. Appropriations for capital equipment accounted for the largest segment of unspent appropriations in Public Services.
- **Public Safety** - \$5.1 million which includes budget savings of \$3.0 million and \$2.1 million in the police and fire sub-functions, respectively. The budget savings comprised \$4.0 million and \$1.1 million in the operating and capital categories, respectively. The operating amount included \$2.0 million for compensation and benefits as well as \$2.0 million for numerous non-personnel items, including \$0.8 million for operating supplies, chiefly fuel, and \$0.5 million for repairs and maintenance. The savings in the personnel lines were the result of vacant positions as well as health insurance and workers' compensation claims being below plan. The \$1.1 million unspent capital budget consisted mainly of \$0.9 million for machinery and equipment; of this amount \$0.6 million was carried forward to fiscal year 2017 because the items were not received by September 30, 2016.
- **Physical environment** - \$2.3 million budget savings included principally \$0.3 million and \$2.0 million in operating and capita line items, respectively. Unspent capital appropriations consisted primarily of landscaping projects that were not started. These appropriations were carried forward to fiscal year 2017.
- **Human services** - \$0.8 million budget savings of which \$0.6 million occurred in the education sub-function. The savings in education reflects unmet enrollment expectations at the Early Development Centers (EDCs). Unspent EDC appropriations included salaries and benefits of \$0.3 million while non-personnel operating line items accounted for the other \$0.3 million.

City of Pembroke Pines, Florida

Management's Discussion and Analysis

- **Culture and recreation** - \$1.3 million budget savings consisted mainly of \$1.0 million in operating and \$0.3 million in capital line items, respectively. Savings in the operating category included \$0.4 million for personnel line items, attributable primarily to vacant positions, and \$0.6 million for non-personnel lines, due primarily to contractual services, operating supplies as well as repairs and maintenance that were not needed. Savings in the capital category were associated mainly with \$0.2 million for machinery and equipment that was not purchased.

Fund balance was originally projected to decrease by \$2.7 million; subsequent budget amendments reflected an anticipated unfavorable change of \$7.4 million due mainly to the carryover of appropriations from the prior year. However, the actual change in fund balance was a favorable \$7.4 million, which translated to a \$14.8 million favorable variance from the final budget. This variance was attributable to budget savings/unspent appropriations as detailed in the preceding paragraphs.

City of Pembroke Pines, Florida

Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital Assets. The City's capital assets for its governmental and business-type activities as of September 30, 2016, amounted to \$515.3 million (net of accumulated depreciation), compared with \$485.5 million last fiscal year. These assets include land, construction in progress, buildings, improvements other than buildings, machinery and equipment, infrastructure, and intangibles. The total increase in the City's capital assets for the current fiscal year was \$29.8 million (6.1%).

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

	Governmental		Business-type		Total	
	<u>Activities</u>		<u>Activities</u>		<u>Total</u>	
	2016	2015	2016	2015	2016	2015
Capital assets, not being depreciated:						
Land	\$53.5	\$56.8	\$3.0	\$3.0	\$56.5	\$59.8
Construction in progress	50.6	14.1	8.1	0.8	58.7	14.9
Total capital assets, not being depreciated	104.1	70.9	11.1	3.8	115.2	74.7
Capital assets, being depreciated, net						
Buildings	173.8	178.9	30.4	31.3	204.2	210.2
Improvements other than buildings	65.1	67.0	108.3	112.8	173.4	179.8
Machinery and equipment	13.1	11.7	2.4	1.8	15.5	13.5
Infrastructure	7.0	7.3	-	-	7.0	7.3
Total capital assets, being depreciated, net	259.0	264.9	141.1	145.9	400.1	410.8
 Total capital assets	 \$363.1	 \$335.8	 \$152.2	 \$149.7	 \$515.3	 \$485.5

** Amounts may differ from the Government-Wide Statements due to rounding.

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

- \$18.2 million was spent on various capital projects funded by the 2007 and 2015 General Obligation (G.O.) Bonds such as:
 - \$4.8 million for the new City Hall parking lot; and
 - \$13.4 million for new City Hall;
- \$17.5 million to build the Civic Center and \$0.8 million to build the gallery at the new City Center.
- \$2.6 million was spent to replace police trucks.

City of Pembroke Pines, Florida

Management's Discussion and Analysis

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

- \$6.3 million for Sewer plant rehabilitation.
- \$1.3 million for equipment.
- \$0.5 million for wheel loader and trucks.

Additional information on the City's capital assets can be found in Note 6. starting on page 69 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonds outstanding of \$336.4 million. The majority of the City's outstanding debt is secured by specified revenue sources.

Outstanding Debt (in millions) Revenue and General Obligation Bonds

	Governmental		Business-type		Total	
	<u>Activities</u>		<u>Activities</u>		<u>Total</u>	
	2016	2015	2016	2015	2016	2015
Revenue Bonds	\$ 252.4	\$ 261.7	\$ 8.9	\$ 9.6	\$ 261.3	\$ 271.3
General Obligation Bonds	75.1	77.3	-	-	75.1	77.3
Total	<u>\$ 327.5</u>	<u>\$ 339.0</u>	<u>\$ 8.9</u>	<u>\$ 9.6</u>	<u>\$ 336.4</u>	<u>\$ 348.6</u>

On September 30, 2016, the City remarketed the Variable Rate Capital Improvement Revenue Refunding Bonds (Susan B. Anthony Center), Series 2008, in the principal amount of \$7,636,000 to TD Bank based on a 1.66% five year term Direct Purchase fixed rate. The reduction in total debt outstanding was a result of normal debt service expenditures for principal and interest. Additional information on the refunding can be found in Note 9. starting on page 76 of this report.

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 February 7, 2017, Fitch Ratings affirmed its AA rating; and on September 30, 2016, Moody's reaffirmed its Aa2 rating. Additional information on the City's long-term debt can be found in Note 9. starting on page 76 of this report.

City of Pembroke Pines, Florida

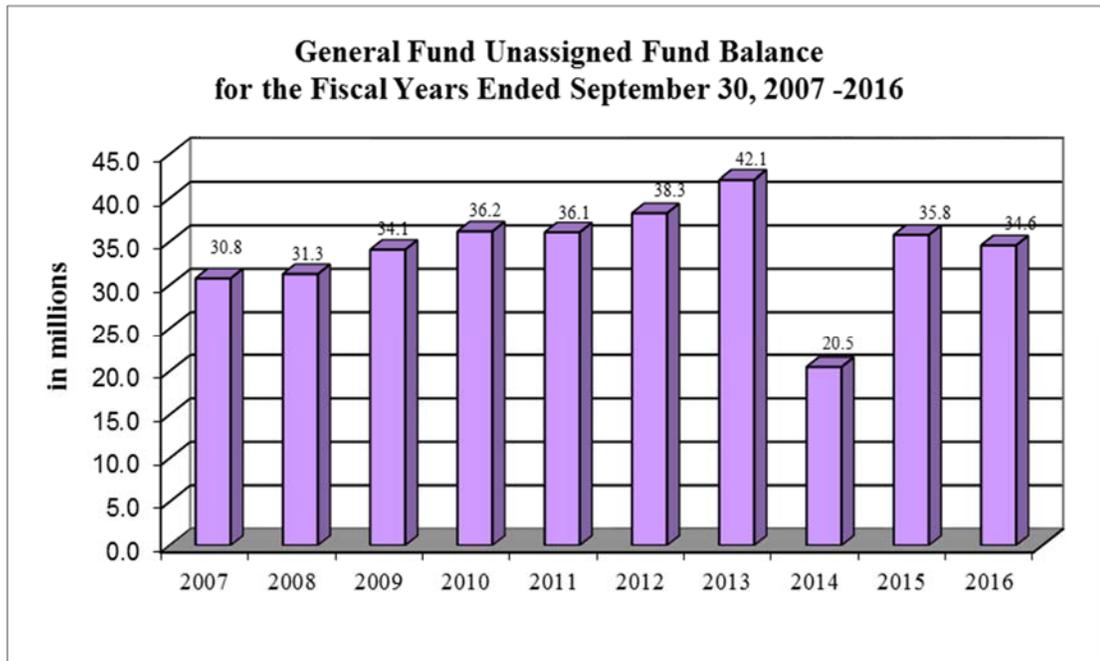
Management's Discussion and Analysis

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 96%. Only 4% of the City remains undeveloped. As the City nears build-out, its focus will be on redevelopment.

The unemployment rate for the City of Pembroke Pines for the fiscal year ended September 30, 2016 was 4.2%, as compared to 4.8% a year ago. This compares favorably to unemployment rates for Broward County, which was 4.5%, and 4.9% for the State of Florida for the same period.

During fiscal year 2016, unassigned fund balance in the General Fund decreased by \$1.2 million to \$34.6 million, compared to \$35.8 million from last year. This decrease is due to the increase in carryovers for the assigned fund balance. The City has assigned \$18.7 million for next year's budget which includes technology upgrades, Civic Center, police improvements, road extension, and disaster assistance.

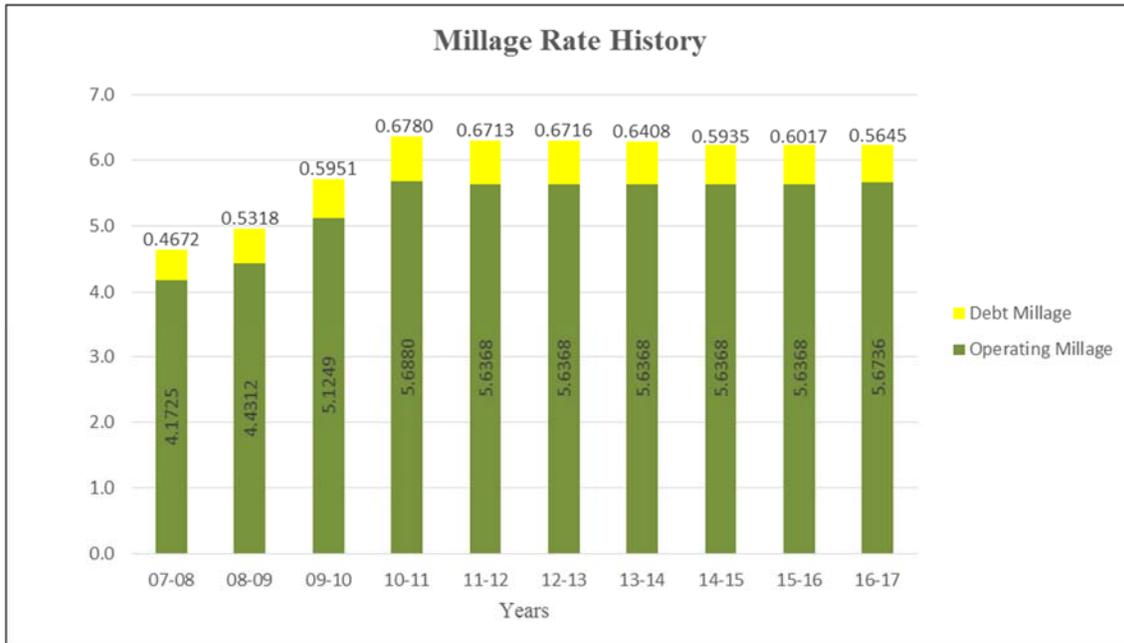


City of Pembroke Pines, Florida

Management's Discussion and Analysis

General Fund

For fiscal year 2017, the largest revenue source, Ad Valorem (property) Tax, which is 43.0% of the total general fund revenue budget, is budgeted at 5.6736 for the operating millage rate, generating \$59.2 million, which is \$4.5 million higher than fiscal year 2016 adopted budget. This increase is attributable to an 8.0% increase in taxable values. The debt service millage reflects a decrease of 0.0372 mills, moving from 0.6017 to 0.5645 mills. Ad Valorem taxes associated with the debt service millage are recorded in the Debt Service Fund.



The 2017 expenditure budget of \$176.8 million is \$5.1 million greater than the fiscal year 2016 adopted budget of \$171.7 million. The major attributes to the increase are public safety and culture-recreation. Compare to fiscal year 2016, there is an increase of \$4.1 million in public safety. This includes \$0.5 million for building improvement, \$0.3 million for two ambulances, \$0.5 million for a fire engine, \$1.2 million City contribution to the Police and Fire pension, and a \$1.0 million health insurance and workers compensation. The increase in health insurance and workers' compensation is attributable to rising cost and the addition of 12 city positions to the Police Department.

The major increase in Culture-Recreation pertains to the \$1.4 million and \$0.2 million for the operation of the Civic Center and the Art Gallery, respectively. These are partial year appropriations as the facilities are expected to be operational in early 2017.

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 Lisa Chong, Finance Director, Finance Department, City of Pembroke Pines, 10100 Pines Boulevard, Pembroke Pines, Florida 33026-6041.



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Basic Financial Statements



Government-wide Financial Statements

City of Pembroke Pines, Florida
Statement of Net Position
September 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Pooled cash and cash equivalents	\$35,503,675	\$13,194,936	\$48,698,611
Investments:			
Marketable securities	56,279,398	17,000,000	73,279,398
Real estate	15,299,957	40,825,358	56,125,315
Receivables, net	9,417,694	4,422,005	13,839,699
Inventories	195,635	-	195,635
Restricted assets:			
Pooled cash and cash equivalents	36,423,681	9,945,543	46,369,224
Prepaid costs	105,410	12,431	117,841
Negative net OPEB obligation	12,407,943	-	12,407,943
Unamortized prepaid bond insurance	968,310	-	968,310
Capital assets, not being depreciated	104,092,343	11,156,765	115,249,108
Capital assets, being depreciated, net	259,049,406	141,067,352	400,116,758
Total assets	<u>529,743,452</u>	<u>237,624,390</u>	<u>767,367,842</u>
Deferred outflows of resources			
Interest rate swaps	13,951,199	-	13,951,199
Deferred charge on refundings	10,123,655	-	10,123,655
Pension related	63,305,982	4,390,023	67,696,005
Total deferred outflows of resources	<u>87,380,836</u>	<u>4,390,023</u>	<u>91,770,859</u>
Liabilities			
Accounts payable and accrued liabilities	22,650,766	2,067,992	24,718,758
Deposits	2,425,815	-	2,425,815
Internal balances	488,740	(488,740)	-
Unearned revenue	4,760,626	-	4,760,626
Payable from restricted assets:			
Deposits	713,420	4,108,266	4,821,686
Net pension liability	223,295,030	514,278	223,809,308
Noncurrent liabilities:			
Due within one year	24,453,548	808,299	25,261,847
Due in more than one year	342,477,289	8,168,368	350,645,657
Total liabilities	<u>621,265,234</u>	<u>15,178,463</u>	<u>636,443,697</u>
Deferred inflows of resources			
Interest rate swaps	13,951,199	-	13,951,199
Pension related	12,501,341	319,576	12,820,917
Total deferred inflows of resources	<u>26,452,540</u>	<u>319,576</u>	<u>26,772,116</u>
Net position			
Net investment in capital assets	122,925,559	148,395,164	271,320,723
Restricted for:			
\$2 Police Education	265,701	-	265,701
Debt Service	12,325,440	759,702	13,085,142
FDLE - Confiscated	778,190	-	778,190
Justice - Confiscated	824,720	-	824,720
Road & Bridge Fund	6,970,467	-	6,970,467
Treasury - Confiscated	385,594	-	385,594
Wetland Mitigation Trust Fund:			
Nonexpendable	446,115	-	446,115
Expendable	65,192	-	65,192
Unrestricted	<u>(175,580,464)</u>	<u>77,361,508</u>	<u>(98,218,956)</u>
Total net position	<u>(\$30,593,486)</u>	<u>\$226,516,374</u>	<u>\$195,922,888</u>

See notes to basic financial statements.

City of Pembroke Pines, Florida
Statement of Activities
Fiscal Year Ended September 30, 2016

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	\$ 23,981,833	\$ 18,626,505	\$ -	\$ -	\$ (5,355,328)	\$ -	\$ (5,355,328)
Public safety	94,753,829	30,573,276	60,350	169,695	(63,950,508)	-	(63,950,508)
Physical environment	7,858,575	-	-	-	(7,858,575)	-	(7,858,575)
Transportation	7,795,228	-	431,308	1,035,784	(6,328,136)	-	(6,328,136)
Economic environment	10,068,923	7,388,352	1,683,726	-	(996,845)	-	(996,845)
Human services	60,215,463	54,257,002	4,574,644	193,492	(1,190,325)	-	(1,190,325)
Culture/recreation	9,663,091	3,648,582	87,977	-	(5,926,532)	-	(5,926,532)
Interest on long-term debt	13,858,187	12,030,058	-	-	(1,828,129)	-	(1,828,129)
Total governmental activities	<u>228,195,129</u>	<u>126,523,775</u>	<u>6,838,005</u>	<u>1,398,971</u>	<u>(93,434,378)</u>	<u>-</u>	<u>(93,434,378)</u>
Business-type activities:							
Water utility services	5,795,010	21,656,421	-	930,686	-	16,792,097	16,792,097
Sewer/wastewater services	13,659,700	22,325,554	-	911,515	-	9,577,369	9,577,369
Water-sewer combined service	26,505,206	229,497	-	-	-	(26,275,709)	(26,275,709)
Total business-type activities	<u>45,959,916</u>	<u>44,211,472</u>	<u>-</u>	<u>1,842,201</u>	<u>-</u>	<u>93,757</u>	<u>93,757</u>
Total	<u>\$ 274,155,045</u>	<u>\$ 170,735,247</u>	<u>\$ 6,838,005</u>	<u>\$ 3,241,172</u>	<u>(93,434,378)</u>	<u>93,757</u>	<u>(93,340,621)</u>
General revenues:							
Property taxes, levied for debt service					5,904,829	-	5,904,829
Property taxes, levied for general purposes					55,321,195	-	55,321,195
Utility taxes					12,995,837	-	12,995,837
Communications services tax					5,545,281	-	5,545,281
Insurance premium taxes					2,445,532	-	2,445,532
Local option gas taxes					2,868,929	-	2,868,929
Franchise fees					17,179,061	-	17,179,061
Local business tax					3,455,361	-	3,455,361
Intergovernmental revenue - unrestricted					15,809,815	-	15,809,815
Miscellaneous revenues					633,848	1,746	635,594
Investment earnings not restricted					1,722,180	6,085,595	7,807,775
Gain on sale of capital assets					11,981	30,906	42,887
Transfers					11,061,921	(11,061,921)	-
Total general revenues					<u>134,955,770</u>	<u>(4,943,674)</u>	<u>130,012,096</u>
Change in net position					41,521,392	(4,849,917)	36,671,475
Net position, beginning					<u>(72,114,878)</u>	<u>231,366,291</u>	<u>159,251,413</u>
Net position, ending					<u>\$ (30,593,486)</u>	<u>\$ 226,516,374</u>	<u>\$ 195,922,888</u>

See notes to basic financial statements.



Fund Financial Statements

City of Pembroke Pines, Florida

**Balance Sheet
Governmental Funds
September 30, 2016**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Pooled cash and cash equivalents	\$ 22,581,256	\$ -	\$ -	\$ 11,363,614	\$ 33,944,870
Investment in marketable securities	36,792,659	-	-	3,280,364	40,073,023
Investment in real estate	13,999,957	-	500,000	-	14,499,957
Franchise fees and taxes receivable	5,266,239	-	-	473,606	5,739,845
Other receivables	2,491,311	-	-	13,050	2,504,361
Inventory	195,635	-	-	-	195,635
Prepaid costs	71,482	8,348	-	25,580	105,410
Due from other funds	7,218,470	-	-	-	7,218,470
Due from other governments	46,203	-	-	527,766	573,969
Restricted pooled cash and cash equivalents	721,845	15,341,810	19,848,719	511,307	36,423,681
Total assets	<u>\$ 89,385,057</u>	<u>\$ 15,350,158</u>	<u>\$ 20,348,719</u>	<u>\$ 16,195,287</u>	<u>\$ 141,279,221</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 14,369,662	\$ 16,176	\$ -	\$ 510,510	\$ 14,896,348
Retainage payable	18,829	-	2,699,581	-	2,718,410
Due to other funds	-	-	7,000,000	218,470	7,218,470
Due to other governments	21,975	-	-	-	21,975
Deposits	1,645,702	-	-	780,113	2,425,815
Unearned revenue	2,973,869	-	-	1,187,238	4,161,107
Deposits payable from restricted assets	713,420	-	-	-	713,420
Total liabilities	<u>19,743,457</u>	<u>16,176</u>	<u>9,699,581</u>	<u>2,696,331</u>	<u>32,155,545</u>
Fund balances:					
Nonspendable:					
Investment in real estate	13,999,957	-	-	-	13,999,957
Inventory and prepaid costs	267,119	-	-	25,580	292,699
Wetland Mitigation Trust	-	-	-	446,115	446,115
Restricted for:					
Debt covenants	-	15,333,982	-	-	15,333,982
Capital projects	-	-	10,649,138	-	10,649,138
Road and sidewalks	-	-	-	6,587,296	6,587,296
Law enforcement	-	-	-	2,254,205	2,254,205
Wetland Mitigation	-	-	-	65,192	65,192
Assigned to:					
Disaster assistance	2,125,000	-	-	-	2,125,000
Rent payments	-	-	-	4,146,148	4,146,148
Subsequent year's budget	18,667,177	-	-	-	18,667,177
Unassigned	34,582,347	-	-	(25,580)	34,556,767
Total fund balances	<u>69,641,600</u>	<u>15,333,982</u>	<u>10,649,138</u>	<u>13,498,956</u>	<u>109,123,676</u>
Total liabilities and fund balances	<u>\$ 89,385,057</u>	<u>\$ 15,350,158</u>	<u>\$ 20,348,719</u>	<u>\$ 16,195,287</u>	<u>\$ 141,279,221</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, 2016

Fund Balances - Total governmental funds (page 25)	\$ 109,123,676
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.	363,141,749
Deferred charge on refundings, included in deferred outflow of resources, relates to future periods and, therefore, are not reported in the funds.	10,123,655
Unamortized prepaid insurance is not available to pay for current-period expenditures and, therefore, are not reported in the funds.	968,310
Interest payable, included in accrued liabilities, is not due and payable in the current period and, therefore, not reported in the funds.	(3,968,505)
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.	(327,707,315)
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.	(12,131,392)
Compensated absences, included in noncurrent liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	(16,077,552)
Net pension asset and net pension liability are not due and payable in the current period, and, therefore, are not reported in the funds.	(223,295,030)
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds:	
Pension related deferred outflow of resources	63,264,357
Pension related deferred inflow of resources	(12,496,872)
Negative net OPEB obligation asset, the difference between the annual OPEB cost and the employer's contributions, is not recognized in the funds.	12,407,943
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)	\$ (30,593,486)

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, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes:					
Property taxes	\$ 55,321,195	\$ 5,904,829	\$ -	\$ -	\$ 61,226,024
Utility taxes	10,847,727	2,148,110	-	-	12,995,837
Communications services tax	-	5,545,281	-	-	5,545,281
Insurance premium taxes	2,445,532	-	-	-	2,445,532
Local option, use and fuel taxes	-	-	-	2,868,929	2,868,929
Local business tax	3,455,361	-	-	-	3,455,361
Special assessments	23,134,760	-	-	-	23,134,760
Permits, fees and licenses	15,848,819	824,273	-	1,351,619	18,024,711
Intergovernmental	15,083,451	-	-	50,657,710	65,741,161
Charges for services	29,231,392	-	-	1,545,230	30,776,622
Fines and forfeitures	1,299,092	-	-	328,261	1,627,353
Investment income	1,051,802	117,273	137,205	145,556	1,451,836
Contributions	7,576	-	1,453,376	650,497	2,111,449
Rental revenue	12,318,640	12,030,058	-	1,016,742	25,365,440
Other	124,044	-	-	1,755,383	1,879,427
Total revenues	<u>170,169,391</u>	<u>26,569,824</u>	<u>1,590,581</u>	<u>60,319,927</u>	<u>258,649,723</u>
Expenditures					
Current:					
General government	26,658,946	-	-	17,323	26,676,269
Public safety	102,992,268	-	-	342,323	103,334,591
Physical environment	10,292,747	-	-	-	10,292,747
Transportation	-	-	25,052	6,388,047	6,413,099
Economic environment	7,258,635	-	-	1,683,726	8,942,361
Human services	6,103,914	-	-	52,184,514	58,288,428
Culture and recreation	7,938,072	-	36,588,428	-	44,526,500
Debt service:					
Principal	-	11,683,165	-	-	11,683,165
Interest	-	14,496,970	-	-	14,496,970
Other debt service costs	-	147,925	-	-	147,925
Total expenditures	<u>161,244,582</u>	<u>26,328,060</u>	<u>36,613,480</u>	<u>60,615,933</u>	<u>284,802,055</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,924,809</u>	<u>241,764</u>	<u>(35,022,899)</u>	<u>(296,006)</u>	<u>(26,152,332)</u>
Other financing sources (uses)					
Transfers in	-	118,065	11,061,921	2,304,670	13,484,656
Transfers out	(1,664,172)	-	-	(758,564)	(2,422,736)
Sale of equipment/land	118,988	-	3,266,919	-	3,385,907
Refunding bonds issued	-	7,636,000	-	-	7,636,000
Payment to refunded bond escrow agent	-	(7,565,000)	-	-	(7,565,000)
Total other financing sources (uses)	<u>(1,545,184)</u>	<u>189,065</u>	<u>14,328,840</u>	<u>1,546,106</u>	<u>14,518,827</u>
Net change in fund balances	<u>7,379,625</u>	<u>430,829</u>	<u>(20,694,059)</u>	<u>1,250,100</u>	<u>(11,633,505)</u>
Fund balances, beginning	62,261,975	14,903,153	31,343,197	12,248,856	120,757,181
Fund balances, ending	<u>\$ 69,641,600</u>	<u>\$ 15,333,982</u>	<u>\$ 10,649,138</u>	<u>\$ 13,498,956</u>	<u>\$ 109,123,676</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, 2016

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) \$ (11,633,505)

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	\$ 45,523,966	
Depreciation expense	<u>(14,721,331)</u>	
Net adjustment		30,802,635

The net effect of various miscellaneous transactions involving capital assets (3,462,525)

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

The details of the difference are as follows:

Debt issued or incurred:		
Variable Rate Capital Improvement Revenue Refunding Bonds	(7,636,000)	
Debt refunded:		
Payment to refunded escrow agent	7,565,000	
Principal payments:		
General Obligation Bonds	2,265,000	
Capital Improvement Revenue Bonds	755,000	
Refunded Capital Improvement Revenue Bonds	2,465,100	
Refunded Public Improvement Revenue Bonds	3,205,000	
Refunded Taxable Revenue Bonds	2,875,000	
Capital Lease Financing	<u>118,065</u>	
Total principal payments	11,683,165	
Prepaid Bond Insurance, Bond Discount/Premium and Loss on Refunded Bonds	<u>681,082</u>	
Net adjustment		12,293,247

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		773,464
Accrued interest		105,627
Negative OPEB obligation		9,045,960
Pension contributions		6,093,579
Cost of benefits earned net of employee contributions		(2,497,090)

Change in net position of governmental activities (page 24) \$ 41,521,392

City of Pembroke Pines, Florida

Statement of Net Position

Proprietary Funds

September 30, 2016

	Business-type Activities	Nonmajor Governmental Activities
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Utility Fund</u>	<u>Public Insurance</u>
Assets		
Current assets		
Pooled cash and cash equivalents	\$ 13,194,936	\$ 1,558,805
Investment in marketable securities	17,000,000	16,206,375
Investment in real estate	40,825,358	-
Accounts receivable, net	4,422,005	-
Prepaid costs	12,431	-
Total current assets	<u>75,454,730</u>	<u>17,765,180</u>
Noncurrent assets		
Restricted pooled cash and cash equivalents	9,945,543	-
Capital assets, not being depreciated	11,156,765	-
Capital assets, being depreciated, net	141,067,352	-
Total noncurrent assets	<u>162,169,660</u>	<u>-</u>
Total assets	<u>237,624,390</u>	<u>17,765,180</u>
Deferred outflows of resources	<u>4,390,023</u>	<u>41,625</u>
Liabilities		
Current liabilities		
Accounts payable	1,729,683	245,529
Retainage payable	234,400	-
Compensated absences	49,094	17,609
Claims payable	-	10,987,259
Accrued interest payable	103,909	-
Current portion of bonds payable	759,205	-
Total current liabilities	<u>2,876,291</u>	<u>11,250,397</u>
Noncurrent liabilities		
Customer deposits payable from restricted assets	4,108,266	-
Compensated absences	21,045	9,710
Net pension liability	514,278	-
Long-term portion of bonds payable	8,147,323	-
Total noncurrent liabilities	<u>12,790,912</u>	<u>9,710</u>
Total liabilities	<u>15,667,203</u>	<u>11,260,107</u>
Deferred inflows of resources	<u>319,576</u>	<u>4,469</u>
Net position		
Net investment in capital assets	148,395,164	-
Restricted for debt service	759,702	-
Unrestricted	76,872,768	6,542,229
Total net position	<u>226,027,634</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>\$ 226,516,374</u>	

See notes to the 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, 2016

	Business-type Activities	Nonmajor Governmental Activities
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Utility Fund</u>	<u>Public Insurance</u>
Operating revenues:		
Charges for services	\$ 44,211,471	\$ 15,143,532
Other	1,746	2,971,529
Total operating revenues	<u>44,213,217</u>	<u>18,115,061</u>
Operating expenses:		
Operating, administrative and maintenance	39,079,996	18,385,406
Depreciation	6,563,911	-
Total operating expenses	<u>45,643,907</u>	<u>18,385,406</u>
Operating income (loss)	<u>(1,430,690)</u>	<u>(270,345)</u>
Nonoperating revenues & (expenses):		
Investment income	6,085,595	270,345
Interest expense	(316,008)	-
Gain on disposal of capital assets	30,906	-
Transfers out	(11,061,921)	-
Total nonoperating revenues & (expenses)	<u>(5,261,428)</u>	<u>270,345</u>
Income (loss) before contributions	(6,692,118)	-
Capital contributions	<u>1,842,201</u>	<u>-</u>
Change in net position	(4,849,917)	-
Net position, beginning	<u>230,877,551</u>	<u>6,542,229</u>
Net position, ending	<u>\$ 226,027,634</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, 2016

	Business-type Activities	Nonmajor Governmental Activities
	<u>Enterprise Fund</u> <u>Utility Fund</u>	<u>Internal Service Fund</u> <u>Public Insurance</u>
Cash flows from operating activities:		
Cash received from customers for services	\$ 44,320,669	\$ -
Cash received from customers for deposits	191,226	-
Cash received from interfund services	-	15,143,532
Cash payments to suppliers for goods and services	(21,252,836)	(18,342,449)
Cash payments to employees for services	(3,653,033)	(84,719)
Interfund services used	(14,822,845)	(14,899)
Other operating revenues	1,746	2,971,529
Net cash provided by (used for) operating activities	<u>4,784,927</u>	<u>(327,006)</u>
Cash flows from noncapital financing activities:		
Transfer to the Municipal Construction Fund	(11,061,921)	-
Net cash provided by (used for) noncapital financing activities	<u>(11,061,921)</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Principal paid on revenue bonds	(733,531)	-
Acquisition and construction of capital assets	(9,128,105)	-
Interest paid on revenue bonds	(324,566)	-
Proceeds from sale of equipment	30,906	-
Capital contributions	1,842,201	-
Net cash provided by (used for) capital and related financing activities	<u>(8,313,095)</u>	<u>-</u>
Cash flows from investing activities:		
Purchase of marketable securities	(17,000,000)	-
Purchase of real estate investments	(18,014,851)	-
Proceeds from sale of real estate investments	15,825,548	-
Income on cash and cash equivalents	271,537	44,256
Net cash provided by (used for) investing activities	<u>(18,917,766)</u>	<u>44,256</u>
Net increase (decrease) in equity in pooled cash and cash equivalents	(33,507,855)	(282,750)
Pooled cash and cash equivalents at beginning of year	56,648,334	1,841,555
Pooled cash and cash equivalents at end of year	<u>\$ 23,140,479</u>	<u>\$ 1,558,805</u>
Displayed as:		
Unrestricted	\$ 13,194,936	\$ 1,558,805
Restricted	9,945,543	-
Total pooled cash and cash equivalents	<u>\$ 23,140,479</u>	<u>\$ 1,558,805</u>

(continued)

See notes to the basic financial statements.

City of Pembroke Pines, Florida
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended September 30, 2016
(continued)

	Business-type Activities	Nonmajor Governmental Activities
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Utility Fund</u>	<u>Public Insurance</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (1,430,690)	\$ (270,345)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	6,563,911	-
Pension expense	613,299	4,629
Change in assets and liabilities:		
Decrease (increase) in customer accounts, net	109,197	-
Decrease (increase) in prepaid costs	(12,431)	-
Decrease (increase) in pension related outflow of resources	(1,590,174)	(10,410)
Increase (decrease) in accounts payable	368,301	167,184
Increase (decrease) in compensated absences	(27,712)	-
Increase (decrease) in customer deposits	191,226	(218,064)
Net cash provided by (used for) operating activities	<u>\$ 4,784,927</u>	<u>\$ (327,006)</u>
Noncash investing, capital, and financing activities:		
Increase in fair value of investments	\$ -	\$ 226,089

See notes to the basic financial statements.

City of Pembroke Pines, Florida
Statement of Net Position
Fiduciary Funds
September 30, 2016

	Pension and OPEB Trust Funds	Agency Funds
Assets		
Cash and short term investments	\$ 17,456,051	\$ 2,506,750
Accrued interest and dividend receivables	937,636	-
Other receivables	7,596,776	2,501,473
Prepaid expenses	2,223,900	-
Investments, at fair value		
U.S. Government securities	37,163,674	-
Corporate bonds	78,601,987	-
Common stocks	241,100,916	-
Domestic equity fund	49,431,142	-
International equity fund	35,000,005	-
Real estate fund	76,488,873	-
Mutual funds	230,220,944	-
Total investments	<u>748,007,541</u>	<u>-</u>
Capital assets, being depreciated, net	357,540	-
Total assets	<u>776,579,444</u>	<u>5,008,223</u>
Liabilities		
Reserve for health insurance claims	803,087	-
Accounts payable	1,523,183	2,595,466
Accrued liabilities	-	2,412,757
Total liabilities	<u>2,326,270</u>	<u>5,008,223</u>
Net Position		
Net position restricted for pension benefits	706,349,262	-
Net position restricted for OPEB benefits	67,903,912	-
Total net position restricted for benefits	<u>\$ 774,253,174</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, 2016

	Pension and OPEB <u>Trust Funds</u>
Additions	
Contributions:	
Plan members	\$ 3,602,966
Employer	45,601,927
State	<u>2,445,532</u>
Total contributions:	<u>51,650,425</u>
Investment income	64,726,138
Less investment expenses	<u>3,389,193</u>
Net investment income	<u>61,336,945</u>
Other additions:	
Specific stop loss and medical claims recovery	164,735
Other income	<u>26,207</u>
Total other additions:	<u>190,942</u>
Total additions	<u>113,178,312</u>
 Deductions	
Benefit payments and insurance premiums	47,324,480
Refunds of contributions	223,757
Administrative expenses	<u>839,798</u>
Total deductions	<u>48,388,035</u>
Change in net position	64,790,277
Net position, beginning	<u>709,462,897</u>
Net position, ending	<u><u>\$ 774,253,174</u></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, 2016

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 eight (8) 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. 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, 2016

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, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Property taxes, franchise fees and communications taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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 eight charter schools: three Elementary Schools, three 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 1st through June 30th, and are included in the financial statements of the City as of and for the period ended June 30th. 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, 2016

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; however, each class of school (Elementary, Middle, High, and Florida State University Elementary) is a separate fund for general purpose external financial reporting purposes. Therefore, since 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:

<u>Agency Fund</u>	<u>Brief Description</u>
General Agency Fund	Used to account for fiduciary resources held by the City for individuals, private organizations, or other governments.
Sanitation Fund	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, 2016

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, Deferred Outflows/Inflows of Resources, 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, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Assets, Liabilities, Deferred Outflows/Inflows of Resources, 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, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Assets, Liabilities, Deferred Outflows/Inflows of Resources, 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

The City's capitalization threshold for 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

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Assets, Liabilities, Deferred Outflows/Inflows of Resources, 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. The cost of prepaid items is recorded as an expenditure/expenses when consumed rather than when purchased (consumption method).

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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflow of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. There are three items that qualify for reporting in this category: interest rate swaps, deferred charge on refundings, and pension related activities, all of which are reported in the government-wide statement of net position. The interest rate swaps represents the termination value balance of the outstanding derivative instruments and the deferred charge on refundings represents the difference in the carrying value of refunded debt and the reacquisition price, which is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City's deferred outflows of resources related to pensions are discussed in Note 14.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

7. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of financial position reports a separate section for deferred inflow of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenues) until that time. There are two items that qualify for reporting in this category: interest rate swaps and pension related activities. The interest rate swaps represents the fair value balance of the outstanding derivative instruments. The City deferred inflows of resources related to pensions are discussed in Note 14.

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as prepaid bond insurance 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. Prepaid bond insurance issuance costs are reported as unamortized bond issue costs and amortized over the term of the related debt. Effective October 1, 2013, only bond premiums, discounts and prepaid insurance costs are deferred and amortized over the life of the bonds, all other bond issue costs are expensed in the reporting period in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. 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, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

9. Net position/Fund Balance

Net Position. Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

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.

Unassigned fund balance is the residual classification for the general fund. This classification 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. The general fund should be the only fund that reports a positive unassigned fund balance amount. In a governmental fund other than the general fund, expenditures incurred for a specific purpose might exceed the amounts in the fund that are restricted, committed, and assigned to that purpose and a negative residual balance for that purpose may result. If that occurs, amounts assigned to other purposes in that fund should be reduced to eliminate the deficit. If the remaining deficit eliminates all other assigned amounts in the fund, or if there are no amounts assigned to other purposes, the negative residual amount should be classified as unassigned fund balance. A negative residual amount should not be reported for restricted, committed, or assigned fund balances in any fund.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

10. 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.

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.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Revenues, Expenditures/Expenses (continued)

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 30th 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 liability 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, 2016

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, 2016, 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, 2016

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

c. New Pronouncements

Pronouncements implemented in the current year:

GASB Statement, 72, Fair Value Measurement and Application (GASB 72), addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of GASB 72 are effective for fiscal year 2016. The implementation of GASB 72 does not have a material impact on the City's financial statements.

GASB Statement, 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments (GASB 76), identifies the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements of GASB 76 are effective for fiscal year 2016. The implementation of GASB 76 does not have a material impact on the City's financial statements.

Pronouncements yet to be implemented:

GASB Statement, 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 (GASB 73). GASB 73 improves the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of GASB 73 are effective for fiscal year 2017. The City is currently evaluating the impact, if any, that GASB 73 may have on its financial statements.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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

c. New Pronouncements (continued)

GASB Statement, 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (GASB 74), improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of GASB 74 are effective for fiscal year 2017. The City is currently evaluating the impact, if any, that GASB 74 may have on its financial statements.

GASB Statement, 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75), establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The requirements of GASB 75 are effective for fiscal year 2018. The City is currently evaluating the impact, if any, that GASB 75 may have on its financial statements.

GASB Statement, 77, Tax Abatement Disclosures (GASB 77), improves financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The requirements of GASB 77 are effective for fiscal year 2017. The City is currently evaluating the impact, if any, that GASB 77 may have on its financial statements.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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

c. New Pronouncements (continued)

GASB Statement 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans (GASB 78), amends the scope and applicability of GASB Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of GASB 78 are effective for fiscal year 2017. The City is currently evaluating the impact, if any, that GASB 78 may have on its financial statements.

GASB Statement 79, Certain External Investment Pools and Pool Participants (GASB 79), addresses accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The requirements of GASB 79 are effective for fiscal year 2017. The City is currently evaluating the impact, if any, that GASB 79 may have on its financial statements.

GASB Statement 80, Blending Requirements for Certain Component Units (GASB 80), is an amendment to GASB Statement 14. It improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of GASB 80 are effective for fiscal year 2017. The City is currently evaluating the impact, if any, that GASB 80 may have on its financial statements.

GASB Statement 81, Irrevocable Split-Interest Agreements (GASB 81) improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of GASB 81 are effective for fiscal year 2018. The City is currently evaluating the impact, if any, that GASB 81 may have on its financial statements.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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

c. New Pronouncements (continued)

GASB Statement 82, Pension Issues (GASB 82), is an amendment to GASB Statements 67, 68, and 73. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of GASB 82 are effective for fiscal year 2018. The City is currently evaluating the impact, if any, that GASB 82 may have on its financial statements.

GASB Statement 83, Certain Asset Retirement Obligations (GASB 83), addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The requirements of GASB 83 are effective for fiscal year 2019. The City is currently evaluating the impact, if any, that GASB 83 may have on its financial statements.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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, 2016 are classified in the accompanying financial statements as follows:

Statement of net position:	<u>Balance as of 9/30/2016</u>	
Cash and cash equivalents	\$ 48,698,611	
Investments:		
Marketable securities	73,279,398	
Real estate	56,125,315	
Restricted assets:		
Pooled cash and cash equivalents	46,369,224	\$ 224,472,548
Statement of net position - Fiduciary Funds:		
Cash and short-term investments	17,456,051	
Investments	<u>748,007,541</u>	<u>765,463,592</u>
Total cash and investments	<u>\$ 989,936,140</u>	<u>\$ 989,936,140</u>

Cash on hand, deposits and investments as of September 30, 2016 consist of the following:

Governmental and Business-type investments:	<u>Balance as of 9/30/2016</u>	
Cash on hand	\$ 19,255	
Deposits with financial institutions	21,498,110	
Money market funds held with financial institutions	27,087	
Florida PRIME	16,464,183	
Florida Municipal Investment Trust (FMIVT)	97,639,918	
Investments held with external Investment manager	32,698,680	
Investment in real estate	56,125,315	\$ 224,472,548
Firefighters and Police Officers Pension Fund:		
Cash and short-term investments	16,254,351	
Investments	517,786,597	
General Employees Pension Fund:		
Investments in mutual funds	163,490,116	
Other Post-Employment Benefits (OPEB):		
Cash and short-term investments	1,201,700	
Investments	<u>66,730,828</u>	<u>765,463,592</u>
Total cash and investments	<u>\$ 989,936,140</u>	<u>\$ 989,936,140</u>

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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 "A3" by Moody's or "A-" 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, 2016

NOTE 3. DEPOSITS & INVESTMENTS (continued)

List of Authorized 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: BBB, Baa2, or BBB, 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 A-, A3, or A- 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, 2016

NOTE 3. DEPOSITS & INVESTMENTS (continued)

Public Deposits

At September 30, 2016, the book balance of the City's public deposits was \$21,498,110 and the bank balance was \$22,416,586. 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 (SBA) was created by the Florida Constitution and is governed by a three-member Board of Trustees (Trustees), comprised of the Governor as Chair, the Chief Financial Officer and the Attorney General. The SBA'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. 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.

As of September 30, 2016, the City had \$16,464,183 invested in the Florida PRIME. The investments of the Florida PRIME are not restricted as to deposits or withdrawals. Florida PRIME currently meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Therefore, Florida PRIME investment is exempt from the GASB 72 fair value hierarchy disclosures, and the account balance should also be considered the fair value of the investment.

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.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Investments in External Investments Pools (continued)

Florida Municipal Investment Trust (FMIVT) (continued)

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) and is not subject to other regulatory oversight; however, the funds have adopted operating procedures consistent with the requirements for a 2a-7 Fund. Oversight is provided by a Board of Trustees consisting of the President (or appointee) and Second Vice President of the Florida League of Cities (FLOC), two appointed representatives from the Florida Municipal Insurance Trust, and three additional appointed members who are elected officials of municipalities (city, town or village) who actively participate in the Turst. In addition, an Investment Advisory Committee comprised of Finance Directors from throughout the state, assists the Administrator with developing and maintaining the investment guidelines and policies of the Trust. The City invests operating funds in the following funds:

	Balance
<u>FMIVT Bond Funds:</u>	<u>as of 9/30/16</u>
0-2 Year High Quality Bond Fund	\$ 126,062
1-3 Year High Quality Bond Fund	57,059,197
Intermediate High Quality Bond Fund	<u>40,454,657</u>
Total FMIVT Bond Funds	<u>\$ 97,639,918</u>

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. Part of the investments are measured at the net asset value (NAV), which is exempt from GASB 72 disclosure. As of September 30, 2016, \$84,431,147 out of \$517,786,597 of the Firefighters and Police Officers pension fund that are measured at the NAV.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

General Employees Pension Investments

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.

The General Employees Pension Investments are measured using the net assets value (NAV) per share practical expedient. Therefore, they are exempt from the GASB 72 fair value hierarchy disclosures.

Other Post-Employment Benefits (OPEB) Investments

The Other Post Employment Benefit (OPEB) Trust Fund is invested with various investment managers through Fiduciary Trust International of the South and State Street Global Advisors in both the fixed income and equity funds as shown in the table below:

	Balance as of 9/30/16
Mercantile Bank Money Market	\$ 1,201,700
Miscellaneous Accounts Receivables	1,000,000
Investment Accounts:	
Lee Munder Capital Group - Mid Cap Core	4,627,446
Atlanta Capital Management - Small Cap Core	5,241,285
Garcia Hamilton & Associates - Barclay's Aggregate Fixed Income	26,036,586
Herndon Capital Management - Large Cap Value	8,293,550
State Street Global Advors - Commingled Funds	14,227,685
Wells Capital Management - Large Cap Growth Mutual Fund	8,304,276
Total cash and investments	<u><u>\$ 68,932,528</u></u>

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.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Investment in Real Estate (continued)

City Center Property (continued)

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.

In fiscal year 2014, the City sold 11 acres of City Center to RD Pembroke Apartments, LLC for \$9,499,725 and recognized a gain on sale of \$2,854,464.

In fiscal year 2015, the City sold 43.4 acres of land (Weekley Property) to CA Miami 20700 GR, LLC for \$10,135,000 and recognized a lost on sale of \$988,523.

At the fiscal year ended September 30, 2016, the investment in real estate for City Center is valued at \$22,810,507, which approximates fair market value based on pending sales for the remaining unsold parcels.

Broward County Correctional Institute

In fiscal year 2014, the City bought approximately 66 acres located at 20421 SW 72nd Street, formerly known as the Broward County Correctional Institute, for \$13,519,470. At the fiscal year ended September 30, 2016, the market value of this investment in real estate is estimated at \$13,997,162, based on sale subsequent to year end.

United States Postal Service

On October 28, 2015, the City bought the United States Postal Service located at 16000 Pines Boulevard for \$17,940,783. At the fiscal year ended September 30, 2016, the market value of this investment in real estate is estimated at \$18,001,990.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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, 2016.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Years to Maturity</u>	<u>Effective Duration (Years)</u>	<u>% of the Total Fixed Income Investment Portfolio</u>
GOVERNMENTAL & BUSINESS-TYPE INVESTMENTS:				
<u>Managed by External Investment Manager:</u>				
Temporary investments	\$ 303,183	-	-	0.2%
Treasuries	9,927,181	2.38	2.34	6.8%
Mortgage pass-through	323,825	3.25	3.05	0.2%
Collateralized mortgage obligations (Agency & Private)	965,582	1.35	1.09	0.6%
Asset-backed securities	6,239,308	1.16	1.18	4.3%
Corporate bonds	9,098,713	1.58	1.53	6.2%
Corporate - Non US	5,840,888	1.96	1.92	4.0%
<u>Investment in External Investment Pools:</u>				
FMIvT -0-2 Year high quality bond fund	126,062	0.70	0.62	0.1%
FMIvT -1-3 Year high quality bond fund	57,059,198	1.37	1.34	38.8%
FMIvT -Intermediate high quality bond fund	40,454,658	3.60	3.25	27.6%
Florida PRIME	16,464,183	0.22	-	11.2%
Total Governmental & Business-type Fixed Income	\$ 146,802,781			100.0%
Weighted average effective duration of the Governmental & Business-type activities			1.81	
FIDUCIARY FUNDS:				
Firefighters and Police Officers Pension Fund:				
U.S. agencies	\$ 29,256,228		1.94	25.3%
U.S. government	7,907,446		0.38	6.8%
Corporate bonds	78,601,987		3.82	67.9%
Total Fixed Income Firefighters and Police Officers Pension Fund	\$ 115,765,661			100.0%
Weighted average effective duration of Police & Fire Pension Fund			3.11	
General Employees Pension Fund:				
<u>Investment in separate fixed income investments accounts:</u>				
Principal global investors core plus bond separate account	\$ 41,238,866		-	57.4%
Mellon capital management bond market index	13,539,124		5.48	18.9%
JP Morgan high yield 1 separate account	6,984,987		4.34	9.7%
Principal US property separate account	10,042,477		-	14.0%
Total Fixed Income General Employees Pension Fund	\$ 71,805,454			100.0%
Weighted average effective duration of the General Employees Pension Fund			1.46	
Other Post-Employment Benefit (OPEB) Trust Fund:				
<u>Investment in Funds of Garcia Hamilton & Associates</u>				
Corporate bonds	\$ 5,153,711	4.51	3.7	19.8%
Government bonds	13,605,178	9.23	6.67	52.3%
Mortgage-backed securities	6,880,350	1.12	2.35	26.4%
US Treasury	397,347	1.48	1.48	1.5%
Total Fixed Income -Other Post-Employment Benefits Trust Fund	\$ 26,036,586			100.0%
Weighted average effective duration of the Other Post-Employment Benefits Trust Fund			4.86	

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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, 2016 are 50 days and 70 days, respectively.

Firefighters and Police Officers Pension Investments

As a means of limiting its exposure to interest rate risk, the Firefighters and Police Officers Pension Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

General Employees Pension Investments

The 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.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk (continued)

Other Post-Employment Benefits (OPEB) Investments

The OPEB Investment Policy allows for various authorized investments including all the investment accounts offered by the Fiduciary Trust International of the South and State Street Global Advisors. Currently, the investments of the OPEB Trust Fund are invested in fixed income, equities, and mutual funds. 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, 2016

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>Credit Quality Rating</u>			<u>Fair Value</u>
	<u>Fitch</u>	<u>S&P</u>	<u>Moody's</u>	
GOVERNMENTAL & BUSINESS-TYPE INVESTMENTS:				
<u>Managed by External Investment Manager:</u>				
Temporary investments		AAA	Aaa	\$ 303,183
Treasuries		AA+	Aaa	9,927,181
Mortgage pass-through		AA+	Aaa	323,825
Collateralized mortgage obligations (Agency & Private)		AA+	Aaa	965,582
Asset-backed securities		AAA	Aaa	6,239,308
Corporate		A	A2	9,098,713
Corporate - Non US		AA-	Aa3	5,840,888
<u>Investment in External Investment Pools:</u>				
FMIvT -0-2 Year high quality bond fund	AAA/V1			126,062
FMIvT -1-3 Year high quality bond fund	AAA/V2			57,059,198
FMIvT -Intermediate high quality bond fund	AAA/V3			40,454,658
Florida PRIME		AAAm		16,464,183
Total Governmental & Business-type Fixed Income				<u>\$146,802,781</u>
FIDUCIARY FUNDS:				
Firefighters and Police Officers Pension Fund:				
U.S. government guaranteed		N/A		\$ 37,163,674
Corporate/foreign bonds		AAA		4,749,110
Corporate/foreign bonds		AA+		4,722,011
Corporate/foreign bonds		AA		3,649,176
Corporate/foreign bonds		AA-		8,565,390
Corporate/foreign bonds		A+		6,108,451
Corporate/foreign bonds		A		20,518,873
Corporate/foreign bonds		A-		18,922,586
Corporate/foreign bonds		BBB+		10,312,150
Corporate/foreign bonds		BBB		1,054,240
Total Fixed Income Firefighters and Police Officers Pension Fund				<u>\$115,765,661</u>
General Employees Pension Fund:				
<u>Investment in separate fixed income investments accounts:</u>				
Principal global investors core plus bond separate account		Not rated		\$ 41,238,866
Mellon capital management bond market index		Not rated		13,539,124
JP Morgan high yield 1 separate account		Not rated		6,984,987
Principal US property separate account		Not rated		10,042,477
Total Fixed Income General Employees Pension Fund				<u>\$ 71,805,454</u>
Other Post-Employment Trust Fund:				
<u>Investment in Funds of Garcia Hamilton & Associates</u>				
Corporate bonds	BBB+	A3	A	\$ 5,153,711
Government bonds	AA+	Aaa	AAA	13,605,178
Mortgage-backed securities	AA+	Aaa	AAA	6,880,350
US Treasury	Not rated	Not rated	Not rated	397,347
Total Fixed Income -Other Post-Employment Benefits Trust Fund				<u>\$ 26,036,586</u>

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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: BBB, Baa2, or BBB, 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 A-, A3, or A- 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.

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.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Credit Risk (continued)

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 Fiduciary Trust International of the South and State Street Global Advisors. The investment accounts comprise of fixed income, equity, commingled pools, and mutual funds. The fixed income portfolio's ratings from Fitch, Standard and Poor's, and Moody's range from A- to AAA, A to AA+, and Aaa to A3, respectively.

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 is 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.

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.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Credit Risk (continued)

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.

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

The overall valuation process and information sources by major investment classification are as follows:

1. Equity securities: These include common stocks and international equity fund. They are valued at the last reported sales price on the last business day of the fiscal year. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.
2. Debt securities: Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government-sponsored agencies and corporate bonds. These securities can typically be valued using the close or last traded price on a specific date (quoted prices in active markets). When quoted prices are not available, fair value is determined based on valuation models that use inputs that include market observable inputs. These inputs included recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment's type.
3. Alternative investments: These investments include real estate equity and venture capital investments where no readily ascertainable market value exists. To value these investments, management, in consultation with the general partner and investment advisors, determines the fair values for the individual investments based upon the partnership's or limited liability company's most recent available financial information adjusted for cash flow activities through September 30, 2016. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

4. Commercial real estate: A level 3 input would be a financial forecast (for example, of cash flows or earnings) developed using a government's own data if there is no reasonably available information that indicates that market participants would use different assumptions.
5. Interest rate swaps: A level 3 input would be an adjustment to a midmarket consensus (nonbinding) price for a swap developed using data that are not directly observable and cannot otherwise be corroborated by observable market data.

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

Investment Type	9/30/2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
GOVERNMENTAL & BUSINESS-TYPE INVESTMENTS:				
<u>Managed by External Investment Manager:</u>				
Temporary investments	\$ 303,183	\$ -	\$ 303,183	\$ -
Treasuries	9,927,181	9,927,181	-	-
Mortgage pass-through	323,825	-	323,825	-
Collateralized mortgage obligations (Agency & Private)	965,582	-	965,582	-
Asset-backed securities	6,239,308	-	6,239,308	-
Corporate	9,098,713	-	9,098,713	-
Corporate - Non US	5,840,888	-	5,840,888	-
<u>Investment in External Investment Pools:</u>				
FMIvT -0-2 Year high quality bond fund	126,062	-	126,062	-
FMIvT -1-3 Year high quality bond fund	57,059,198	-	57,059,198	-
FMIvT -Intermediate high quality bond fund	40,454,658	-	40,454,658	-
Commercial real estate	56,125,315	-	-	56,125,315
Total Governmental & Business-type Fixed Income	\$186,463,913	\$ 9,927,181	\$ 120,411,417	\$ 56,125,315
FIDUCIARY FUNDS:				
Firefighters and Police Officers Pension Fund:				
U.S. government guaranteed	\$ 37,163,674	\$ -	\$ 37,163,674	\$ -
Corporate/foreign bonds	78,601,987	-	78,601,987	-
Domestic equities	241,100,916	241,100,916	-	-
Real estate	76,488,873	-	-	76,488,873
Total Firefighters and Police Officers Pension Fund	\$433,355,450	\$ 241,100,916	\$ 115,765,661	\$ 76,488,873
Other Post-Employment Trust Fund:				
<u>Investment in Funds of Garcia Hamilton & Associates</u>				
Corporate bonds	\$ 5,153,711	\$ 5,153,711	\$ -	\$ -
Government bonds	13,605,178	13,605,178	-	-
Mortgage-backed securities	6,880,350	6,880,350	-	-
US Treasury	397,347	397,347	-	-
Lee Munder Capital Group	4,627,446	4,627,446	-	-
Atlanta Capital	5,241,285	5,241,285	-	-
Herdon Capital Management	8,293,550	8,293,550	-	-
State Street Global Advisors	14,227,685	-	14,227,685	-
Wells Capital Management	8,304,276	8,304,276	-	-
Total Other Post-Employment Benefits Trust Fund	\$ 66,730,828	\$ 52,503,143	\$ 14,227,685	\$ -

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

		Fair Value Measurements Using		
<u>Investment Type</u>	<u>9/30/2016</u>	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
<u>Investments Measured at the Net Asset Value (NAV)</u>				
Florida PRIME	\$ 16,464,183			
Firefighters and Police Officers Pension Fund:				
Commingled international equity fund	35,000,005			
Commingled domestic equity fund	49,431,142			
General Employees Pension Fund	163,490,116			
Total Investment Measured at the NAV	\$ 264,385,446			
Total Investment Measured at the Fair Value	<u>\$ 950,935,637</u>			
 <u>Investment Derivative Instruments</u>				
Interest rate swaps (liability)	\$ (13,951,199)			\$ (13,951,199)
Total Investment Derivative Instruments	<u>\$ (13,951,199)</u>			<u>\$ (13,951,199)</u>

The following table presents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for the Entity's alternative investments measured at NAV:

	<u>Fair Value</u> <u>9/30/2016</u>	<u>Unfunded</u> <u>Commitments</u>	<u>Redemption</u> <u>Frequency</u>	<u>Redemption</u> <u>Notice Period</u>
GOVERNMENTAL & BUSINESS-TYPE INVESTMENTS:				
<u>Investment in External Investment Pools:</u>				
Florida PRIME	\$ 16,464,183	\$ -	Daily	1 day
Total Governmental & Business-type Fixed Income	<u>\$ 16,464,183</u>	<u>\$ -</u>		
FIDUCIARY FUNDS:				
Firefighters and Police Officers Pension Fund:				
Commingled international equity fund	\$ 35,000,005	\$ -	Daily	Same Day
Commingled domestic equity fund	49,431,142	-	Quarterly	30 Days
Total Firefighters and Police Officers Pension Fund	<u>\$ 84,431,147</u>	<u>\$ -</u>		
General Employees Pension Fund:				
General Employees Pension Fund	\$ 163,490,116	\$ -	Daily	1 day
Total General Employees Pension Fund	<u>\$ 163,490,116</u>	<u>\$ -</u>		

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 4. RECEIVABLES

Receivables and the related allowance for uncollectible accounts as of September 30, 2016 are as follows:

<u>Receivables</u>	Nonmajor			<u>Total</u>
	<u>General Fund</u>	<u>Governmental Funds</u>	<u>Enterprise Fund</u>	
Customer accounts	\$ -	\$ -	\$5,032,192	\$ 5,032,192
Franchise fees and taxes	5,266,239	473,606	-	5,739,845
Due from other governments	46,203	527,766	-	573,969
Other receivables	2,491,311	13,050	-	2,504,361
Gross receivables	7,803,753	1,014,422	5,032,192	13,850,367
Less: allowance for uncollectible accounts	-	-	(610,187)	(610,187)
Net total receivables (fund statements)	\$ 7,803,753	\$ 1,014,422	\$4,422,005	\$13,240,180
Municipal dedication fees	-	599,519	-	599,519
Net total receivables (gov't-wide)	<u>\$ 7,803,753</u>	<u>\$ 1,613,941</u>	<u>\$4,422,005</u>	<u>\$13,839,699</u>

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, 2016 are as follows:

<u>Restricted assets</u>	Debt		Capital	Nonmajor		<u>Total</u>
	<u>General Fund</u>	<u>Service Fund</u>	<u>Projects Fund</u>	<u>Governmental Funds</u>	<u>Enterprise Fund</u>	
Revenue Bonds sinking fund	\$ -	\$ 12,921,618	\$ -	\$ -	\$ 759,702	\$ 13,681,320
General Obligation Bonds sinking fund	-	2,351,922	-	-	-	2,351,922
Revenue Bonds reserve fund	-	68,270	-	-	-	68,270
Restricted for construction projects	-	-	19,848,719	-	-	19,848,719
Restricted for Utility System Bonds	-	-	-	-	5,077,575	5,077,575
Restricted for wetland mitigation	-	-	-	511,307	-	511,307
Customer deposits	721,845	-	-	-	4,108,266	4,830,111
Total restricted assets	<u>\$721,845</u>	<u>\$15,341,810</u>	<u>\$19,848,719</u>	<u>\$ 511,307</u>	<u>\$ 9,945,543</u>	<u>\$46,369,224</u>

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 6. CAPITAL ASSETS

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

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 56,877,250	\$ -	\$ (3,340,997)	\$ 53,536,253
Construction-in-progress	14,065,790	41,085,760	(4,595,460)	50,556,090
Total capital assets, not being depreciated	<u>70,943,040</u>	<u>41,085,760</u>	<u>(7,936,457)</u>	<u>104,092,343</u>
Capital assets, being depreciated:				
Buildings	246,278,416	46,222	-	246,324,638
Improvements other than buildings	141,824,990	3,091,393	-	144,916,383
Machinery and equipment	54,435,866	5,688,949	(2,428,424)	57,696,391
Infrastructure	38,899,586	207,102	-	39,106,688
Intangibles	61,307	-	-	61,307
Total capital assets, being depreciated	<u>481,500,165</u>	<u>9,033,666</u>	<u>(2,428,424)</u>	<u>488,105,407</u>
Less accumulated depreciation for:				
Buildings	(67,499,542)	(5,072,451)	-	(72,571,993)
Improvements other than buildings	(74,775,018)	(4,984,734)	-	(79,759,752)
Machinery and equipment	(42,776,160)	(4,146,024)	2,306,896	(44,615,288)
Infrastructure	(31,559,682)	(511,991)	-	(32,071,673)
Intangibles	(31,164)	(6,131)	-	(37,295)
Total accumulated depreciation	<u>(216,641,566)</u>	<u>(14,721,331)</u>	<u>2,306,896</u>	<u>(229,056,001)</u>
Total capital assets, being depreciated, net	264,858,599	(5,687,665)	(121,528)	259,049,406
Governmental activities capital assets, net	<u>\$ 335,801,639</u>	<u>\$ 35,398,095</u>	<u>\$ (8,057,985)</u>	<u>\$ 363,141,749</u>

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 6. CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 3,056,488	\$ -	\$ -	\$ 3,056,488
Construction-in-progress	<u>790,168</u>	<u>7,441,134</u>	<u>(131,025)</u>	<u>8,100,277</u>
Total capital assets, not being depreciated	<u>3,846,656</u>	<u>7,441,134</u>	<u>(131,025)</u>	<u>11,156,765</u>
Capital assets, being depreciated:				
Buildings	40,684,635	-	-	40,684,635
Improvements other than buildings	199,404,338	772,287	-	200,176,625
Machinery and equipment	<u>7,412,210</u>	<u>1,045,708</u>	<u>(476,453)</u>	<u>7,981,465</u>
Total capital assets, being depreciated	<u>247,501,183</u>	<u>1,817,995</u>	<u>(476,453)</u>	<u>248,842,725</u>
Less accumulated depreciation for:				
Buildings	(9,501,729)	(834,348)	-	(10,336,077)
Improvements other than buildings	(86,613,064)	(5,323,298)	-	(91,936,362)
Machinery and equipment	<u>(5,573,122)</u>	<u>(406,265)</u>	<u>476,453</u>	<u>(5,502,934)</u>
Total accumulated depreciation	<u>(101,687,915)</u>	<u>(6,563,911)</u>	<u>476,453</u>	<u>(107,775,373)</u>
Total capital assets, being depreciated, net	145,813,268	(4,745,916)	-	141,067,352
Business-type activities capital assets, net	<u>\$ 149,659,924</u>	<u>\$ 2,695,218</u>	<u>\$ (131,025)</u>	<u>\$ 152,224,117</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government services	\$ 1,031,034
Public safety	3,331,024
Physical environment	147,504
Transportation	3,298,547
Economic environment	1,185,134
Human services	3,369,227
Culture/recreation	<u>2,358,861</u>
Total depreciation expense - governmental activities	<u>\$ 14,721,331</u>
Business-type activities:	
Water-sewer combined service	<u>\$ 6,563,911</u>
Total depreciation expense - business-type activities	<u>\$ 6,563,911</u>

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Capital Projects	\$ 7,000,000	Capital projects expenditures
General Fund	Nonmajor Governmental Funds	<u>218,470</u>	Provide temporary resources
Total		<u>\$ 7,218,470</u>	

Interfund Transfers:

Transfer in:					
	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total	Purpose
Transfer out:					
General Fund	\$ 118,065	\$ -	\$ 1,546,106	\$ 1,664,171	To record capital lease and supplement other funds
Nonmajor Governmental Funds	-	-	758,564	758,564	Supplement other funds
Utility Fund	-	11,061,921	-	11,061,921	Supplement other funds
Total	<u>\$ 118,065</u>	<u>\$11,061,921</u>	<u>\$ 2,304,670</u>	<u>\$ 13,484,656</u>	

Note: Amounts may differ from the Financial Statements due to rounding.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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, 2016 amounted to \$1,912,900. Cost and carrying amounts of these leased assets as of September 30, 2016 were as follows:

Land	\$ 1,068,835
Buildings	<u>95,772,696</u>
Total Cost	96,841,531
Less: Accumulated Depreciation	<u>(23,737,289)</u>
Book Value as of 9/30/16	<u>\$ 73,104,242</u>

The City leased 650 square feet of the City Hall building A to the Miramar-Pembroke Pines Regional Chamber of Commerce. The Miramar-Pembroke Pines Regional Chamber of Commerce vacated the property as of December 31, 2016. The City also leases 5,163 square feet of the City Hall building B to Calvin, Giordano & Associates, Inc. for their Building Department operations. In the "Silver Emporium" Senior Citizen Multipurpose Center, the City leases 3,176 square feet to the Pines Care Medical Center. The City also leases an office to a podiatrist and the dining/gift shop area to a restaurant at the Multipurpose Center. 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, 2016, 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, 2016 are \$133,159 and \$151,618, 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 \$4,814 and \$51,624 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 \$1,715,888 from the tower rentals in the year ended September 30, 2016.

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, 2016

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, 2016 amounted to \$900,998 and \$1,379,836, 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, 2016, the City had sub-leased portions of the site, now known as the "Senator Howard C. Forman Human Services Campus", to Youth Services International, Citrus Health Network, Dept. of Children & Families, Safeguard Services, Elan Lawn Services, Image Lawn Maintenance, Homes for Veteran, 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 Transportation Authority, Inc., a contractor utilized to provide all transportation services required for the City-operated 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 \$923,365 from the rental of buildings on the Campus for the year ended September 30, 2016.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 8. LEASES (continued)

Operating Leases (continued)

On November 23, 2004, the City signed a Sub-Sublease Agreement with Susan B. Anthony Center, Inc. (SBA), a Florida Non-Profit Organization that provides transitional housing for women with children whom are recovering from substance abuse. The City 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, 2038. (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 \$395,879 for the year ended September 30, 2016. The cost of the Center is \$7,035,387, and accumulated depreciation and net book value as of September 30, 2016 amounted to \$1,500,883 and \$5,534,504, 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, 2016, the City received rental income of \$1,834,295 from the two Senior Housing Facilities located in the Southwest Focal Point Senior Center known as "Pines Point", and \$5,404,939 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, 2016 amounted to \$6,563,300 and \$11,299,227, 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, 2016 amounted to \$11,238,989 and \$44,539,172, 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 \$360,741 for the year ended September 30, 2016. None of these short-term rentals are included in the following table.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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, 2016 are:

Fiscal year ending September 30:	
2017	\$ 2,523,205
2018	1,443,404
2019	914,580
2020	811,881
2021	536,128
2022-2026	2,477,416
2027-2031	2,550,436
2032-2036	2,883,976
2037-2038	<u>1,264,227</u>
Total minimum future rentals	<u>\$ 15,405,253</u>

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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, 2016 include the following (All capitalized terms are as defined in each bond issue's official documents):

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 \$19,740,000 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 2004A, 2004B, and any Additional Parity Bonds. The bonds maturing on or 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:			
2017	\$ 2,430,000	\$ 863,050	\$ 3,293,050
2018	2,550,000	738,550	3,288,550
2019	2,675,000	607,925	3,282,925
2020	2,815,000	470,675	3,285,675
2021	2,950,000	326,550	3,276,550
2022-2023	<u>6,320,000</u>	<u>255,200</u>	<u>6,575,200</u>
Total	<u>\$ 19,740,000</u>	<u>\$ 3,261,950</u>	<u>\$ 23,001,950</u>

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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 \$32,480,000 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 or 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:			
2017	\$ 1,975,000	\$ 1,394,963	\$ 3,369,963
2018	2,070,000	1,296,713	3,366,713
2019	2,175,000	1,196,350	3,371,350
2020	2,275,000	1,088,488	3,363,488
2021	2,400,000	972,113	3,372,113
2022-2026	13,470,000	3,124,478	16,594,478
2027-2031	7,000,000	821,159	7,821,159
2032	1,115,000	23,694	1,138,694
Total	<u>\$ 32,480,000</u>	<u>\$ 9,917,958</u>	<u>\$ 42,397,958</u>

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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 \$22,730,000 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 or 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.

	Principal	Interest	Total
Fiscal year ending September 30:			
2017	\$ 680,000	\$ 1,034,013	\$ 1,714,013
2018	710,000	1,006,250	1,716,250
2019	735,000	977,319	1,712,319
2020	770,000	946,300	1,716,300
2021	800,000	914,900	1,714,900
2022-2026	4,515,000	4,057,387	8,572,387
2027-2031	5,625,000	2,950,162	8,575,162
2032-2036	7,220,000	1,357,000	8,577,000
2037	1,675,000	41,875	1,716,875
Total	\$ 22,730,000	\$ 13,285,206	\$ 36,015,206

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 9. LONG-TERM DEBT (continued)

Revenue Bonds (continued)

Charter School Revenue Bonds, Series 2008 - (Reissued in May 2014) - 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 \$62,495,000 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. The 2008 Bonds shall not 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

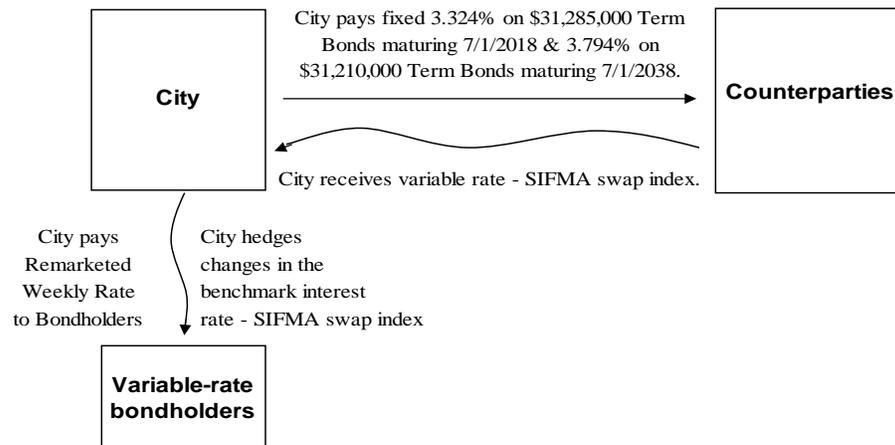
Fiscal Year Ended September 30, 2016

NOTE 9. LONG-TERM DEBT (continued)

Revenue Bonds (continued)

Charter School Revenue Bonds, Series 2008 - (Reissued in May 2014) (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 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, 2016

NOTE 9. LONG-TERM DEBT (continued)

Revenue Bonds (continued)

Charter School Revenue Bonds, Series 2008 - (Reissued in May 2014) (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 ("Wells Fargo") 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 Wells Fargo, 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 Wells Fargo.

On May 29, 2014, the City reissued the Charter School Revenue Bonds, Series 2008 (the Series 2008 Bonds) in the principal amount of \$62,795,000. The City, with the advice of the Financial Advisor, was able to remarket the Series 2008 Bonds to PNC Bank, National Association (Bank) and obtain a variable rate of SIFMA rate plus 0.59% for a four year term with an expiration date of July 1, 2018. 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 four 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 0.59% 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, 2016" is based on the 1.43% interest rate which was the SIFMA Rate (0.84%) in effect at the financial statement date of September 30, 2016 (per GASB Statement No. 38, paragraph 10) plus 0.59% interest spread to the Bank.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 9. LONG-TERM DEBT (continued)

Revenue Bonds (continued)

Charter School Revenue Bonds, Series 2008 - (Reissued in May 2014) (continued)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2017	\$ 100,000	\$ 893,448	\$ 993,448
2018	100,000	899,438	999,438
2019	100,000	888,098	988,098
2020	100,000	884,209	984,209
2021	100,000	887,720	987,720
2022-2026	5,725,000	4,296,760	10,021,760
2027-2031	20,550,000	3,440,354	23,990,354
2032-2036	24,445,000	1,824,596	26,269,596
2037-2038	<u>11,275,000</u>	<u>216,209</u>	<u>11,491,209</u>
Total	<u>\$ 62,495,000</u>	<u>\$ 14,230,832</u>	<u>\$ 76,725,832</u>

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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 2016) - 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 \$7,636,000. 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 based on a 2.0079% five year term Direct Purchase fixed rate with TD Bank as the Letter of Credit for these bonds expired on July 15, 2011 and was extended to September 15, 2011.

On September 30, 2016, the City remarketed the Series 2008 Bonds in the principal amount of \$7,636,000 to TD Bank based on a 1.66% five year term Direct Purchase fixed rate, which resulted in a net present value savings of \$244,634. The debt service shown in the schedule appeared hereunder and the following "Schedule of Debt Service on Outstanding Bonds as of September 30, 2016" is based on the 1.66% five year term (from September 30, 2016) Direct Purchase fixed rate in effect at the financial statement date of September 30, 2016 (per GASB Statement No. 38, paragraph 10).

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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:			
2017	\$ -	\$ 63,731	\$ 63,731
2018	203,000	125,073	328,073
2019	212,000	121,628	333,628
2020	221,000	118,034	339,034
2021	231,000	114,283	345,283
2022-2026	1,329,000	508,782	1,837,782
2027-2031	1,694,000	383,991	2,077,991
2032-2036	2,168,000	224,465	2,392,465
2037-2039	1,578,000	40,122	1,618,122
Total	<u>\$ 7,636,000</u>	<u>\$ 1,700,109</u>	<u>\$ 9,336,109</u>

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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 \$6,484,700 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.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2017	\$ 443,400	\$ 260,384	\$ 703,784
2018	466,200	241,476	707,676
2019	483,500	221,734	705,234
2020	505,100	201,184	706,284
2021	526,400	179,741	706,141
2022-2026	3,247,900	532,345	3,780,245
2027	812,200	16,884	829,084
Total	<u>\$ 6,484,700</u>	<u>\$ 1,653,748</u>	<u>\$ 8,138,448</u>

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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 \$8,906,528 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:			
2017	\$ 759,205	\$ 298,442	\$ 1,057,647
2018	785,777	271,405	1,057,182
2019	813,279	243,422	1,056,701
2020	841,744	214,459	1,056,203
2021	871,205	184,482	1,055,687
2022-2026	4,835,318	434,729	5,270,047
Total	\$ 8,906,528	\$ 1,646,939	\$ 10,553,467

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, 2016

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, 2016 of 388% was computed as follows:

Operating revenues	\$44,213,217
Plus: Investment income	6,085,595
Capital contributions	<u>1,842,201</u>
Gross Revenues	52,141,013
Less Operating, administrative and maintenance expenses	<u>(39,079,996)</u>
Net Revenues of the System	<u>\$13,061,017</u>
Interest expense	\$ 316,008
Principal payment	<u>733,531</u>
Bond service requirement on all outstanding bonds	1,049,539
Reserve for renewals and replacements	<u>2,315,586</u>
Total bond service requirement and reserve for renewals and replacement	<u>\$ 3,365,125</u>
Bond service requirement and reserve for renewals and replacement coverage	388%

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 9. LONG-TERM DEBT (continued)

Revenue Bonds (continued)

Taxable Communications Services Tax Revenue Refunding Bonds, Series 2013 – On October 15, 2013, the City issued \$35,300,000 bonds for the purpose of refunding \$34,660,000 outstanding Taxable Communications Services Tax Revenue Bonds, Series 2003A. This refunding was undertaken to reduce total debt service payments over the next 19 years by \$268,481 and resulted in an economic gain of \$1,867,401. The Series 2013 Bonds have an outstanding balance of \$32,805,000 due in varying installments through October 1, 2033. The outstanding bonds bear an interest rate of 5.762%, 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 2014 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 may be subject to redemption prior to maturity, at the option of the City, on any business day, in whole or in part at a redemption price equal to the Make-Whole Redemption Price.

	Principal	Interest	Total
Fiscal year ending September 30:			
2017	\$ 1,270,000	\$ 1,581,210	\$ 2,851,210
2018	1,295,000	1,550,404	2,845,404
2019	1,330,000	1,511,173	2,841,173
2020	1,375,000	1,465,187	2,840,187
2021	1,425,000	1,412,531	2,837,531
2022-2026	8,095,000	6,036,663	14,131,663
2027-2031	10,325,000	3,719,706	14,044,706
2032-2034	7,690,000	681,357	8,371,357
Total	\$ 32,805,000	\$ 17,958,231	\$ 50,763,231

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 9. LONG-TERM DEBT (continued)

Revenue Bonds (continued)

Taxable Communications Services Tax Revenue Refunding Bonds, Series 2014 – On September 10, 2014, the City issued \$41,540,000 bonds for the purpose of refunding \$41,075,000 outstanding Taxable Communications Services Tax Revenue Bonds, Series 2004. This refunding was undertaken to reduce total debt service payments over the next 20 years by \$741,366 and resulted in an economic gain of \$3,585,134. The Series 2014 Bonds have an outstanding balance of \$39,920,000 due in varying installments through October 1, 2033. The outstanding bonds bear an interest rate from 0.55% to 4.706%, 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 2013 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 or after October 1, 2025 are subject to redemption at the option of the City, on or after October 1, 2024, in such order of maturity as the City selects, plus accrued interest to the redemption date.

	Principal	Interest	Total
Fiscal year ending September 30:			
2017	\$ 1,720,000	\$ 1,454,313	\$ 3,174,313
2018	1,735,000	1,432,482	3,167,482
2019	1,760,000	1,400,801	3,160,801
2020	1,800,000	1,360,213	3,160,213
2021	1,845,000	1,311,675	3,156,675
2022-2026	10,135,000	5,592,058	15,727,058
2027-2031	12,210,000	3,428,212	15,638,212
2032-2034	8,715,000	627,427	9,342,427
Total	\$ 39,920,000	\$ 16,607,181	\$ 56,527,181

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 9. LONG-TERM DEBT (continued)

Revenue Bonds (continued)

Public Improvement Revenue Refunding Bonds, Series 2014 – On September 10, 2014, the City issued \$29,040,000 bonds for the purpose of refunding (1) \$17,620,000 outstanding Public Improvement Revenue Bonds, Series 2004A, and (2) \$14,020,000 outstanding Public Improvement Revenue Bonds, Series 2004B. This refunding was undertaken to reduce total debt service payments over the next 21 years by \$402,963 and resulted in an economic gain of \$4,719,785. The Series 2014 Bonds have an outstanding balance of \$28,150,000 due in varying installments through October 1, 2034. The outstanding bonds bear an interest rate from 2.0% to 5.0%, payable semi-annually on April 1st and October 1st of each year. 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 2006. The bonds maturing on or after October 1, 2025 are subject to redemption at the option of the City, on or after October 1, 2024, 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:			
2017	\$ 985,000	\$ 1,208,381	\$ 2,193,381
2018	1,010,000	1,168,356	2,178,356
2019	1,060,000	1,116,606	2,176,606
2020	1,120,000	1,062,106	2,182,106
2021	1,170,000	1,010,706	2,180,706
2022-2026	6,650,000	4,224,031	10,874,031
2027-2031	8,240,000	2,633,366	10,873,366
2032-2035	7,915,000	720,950	8,635,950
Total	<u>\$ 28,150,000</u>	<u>\$ 13,144,502</u>	<u>\$ 41,294,502</u>

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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, 2016 are as follows:

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 \$1,040,000 due in varying installments through September 1, 2017. 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.

The outstanding bonds, maturing after September 1, 2017, were refunded on June 4, 2015 (see General Obligation Bonds, Series 2015).

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2017	\$ 1,040,000	\$ 44,200	\$ 1,084,200
Total	<u>\$ 1,040,000</u>	<u>\$ 44,200</u>	<u>\$ 1,084,200</u>

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 9. LONG-TERM DEBT (continued)

General Obligation Bonds (continued)

General Obligation Bonds, Series 2015 – On June 4, 2015, the City issued \$76,045,000 bonds for the purpose of (1) refunding \$36,690,000 outstanding General Obligations Bonds, Series 2005, (2) partial refunding \$34,410,000 outstanding General Obligations Bonds, Series 2007, and (3) the issuance of an additional \$10 million General Obligations Bonds, which will be used towards the construction of the new Civic Hall/City Center project. This refunding resulted in an economic gain of \$3,956,536; however, the total debt service payments did not reduce due to the additional \$10 million issuance. The Series 2015 Bonds have an outstanding balance of \$74,020,000 due in varying installments through September 1, 2036. The outstanding bonds bear an interest rate from 3.75% to 4.75%, payable semi-annually on March 1st and September 1st of each year. The Series 2015 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 2015 Bonds. The bonds maturing on or after September 1, 2025 are subject to redemption at the option of the City, on or after September 1, 2025, 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:			
2017	\$ 1,305,000	\$ 3,507,738	\$ 4,812,738
2018	2,440,000	3,455,538	5,895,538
2019	2,540,000	3,357,938	5,897,938
2020	2,665,000	3,230,938	5,895,938
2021	2,800,000	3,097,688	5,897,688
2022-2026	16,235,000	13,243,688	29,478,688
2027-2031	20,375,000	9,102,538	29,477,538
2032-2036	25,660,000	3,808,688	29,468,688
Total	<u>\$ 74,020,000</u>	<u>\$ 42,804,754</u>	<u>\$116,824,754</u>

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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, 2016 and the changes in fair value of such derivatives instruments for the year then ended as reported in the Fiscal Year 2016 financial statements are as follows:

			Fair Value		Notional
			at September 30, 2016*		
Changes in Fair Values			Classification	Amount	
Classification	Amount		Classification	Amount	Notional
Governmental Activities					
Cash flow hedges					
Pay-fixed interest rate swap	Deferred outflow	(\$2,272,524)	Debt	(\$13,951,199)	\$62,495,000

* 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, 2016 are (\$13,951,199) in favor of the Counterparties and \$62,495,000 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, 2016

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, 2016, 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	\$ 21,899,500	3/25/2008	7/1/2018	Pay 3.324% receive SIFMA ⁽¹⁾ swap index	AA-/Aa3/AA
		Royal Bank of Canada	\$ 21,847,000	3/25/2008	7/1/2038	Pay 3.794% receive SIFMA ⁽¹⁾ swap index	AA-/Aa3/AA
		The Bank of New York Mellon	\$ 9,385,500	3/25/2008	7/1/2018	Pay 3.324% receive SIFMA ⁽¹⁾ 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 ⁽¹⁾ 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 and four year term beginning May 29, 2014 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** 0.59% 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, 2016

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, 2016, 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 1.43% (SIFMA + 0.59% Direct Purchase fixed spread for 4 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 0.84% 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.

Fiscal Year Ending September 30	Principal	Interest	Hedging Derivatives, Net	Total
2017	\$ 100,000	\$ 893,448	\$ 2,191,955	\$ 3,185,403
2018	100,000	899,438	1,934,250	2,933,688
2019	100,000	888,098	1,168,502	2,156,600
2020	100,000	884,209	1,168,502	2,152,711
2021	100,000	887,720	1,168,502	2,156,222
2022-2026	5,725,000	4,296,760	5,842,512	15,864,272
2027-2031	20,550,000	3,440,354	5,842,512	29,832,866
2032-2036	24,445,000	1,824,596	4,575,215	30,844,811
2037-2038	11,275,000	216,209	532,069	12,023,278
Total	\$ 62,495,000	\$ 14,230,832	\$ 24,424,019	\$ 101,149,851

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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, 2016, the aggregate fair value of all hedging derivative instruments with these optional collateral posting provisions is a negative (\$13,951,199). If the collateral posting requirements were necessary at September 30, 2016, the City would be required to post \$13,951,199 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, 2014, 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 "Aa3" by Moody's and "not rated" by Fitch and S&P. 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, 2016, the \$2.2 million of bonds outstanding are considered defeased. They are listed as follows:

Consolidated Utility Systems Revenue Bonds, Series 1992 - The outstanding balance is \$2,200,000. 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, 2016

NOTE 9. LONG-TERM DEBT (continued)

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, 2016 are as follows:

Total purchase price	\$590,327
Total payments made in fiscal year:	
2013	(29,517)
2014	(118,065)
2015	(118,065)
2016	<u>(118,065)</u>
Remaining payments due in subsequent years	<u>\$206,615</u>

Conduit Debt Obligations

On April 15, 2015, the City has authorized the issuance of Capital Improvement Fee Revenue Note, Series 2015, in the amount of \$15,000,000 on behalf of the District Board of Trustees of Broward College to fund construction of a science building on the South Campus of Broward College. The note will be payable solely from payments made by Broward College. The City has no obligation for the debt beyond the resources provided by related leases or loans.

Energy Savings Agreement

On October 21, 2015, the City has entered an energy savings agreement with BGA, Inc (a ConEdison Solutions Company) to design, procure, install, and implement certain energy conservation and energy efficiency improvements at Charter Schools.

On February 17, 2016, the City has entered another energy savings agreement with Venergy Group, LLC to design, procure, install, and implement certain energy conservation and energy efficiency improvements at the Senior Center, Pines Place, and Pines Point.

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, 2016

NOTE 9. LONG-TERM DEBT (continued)

Changes in Long-Term Liabilities (continued)

Long-term liability activity for the year ended September 30, 2016 was as follows:

Governmental activities:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable:					
Public Improvement Refunding					
Revenue Bonds, Series 2006	\$ 22,055,000	\$ -	\$ (2,315,000)	\$ 19,740,000	\$ 2,430,000
Capital Improvement Refunding					
Revenue Bonds, Series 2006	34,350,000	-	(1,870,000)	32,480,000	1,975,000
Capital Improvement Revenue					
Bonds, Series 2007	23,385,000	-	(655,000)	22,730,000	680,000
Charter School Revenue Bonds,					
Series 2008	62,595,000	-	(100,000)	62,495,000	100,000
Variable Rate Capital Improvement					
Revenue Refunding Bonds, Series 2008	7,735,000	-	(7,735,000)	-	-
Capital Improvement Refunding					
Revenue Bonds, Series 2010	6,909,800	-	(425,100)	6,484,700	443,400
Taxable Communications Services Tax					
Revenue Refunding Bonds, Series 2013	34,060,000	-	(1,255,000)	32,805,000	1,270,000
Taxable Communications Services Tax					
Revenue Refunding Bonds, Series 2014	41,540,000	-	(1,620,000)	39,920,000	1,720,000
Public Improvement Refunding					
Revenue Bonds, Series 2014	29,040,000	-	(890,000)	28,150,000	985,000
Variable Rate Capital Improvement					
Revenue Refunding Bonds, Series 2016	-	7,636,000	-	7,636,000	-
Total revenue bonds	<u>261,669,800</u>	<u>7,636,000</u>	<u>(16,865,100)</u>	<u>252,440,700</u>	<u>9,603,400</u>
General obligation bonds:					
General Obligation Bonds, Series 2007	2,040,000		(1,000,000)	1,040,000	1,040,000
General Obligation Bonds, Series 2015	75,285,000	-	(1,265,000)	74,020,000	1,305,000
Total general obligation bonds	<u>77,325,000</u>	<u>-</u>	<u>(2,265,000)</u>	<u>75,060,000</u>	<u>2,345,000</u>
Total revenue and general obligation bonds	338,994,800	7,636,000	(19,130,100)	327,500,700	11,948,400
Less deferred amounts:					
For issuance discounts/premiums	13,654,226	-	(1,522,834)	12,131,392	-
Total bonds payable	352,649,026	7,636,000	(20,652,934)	339,632,092	11,948,400
Installment purchase	324,680		(118,065)	206,615	118,065
Estimated self-insurance claims	11,205,323	14,760,674	(14,978,738)	10,987,259	1,651,726
Compensated absences	16,878,335	9,523,117	(10,296,581)	16,104,871	10,735,357
Governmental activity long-term liabilities	<u>\$ 381,057,364</u>	<u>\$ 31,919,791</u>	<u>\$ (46,046,318)</u>	<u>\$ 366,930,837</u>	<u>\$ 24,453,548</u>
Business-type activities:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Compensated absences	\$ 97,851	\$ 28,172	\$ (55,884)	\$ 70,139	\$ 49,094
Consolidated Utility System					
Revenue Bonds, Series 2010	9,640,059	-	(733,531)	8,906,528	759,205
Business-type activity long-term liabilities	<u>\$ 9,737,910</u>	<u>\$ 28,172</u>	<u>\$ (789,415)</u>	<u>\$ 8,976,667</u>	<u>\$ 808,299</u>

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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 \$69.33 million (including the \$7,636,000 for the Susan B. Anthony Center (SBA) Bonds) in revenue bonds issued in 2006, 2007, 2008, 2010, and 2016. 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 2016 Franchise Revenue, the future maximum annual principal and interest payments on the bonds are expected to require 74% of the pledged revenue. The total principal and interest remaining to be paid on the bonds (excluding the SBA Bonds) is \$86,551,612. For FY 2016, the principal and interest paid (excluding the SBA Bonds) and the total Franchise Revenue were \$5,781,189 and \$8,292,391, respectively.

Electric Public Service Taxes (Public Service Revenue) are pledged to repay the outstanding \$47.90 million in revenue bonds issued in 2006 and 2014. 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 2016 Public Service Revenue, the future maximum annual principal and interest payments on the bonds are expected to require 51% of the pledged revenue. The total principal and interest remaining to be paid on the bonds is \$64,296,452. For FY 2016, the principal and interest paid and the total Public Service Revenue were \$5,418,731 and \$10,772,091, respectively.

Charter School total revenues and Early Development Center lease payments (School Revenue) are pledged to repay the outstanding \$62.50 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 2016 School 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 \$76,725,831. For FY 2016, the principal and interest paid and the total School Revenue were \$2,800,129 and \$52,528,533, respectively.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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 \$72.73 million in revenue bonds issued in 2013 and 2014. 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 FY2016 Communications and Water Tax Revenue, the future maximum annual principal and interest payments on the bonds are expected to require 80% of the pledged revenue. The total principal and interest remaining to be paid on the bonds is \$107,290,412. For FY 2016, the principal and interest paid and the total Communications and Water Tax Revenue were \$5,944,795 and \$7,525,809, respectively.

Net Revenues of the Consolidated Utility System (Utility Revenue) are pledged to repay the outstanding \$8.91 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 2016 Utility Revenue, the future maximum annual principal and interest payments on the bonds are expected to require 8% of the pledged revenue. The total principal and interest remaining to be paid on the bonds is \$10,553,467. For FY 2016, the principal and interest paid and the total net revenues of the Utility system were \$1,049,539 and \$13,061,017, respectively.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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, \$425,000 (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 \$1,347 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 \$24,060,637 for the fiscal year ended September 30, 2016. 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 \$10,987,259 reported in the fund at September 30, 2016 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>
2015-2016	\$ 11,205,323	\$ 14,760,674	\$ (14,978,738)	\$ 10,987,259
2014-2015	\$ 9,480,931	\$ 15,462,400	\$ (13,738,008)	\$ 11,205,323

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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, 2016

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 \$8,105,206 for the year ended September 30, 2016.

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™ (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, 2016, the balance in the Trust Fund account was \$511,307. For the fiscal year ended September 30, 2016, the Trust earned \$2,839 in investment income, and incurred expenses of \$17,323.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 12. COMMITMENTS (continued)

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

The agreement specifies that the City will sublease the site from DCF for a 50-year period from July 1, 2001 to June 30, 2051 for a \$300 annual administration fee, and is subject to other terms and conditions relating to the City's management of the site. The City has renamed the site "Senator Howard C. Forman Human Services Campus", and 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, 2016:

Project Name	Vendor	Original Amount	Balance as of 9/30/16
Soccer field reno/Silver Lks.N	Sports Turf One, Inc.	\$ 127,571	\$ 24,200
Lake bank reosion barrier	Erosion Restoration, LLC	153,560	52,616
Roof replacement bldg 76/78	Fullcover Roofing Systems, Inc.	204,050	24,516
City Gateway signage Go Bond 6.3 RFQ #AD-13-06	Acolite & Claude United Sign Co., Inc.	250,343	6,286
Field reno.Pines Rec Ctr	Tropic Landscaping & Lawn Maintenance	291,500	291,500
Demo&recon.maint.bldg WTP	Hartzell Painting Contractors Inc.	315,854	315,854
Replace pumps/Utility system's WP	Connect Consulting, Inc	358,282	50,241
Landscape/Pines blvd.FDOT	Arazoza Brothers Corporation	417,775	417,775
City Center FPL relocation	Florida Power & Light Company	434,233	102,030
Pines blvd.perimeter wall	Coramarca Corp.	613,938	613,938
Backup Generators for PS bldg and Police	Electrical Contracting Service, Inc.	615,219	615,219
Media&Ancillary eq/ion exchange	Tonka Water	1,010,216	1,010,216
Filter rehab.at WTP	Cardinal Contractors, Inc.	1,089,156	732,997
Biosolids processing system WWTP	BCR Environmental Corporation	7,604,543	571,289
FPL Parking lot	West Construction, Inc.	7,782,696	4,887,288
City Hall/Gallery/Chambers	Stiles Corporation	58,148,264	20,906,792
		\$ 79,417,200	\$ 30,622,757

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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. The Plan considers all highly liquid investments with an original maturity of 90 days or less when purchased to be cash equivalents. As of September 30, 2016, the Plan held \$66,730,828 in investments, \$1,201,700 in cash and short-term investments, and \$1,000,000 in miscellaneous accounts receivables.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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

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, 2016.

Other Post-Employment Benefits (OPEB) Statement of Net Position Fiduciary Fund September 30, 2016

	<u>2016</u>
Assets	
Cash and short-term investments	\$ 1,201,700
Miscellaneous accounts receivables	1,000,000
Investments	
Lee Munder Capital Group - Mid Cap Core	4,627,446
Atlanta Capital Management - Small Cap Core	5,241,285
Garcia Hamilton & Associates - Barclay's Aggregate Fixed Income	26,036,586
Herndon Capital Management - Large Cap Value	8,293,550
State Street Global Advors - International Allocation SL Funds	5,485,281
State Street Global Advors - S&P 500 Flagship NL Fund	8,742,404
Wells Capital Management - Large Cap Growth Mutual Fund	8,304,276
Total assets	<u>68,932,528</u>
Liabilities	
Reserve for health insurance claims	803,087
Accounts payable	225,529
Total liabilities	<u>1,028,616</u>
Net Position	
Net position restricted for OPEB	<u>\$ 67,903,912</u>

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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, 2016

Additions:	<u>2016</u>
Contributions	
Plan members	\$ 533,634
Employer	15,192,960
Total contributions	<u>15,726,594</u>
Investment income:	
Investment income	5,141,676
Less investment expenses	<u>(313,362)</u>
Net investment income	<u>4,828,314</u>
Other additions:	
Medical claims - refund/adj.	1,405
Part D subsidy	163,330
Total other additions	<u>164,735</u>
Total additions	<u>20,719,643</u>
Deductions:	
Benefit payments and insurance	8,242,241
Administrative expenses	<u>210,752</u>
Total deductions	<u>8,452,993</u>
Change in net position	12,266,650
Net position, beginning	<u>55,637,262</u>
Net position, ending	<u>\$67,903,912</u>

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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:

Ordinance Number	Dated	Ordinance Number	Dated
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	1779	November 5, 2014

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, 2016

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 eligible for single coverage are required to contribute an additional \$80 per month for their health insurance coverage for EPO and \$100 for PPO. Effective October 1, 2014, the City is extending its health care coverage to all eligible retirees' domestic partners.

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, 2016

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

Plan Membership Information

The Plan's membership based on the October 1, 2015 actuarial valuation consisted of:

	<u>OPEB</u>
Retirees and beneficiaries currently receiving benefits	562
Active Plan Members:	
Fully Vested	244
Partially Vested	<u>830</u>
Total	<u><u>1,636</u></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 percentage contributed is expected to equal the Actuarial Determined Contribution (ADC) as determined by the annual actuarial valuation. Administrative costs are financed through investment earnings where available.

For the year ended September 30, 2016, the Plan members contributed \$533,634 and the City contributed \$15,192,960 which was 245% of ADC. The ADC as determined by the actuarial valuation was \$6,211,000.

Reserves

The balance in the Plan's legally required reserves as at September 30, 2016 was \$803,087.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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

Annual OPEB Cost and Net OPEB Obligation/(Asset)

For the fiscal year ended September 30, 2016, the City's annual OPEB cost for the Plan was \$6,147,000. 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, 2016 were as follows:

Actuarial determined contribution	\$	6,211,000
Interest on net OPEB obligation		(269,000)
Adjustment to annual required contribution		205,000
Annual OPEB cost		6,147,000
Contributions made		(15,192,960)
Change in net OPEB obligation/(asset)		(9,045,960)
Net OPEB obligation/(asset), beginning of year		(3,361,983)
Net OPEB obligation/(asset), end of year	\$	(12,407,943)

Trend Information

Fiscal Year Ended	Annual OPEB Cost (AOC)	Contribution	Percentage of AOC Contributed	Net OPEB Obligation/(Asset)
9/30/2016	\$ 6,147,000	\$15,192,960	247%	\$ (12,407,943)
9/30/2015	8,057,000	10,010,983	124%	(3,361,983)
9/30/2014	7,948,207	9,352,000	118%	(1,408,000)

Funded Status and Funding Progress

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

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	(c) Covered Payroll	UAAL as a Percentage of Covered Payroll (b-a) / (c)
10/1/2015	\$ 55,637,262	\$ 129,497,000	\$ 73,859,738	43.0%	\$ 71,845,080	102.8%
10/1/2014	49,627,611	140,006,000	90,378,389	35.4%	69,752,505	129.6%
10/1/2013	43,560,000	132,893,000	89,333,000	32.8%	67,720,879	131.9%

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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 ADC; an amount that is actuarially determined in accordance with the parameters of GASB Statement 43 and 45. The ADC 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

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 markets, mutual funds, and various investment accounts. Fiduciary Trust International of the South acts as the custodian, and the investment portfolio is managed by an Investment Consultant. The Plan's net investment income for the year ended September 30, 2016 was \$4,828,314. As of September 30, 2016, the Plan held no single investment that exceeded 5% of net position. Additional information can be found in Note 3. –Deposits and Investments.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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

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	10/1/2015
Actuarial cost method	Projected Unit Credit Method
Amortization method	Level percent, open
Remaining amortization period	30 years
Asset valuation method	Fair Market value
Actuarial assumptions:	
Inflation rate	3.0%
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
	7.5% current
Post-retirement benefits increases	N/A

* - 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, 2016

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, 2015, the date of the latest actuarial valuation, the Plans’ membership consisted of:

	<u>2015</u>
Active members	39
Retired members and beneficiaries currently receiving benefits	381
Disabled members receiving benefits	3
Terminated and inactive vested members (including bargained employees whose benefit was frozen effective 7/1/2010)	<u>272</u>
Total	<u><u>695</u></u>

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

General Employees Pension Plan (continued)

The General Employees Pension Trust Fund Board comprises of the City Commission. 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, 2016.

General Employees Pension Trust Fund Statement of Net Position Fiduciary Fund September 30, 2016

	<u>2016</u>
Assets	
Miscellaneous Receivables	\$ 4,000,000
Investments	
Cash	3,409
Bond Market Index	13,539,124
Core Plus Bond	41,238,866
Diversified Real Asset	3,413,435
Equity Income	11,687,366
High Yield I	6,984,987
International Emerging Markets	2,863,733
Large Cap Growth I	23,209,004
Large Cap S&P 500 Index	9,926,262
Large Cap Value	11,234,033
Mid Cap Growth III	3,386,068
Mid Cap Value III	3,369,875
Overseas	18,943,059
Real Estate US Property	10,042,477
Small Cap Growth I	1,854,495
Small Cap Value II	1,793,923
Total assets	<u>167,490,116</u>
Liabilities	<u>-</u>
Net Position	
Net position held in trust for pension benefits	<u><u>\$167,490,116</u></u>

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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, 2016**

Additions:	<u>2016</u>
Contributions:	
Plan members	\$ 249,518
Employer	6,500,000
Total contributions	<u>6,749,518</u>
Investment earnings:	
Investment income	12,414,478
Less investment expenses	<u>(47,576)</u>
Net investment income	<u>12,366,902</u>
Total additions	<u>19,116,420</u>
Deductions:	
Pension benefits	10,243,459
Administrative expenses	<u>1,740</u>
Total deductions	<u>10,245,199</u>
Change in net position	8,871,221
Net position, beginning	<u>158,618,895</u>
Net position, ending	<u><u>\$167,490,116</u></u>

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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 Number	Dated	Ordinance 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	1806	January 7, 2015

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. However, effective October 1, 2014, non-bargaining employees hired on or after October 1, 2014 will no longer be eligible to enter this plan. The City is also extending its benefits coverage to all eligible retirees’ domestic partners effective October 1, 2014.

Service Retirement Benefits

Upon normal retirement, 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, 2016

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 contributes 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.

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 2016, employee contributions for active members amounted to \$249,518.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

General Employees Pension Plan (continued)

Funding Policy (continued)

The City's Actuarial Determined Contribution (ADC) for fiscal year 2016 amounted to \$566,798 as compared to the ADC of \$2,707,856 in fiscal year 2015. In fiscal year 2016, the City contributed \$6,500,000, which is \$5,933,202 in excess of the ADC in order to reduce the unfunded liability.

The City's ADC for fiscal year 2016 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 (Series 2004 Bonds). The Series 2004 Bonds were issued, amongst other reasons, 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 ADC at the "pre-cost of living" level for the existing Plan participants. See also Note 9. for additional information on the bond issue. Series 2004 Bonds were refunded by Communications Services Tax Revenue Bonds, Series 2014 (Series 2014 Bonds).

Investments

As of September 30, 2016, 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, 2016, 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, 2016 was \$12,366,902, an increase of \$14,141,211 from last year's net investment loss of (\$1,774,309).

The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return on the Plan's investment for the year ended September 30, 2016 was 8.01%.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

General Employees Pension Plan (continued)

DROP Plan

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

Net Pension Liability of the City

The components of the net pension liability of the City is as follows:

Total pension liability	\$160,773,620
Plan fiduciary net position	(158,618,895)
City net pension liability	<u>\$ 2,154,725</u>
Plan fiduciary net position as a percentage of total pension liability	98.66%
Net pension liability as a percentage of covered employee payroll	65.69%

Actuarial Assumptions

The total pension liability as of September 30, 2016 was determined using an actuarial valuation as of October 1, 2015, with update procedures used to roll forward the total pension liability to September 30, 2016.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

General Employees Pension Plan (continued)

Actuarial Assumptions (continued)

The actuarial valuation for October 1, 2015 used the following actuarial assumptions:

Actuarial cost method	Entry Age Cost
Long-term rate of return on assets	7.50% (all asset class - determine based on the overall actual historical rate of return of the plan)
Discount rate	7.50%
Long-term inflation rate	2.25%
Salary increase assumption	Table S5 from actuary's pension handbook + 2.50%
COLA increase assumption	3.00% & 2.00% per year depending on location
Retirement age assumption	Age 55 and 10 years of service
Plan changes	none
Mortality rate	During benefit payment period-PFG Recommended Mortality with 10 year convergence with generational MI scale, Annuitant, male and female. Before benefit payment period-PFG Recommended Mortality with 10 year convergence with generational MI scale, Non-annuitant, male and female.
Disability rate	1987 Commissioner's Group disability table, six month elimination period, male and female
Withdrawal rate	2003 Society of Actuaries Small Plan Age Table, multiplied by 0.75
Marital assumptions	75% married; male is 3 years older than the female
Future employer contributions	Assume employer contributions are equal to: (1) employer contribution is to assumed to continue at 23.66% of payroll throughout the projection period and (2) expenses are assumed to start at \$48,000 and grow with the inflation assumption throughout the projection period.
Amortization method	Level dollar, closed
Amortization period	Experience & assumptions-0.33 yrs; investment earnings-5 yrs

The long-term rate of return was 7.50% for October 1, 2015 measurement dates. The long-term rate of return is used to calculate the actuarial present value of projected payments for each future period when the projected Fiduciary Net Position is greater than the projected expected benefit payments. Otherwise, a municipal bond rate of 4.16% is used. The municipal bond rate is from Barclays Municipal GO Long Term (17+ Y) Index, which includes 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the September 30, 2015 measurement date. These assumptions are based on forward-looking capital market assumptions.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

General Employees Pension Plan (continued)

Actuarial Assumptions (continued)

	Expected return		Risk
	Geometric	Arithmetic	Standard deviation
Equity			
U.S. Equity - Large Cap	6.50%	7.85%	17.20%
U.S. Equity - Mid Cap	6.50%	8.10%	18.80%
U.S. Equity - Small Cap	6.50%	8.55%	21.50%
Non-U.S. Equity	6.50%	8.10%	18.90%
Real Estate			
REITs	6.10%	7.95%	20.20%
Real Estate (direct property)	5.50%	5.80%	7.90%
Fixed Income			
Cash	1.55%	1.55%	0.80%
TIPS	2.85%	3.05%	6.40%
Core Bond	3.60%	3.75%	5.10%
Aggregate Credit Bond	4.05%	4.25%	6.40%
Long Credit Bond	4.75%	5.15%	9.20%
Long Gov't/Credit Bond	3.90%	4.30%	9.40%
Long Gov't Bond	2.65%	3.30%	11.80%
Ultra-Long Gov't Bond	1.85%	4.10%	21.90%
High Yield	6.30%	6.70%	9.30%

The discount rate is a single rate that incorporates the long-term rate of return and municipal bond rate as described. The discount rate used to determine the beginning of period total pension liability was 7.50% for September 30, 2015 measurement dates, respectively.

The following presents the net pension liability of the City using the discount rate, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate:

City Net Pension Liability		
1% Decrease	Current Rate	1% Increase
(6.50%)	(7.50%)	(8.50%)
\$ 20,636,910	\$ 2,154,725	\$ (13,304,711)

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

General Employees Pension Plan (continued)

Actuarial Assumptions (continued)

Statement of Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Reporting period as of September 30, 2015	\$ 157,929,073	\$ 160,780,771	\$ (2,851,698)
Changes for the year:			
Service cost	267,925	-	267,925
Interest	11,551,682	-	11,551,682
Benefit payments	(9,814,147)	(9,814,147)	-
Differences between expected & actual experience	135	-	135
Changes in assumptions	838,952	-	838,952
Employee contributions	-	251,779	(251,779)
Employer contributions	-	9,174,902	(9,174,902)
Net investment loss	-	(1,774,130)	1,774,130
Administration expenses	-	(280)	280
Net change	2,844,547	(2,161,876)	5,006,423
Reporting period as of September 30, 2016	\$ 160,773,620	\$ 158,618,895	\$ 2,154,725

Each assumption and method chosen by the actuary is reasonable, taking into account the results of the most recent experience analysis and anticipated future experience. Each material economic assumption is consistent with other economic assumptions selected by the actuary for this measurement period. Note that several different assumptions may be reasonable for a given measurement, and different actuaries will apply different professional judgment and may choose different reasonable assumptions. Demographic assumptions are not expected to produce significant cumulative actuarial gains or losses over the measurement period, and the combined effect of the assumptions is reasonable.

Pension Expense and Deferred Outflows/(Inflows) of Resources

In accordance with GASB 68, paragraph 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current measurement period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

1. Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

General Employees Pension Plan (continued)

Pension Expense and Deferred Outflows/(Inflows) of Resources (continued)

2. Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
3. Differences between expected and actual earnings on pension plan investments – amortized over five years

Contributions to the pension plan from the City are not included in collective pension expense. The pension expense for the fiscal year ended September 30, 2016 is \$2,504,994.

Employer contributions made subsequent to the September 30, 2015 measurement date of the Net Pension Liabilities and before the end of the September 30, 2016 reporting period. GASB 68 paragraph 34 require these contributions be reported as deferred outflows of resources. The components of deferred outflows and inflows of resources schedules for the fiscal year ended September 30, 2016, are presented below:

	Deferred		
	Outflows of	Deferred Inflows	
Changes in:	Resources	of Resources	Total
Contributions, subsequent to measurement date	\$ 6,500,000	\$ -	\$ 6,500,000
Projected/Actual earnings	11,253,011	(1,269,959)	9,983,052
	<u>\$ 17,753,011</u>	<u>\$ (1,269,959)</u>	<u>\$ 16,483,052</u>

Amounts reported as deferred outflows and inflows of resources related to pension will be recognized in the pension expense as follows:

Reporting Period	Amount to be
Ending September 30,	Recognized
2017	\$ 2,389,933
2018	2,389,933
2019	2,389,934
2020	2,813,252
2021	-
Thereafter	-
Total	<u>\$ 9,983,052</u>

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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 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, 2015, the date of the latest actuarial valuation, the Plans’ membership consisted of:

	<u>2015</u>
Retirees and beneficiaries currently receiving benefits including DROP and terminated employees entitled to benefits, but not yet receiving them	337
Current employees:	
Vested	208
Non-vested	<u>137</u>
Total	<u><u>682</u></u>

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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”):

Ordinance Number	Dated	Ordinance Number	Dated
557	February 19, 1981	1443	June 18, 2003
829	March 4, 1987	1480	March 17, 2004
967	September 19, 1991	1509	February 17, 2005
1014	November 4, 1992	1521	August 3, 2005
1067	February 16, 1994	1572	February 21, 2007
1091	September 8, 1994	1581	May 16, 2007
1131	September 6, 1995	1669	August 4, 2010
1198	December 18, 1996	1670	August 4, 2010
1249	January 7, 1998	1693	June 15, 2011
1318	November 17, 1999	1705	October 5, 2011
1321	December 15, 1999	1709	November 16, 2011
1325	January 19, 2000	1767	January 15, 2014
1353	September 20, 2000	1774	April 9, 2014
1360	December 15, 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. The Plan’s governing board is made up of a Board of Trustees consisting of nine members: (1) Three are police officers, elected by a majority of the police officers, (2) Three are firefighters, elected by a majority of the firefighters, and (3) Three are neither police officers nor firefighters, recommended by the City Manager and appointed by the City Commission. 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 150th Avenue
Pembroke Pines, FL. 33028

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

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. The City is also extending its benefits coverage to all eligible retirees' domestic partners effective October 1, 2014.

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.

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.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

City Pension Fund for Firefighters and Police Officers (continued)

Service Retirement Benefits (continued)

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, 2016

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, 2016

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.

13th 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 30th 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 13th 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.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

City Pension Fund for Firefighters and Police Officers (continued)

Deferred Retirement Option Plan (DROP) (continued)

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%.

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.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

City Pension Fund for Firefighters and Police Officers (continued)

Cost of Living Adjustment (COLA) (continued)

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 1st 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 1st each year following retirement.

Funding Policy

The City of Pembroke Pines contributes 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 \$23,908,967.

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 \$2,455,532, 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 until completion of 26 2/3 year of continuous service. Effective October 1, 2015, members that were hired after May 1, 2010 are required to contribute 7.0% of their annual earnings instead of 10.4%. Member contributions for the fiscal year ended September 30, 2016 amounted to \$2,730,394.

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 (Series 2003 Bonds). The Series 2003 Bonds were 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. Series 2003 Bonds were refunded by Communications Services Tax Revenue Bonds, Series 2013 (Series 2013 Bonds).

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

City Pension Fund for Firefighters and Police Officers (continued)

Funding Policy (continued)

On April 1, 2004 the City contributed \$26,200,000 to the Plan as a result of the Taxable Communications Services Tax Revenue Bonds, Series 2004 (Series 2004 Bonds). The Series 2004 Bonds were issued, amongst other reasons, 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. Series 2004 Bonds were refunded by Communications Services Tax Revenue Bonds, Series 2014 (Series 2014 Bonds). See also Note 9. for additional information on the bond issue.

All eligible employees, as a condition of membership, must agree in writing on becoming a member to make the contribution specified in the Plan. These contributions are in the form of payroll deductions until the member has completed twenty-six and two-thirds years of continuous service.

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, 2016:

<u>Description</u>	<u>Estimated Useful Life</u>	<u>FY2016</u>
Land	-	\$ 28,000
Building	39 years	343,399
Building improvements	39 years	90,834
Equipment	5 years	<u>27,600</u>
Total property and equipment		489,833
Accumulated depreciation		<u>(132,293)</u>
Property and equipment, net		<u>\$ 357,540</u>

These assets commenced depreciation in December 2007 when they were placed in service. For the year ended September 30, 2016, the depreciation expense amounted to \$11,852.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

City Pension Fund for Firefighters and Police Officers (continued)

Investments

Investments are reported at fair value as of September 30, 2016. 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. 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.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

City Pension Fund for Firefighters and Police Officers (continued)

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:

Authorized investments	Target	Minimum	Maximum
Domestic equities	52.00%	42.00%	62.00%
Fixed income	25.00%	20.00%	50.00%
International equities	8.00%	0.00%	10.00%
Real estate	15.00%	0.00%	12.00%
Cash	0.00%	0.00%	0.00%

The Plan's net investment income for the year ended September 30, 2016 was \$44,141,730, as compared to last year's net investment income of \$9,650,600.

The money weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested. The annual money-weighted rate of return on the Plan's investment for the year ended September 30, 2016 was 9.7%.

The components of the net pension liability of the City is as follows:

Total pension liability	\$705,283,352
Plan fiduciary net position	<u>(495,206,739)</u>
City net pension liability	<u>\$210,076,613</u>
Plan fiduciary net position as a percentage of total pension liability	70.21%
Net pension liability as a percentage of covered employee payroll	741.96%

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

City Pension Fund for Firefighters and Police Officers (continued)

Actuarial Assumptions

The total pension liability as of September 30, 2016 was determined using an actuarial valuation as of October 1, 2015, with update procedures used to roll forward the total pension liability to September 30, 2016.

The actuarial valuation for October 1, 2015 used the following actuarial assumptions:

Actuarial cost method	Entry Age Cost
Amortization method	Level percent, closed
Amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	3.50%
Salary increases	3.75% - 12.00%
Investment rate of return	8.00%
Retirement age	Experience-based rates specific to eligibility condition
Cost of living increases:	
Firefighters	0.0%, 1.5%, 2.0%, or 3.0%
Police	0.0%, 1.5%, 2.0%, 2.5%, or 3.0%

Future employee contributions are assumed to continue at 10.4% for members who were hired on or prior to May 1, 2010 and 7.0% for members who were hired after May 1, 2010, and the City is expected to contribute amounts necessary on an actuarial basis to fund the Plan's expenses, normal cost, and to amortize the unfunded actuarial accrued liability.

Mortality rates are calculated with RP 2000 combined mortality table with blue collar adjustment, separate for male and female, with fully generational mortality improvements projected to each future payment date with Scale AA. Disabled mortality rates are calculated with the RP 2000 disabled mortality table, separate for male and female, with fully generational mortality improvements projected to each future payment date with Scale AA.

A discount rate of 8.00% was used to measure the total pension liability. The discount rate was based on the expected rate of return on Plan investments of 8.00%. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member contribution rates.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

City Pension Fund for Firefighters and Police Officers (continued)

Actuarial Assumptions (continued)

Based on these assumptions, the Plan's fiduciary net position is projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Investment Category	Target Allocation	Long Term Real Mean Return*
Large Cap	34.0%	6.4
Mid Cap	8.0%	8.6
Small Cap	10.0%	6.5
Int'l Equity	8.0%	3.9
Real Estate	15.0%	6.4
Fixed Income	25.0%	2.5
	100.0%	5.4%

*For illustrative purposes, historical long term average returns have been used as a reasonable expectation of returns.

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

City Net Pension Liability		
1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)
\$293,165,551	\$210,076,613	\$142,544,316

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

City Pension Fund for Firefighters and Police Officers (continued)

Actuarial Assumptions (continued)

Statement of Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Reporting period as of September 30, 2015	\$ 671,557,750	\$ 483,895,286	\$ 187,662,464
Changes for the year:			
Service cost	10,619,978	-	10,619,978
Interest	53,285,378	-	53,285,378
Benefit payments	(27,110,856)	(27,070,511)	(40,345)
Changes in benefit terms	765,470	-	765,470
Differences between expected & actual experience	(3,834,368)	-	(3,834,368)
Employee contributions	-	3,065,485	(3,065,485)
Employer contributions	-	23,719,361	(23,719,361)
Other contributions	-	2,470,921	(2,470,921)
Net investment income	-	9,650,600	(9,650,600)
Other income	-	72,859	(72,859)
Administration expenses	-	(597,262)	597,262
Net change	33,725,602	11,311,453	22,414,149
Reporting period as of September 30, 2016	\$ 705,283,352	\$ 495,206,739	\$ 210,076,613

The actuarial assumptions used in the October 1, 2015 valuation were based on the results of an actuarial experience study for the period October 1, 2006 to September 30, 2011.

The pension plan's fiduciary net position has been determined on the same basis used by the pension plan for both firefighters and police officers.

Pension Expense and Deferred Outflows/(Inflows) of Resources

In accordance with GASB 68, paragraph 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current measurement period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

1. Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

City Pension Fund for Firefighters and Police Officers (continued)

Pension Expense and Deferred Outflows/(Inflows) of Resources (continued)

2. Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
3. Differences between expected and actual earnings on pension plan investments – amortized over five years

Contributions to the pension plan from the City are not included in collective pension expense. The pension expense for the fiscal year ended September 30, 2016 is \$23,950,584.

Employer contributions made subsequent to the September 30, 2015 measurement date of the Net Pension Liabilities and before the end of the September 30, 2016 reporting period should be reported as deferred outflows of resources per GASB 68 paragraph 34. The components of deferred outflows and inflows of resources schedules for the fiscal year ended September 30, 2016, are presented below:

	Deferred		
	Outflows of	Deferred Inflows	
Changes in:	Resources	of Resources	Total
Contributions, subsequent to measurement date	\$ 23,908,967	\$ -	\$ 23,908,967
Projected/Actual earnings	23,301,966	(5,445,741)	17,856,225
Experience expected/actual		(3,480,435)	(3,480,435)
	\$47,210,933	\$ (8,926,176)	\$38,284,757

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

Reporting Period	Amount to be
Ending September 30,	Recognized
2017	\$ 3,114,791
2018	3,107,850
2019	3,107,848
2020	5,045,301
2021	-
Thereafter	-
Total	\$ 14,375,790

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

Florida Retirement System (FRS) - Charter School Employees

On August 16, 2006, the City Commission passed Resolution number 3105 which mandated that all Pembroke Pines Charter Schools' full-time employees hired after August 7, 2006 and all part-time employees regardless of the date of hire will join the Florida Retirement System (FRS) Pension Plan. Individuals who were members of the ICMA-RC Defined Contribution Plan were given a one-time irrevocable election whether or not to participate in the FRS Pension Plan.

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

Plan Description

Benefits are computed on the basis of age, average final compensation and service credit. Average final compensation is the average of the highest five (5) fiscal years of earnings. The FRS provides vesting of benefits after six (6) years of creditable service. Early retirement may be taken any time after vesting; however, there is a 5% benefit reduction for each year prior to normal retirement age or date. The FRS also provides death and disability benefits. A State Statute establishes the benefit. Normal retirement requirements are vesting and age 62 with six years of service, or 30 years of creditable service regardless of age if the individual was employed by an FRS employer prior to July 1, 2011. If the member was employed on or after July 1, 2011, normal retirement is age 65 with eight years of vested service; or the age after 65 that the member becomes vested; or thirty-three years of service, regardless of age.

Type of Benefit

The FRS Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a nonintegrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

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

Type of Benefit (continued)

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

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

Funding Policy

The Charter Schools' required contribution rate is established, and may be amended, by State Statute. For the fiscal year ended June 30, 2016, the contribution rate decreased to 7.26% from 7.37% of covered payroll which amounted to \$1,362,328. The Charter Schools are required to contribute both for full-time and part-time members of the Plan. As of June 30, 2016, there were 488 members in this FRS plan, same as the previous fiscal year.

The contribution rate includes the post-employment health insurance supplement of 1.66% and the administrative/educational fee of 0.04%.

Since year 2012, the State mandated that employees contribute to the FRS Pension Plan. In fiscal year 2016, the contribution rate was 3%. This required employee contribution amounted to \$533,107.

<u>Fiscal Year</u>	<u>Contractually Required Contributions</u>	<u>Total Employer Contributions</u>	<u>Percentage Contributed</u>	<u>Contribution Rates Regular Class</u>
2016	1,362,328	1,362,328	100.0%	7.26%
2015	1,374,878	1,374,878	100.0%	7.37%
2014	1,321,708	1,321,708	100.0%	6.95%

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

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

Net Pension Liabilities

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2015, are shown below (in thousands):

	FRS	HIS
Total Pension Liability	\$ 161,370,735	\$ 10,249,201
Plan Fiduciary Net Position	(148,454,394)	(50,774)
Net Pension Liability	\$ 12,916,341	\$ 10,198,427
Plan Fiduciary Net Position as a Percentage		
of the Total Pension Liability	92.00%	0.50%

The total pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2016. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. Each plan's fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The Charter Schools reported a liability of \$11,577,970 for their proportionate share of the net pension liability. The detail of the proportion shares are as follow:

FRS Pension Plan:

Employer / Agency Number	Employer / Agency Name	Employer Contribution for Pension Plan Funding for Prior Period	Proportion at Prior Measurement Date	Employer Contribution for Pension Plan Funding for Current Period	Proportion at Current Measurement Date	Employer Proportionate Share of Net Pension Liability/(Asset) at Prior Measurement Date	Employer Proportionate Share of Net Pension Liability/(Asset) at Measurement Date
16309	CITY OF PEMBROKE PINES FSU CHARTER SCHOOL	\$ 114,019	0.005205347%	\$ 125,974	0.005166942%	\$ 317,603	\$ 667,380
16310	CITY OF PEMBROKE PINES CHARTER ELEMENTARY SCHOOL	335,563	0.015319553%	345,729	0.014180334%	934,718	1,831,580
16311	CITY OF PEMBROKE PINES CHARTER MIDDLE SCHOOL	219,365	0.010014704%	238,300	0.009774085%	611,044	1,262,454
16312	CITY OF PEMBROKE PINES CHARTER HIGH SCHOOL	258,666	0.011808963%	302,116	0.012391542%	720,520	1,600,534

FRS Retiree Health Insurance Subsidy (HIS) Program:

Employer / Agency Number	Employer / Agency Name	Employer Contribution for Pension Plan Funding for Prior Period	Proportion at Prior Measurement Date	Employer Contribution for Pension Plan Funding for Current Period	Proportion at Current Measurement Date	Employer Proportionate Share of Net Pension Liability/(Asset) at Prior Measurement Date	Employer Proportionate Share of Net Pension Liability/(Asset) at Measurement Date
16309	CITY OF PEMBROKE PINES FSU CHARTER SCHOOL	\$ 27,182	0.007934707%	\$ 29,456	0.007705802%	\$ 741,914	\$ 785,871
16310	CITY OF PEMBROKE PINES CHARTER ELEMENTARY SCHOOL	78,824	0.023009714%	80,824	0.021143721%	2,151,464	2,156,327
16311	CITY OF PEMBROKE PINES CHARTER MIDDLE SCHOOL	50,505	0.014743185%	53,515	0.013999520%	1,378,524	1,427,731
16312	CITY OF PEMBROKE PINES CHARTER HIGH SCHOOL	59,924	0.017492768%	69,196	0.018101749%	1,635,617	1,846,093

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

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

Basis of Allocation

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the system's fiscal years ending June 30, 2014 and 2015, respectively, for employers that were members of the FRS and HIS during those fiscal years. For fiscal year 2015, in addition to contributions from employers the required accrued contributions for the division (paid on behalf of the division's employees who administer the plans) were allocated to each employer on a proportional basis. The division administers the plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's CAFR for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense.

For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payrolls are reported and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

Actuarial Methods and Assumptions

Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.65%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.80% was used to determine the total pension liability for the program. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

The following changes in actuarial assumptions occurred in 2015:

1. FRS: There were no changes in actuarial assumptions. The inflation rate assumption remained at 2.60%, the real payroll growth assumption remained at 0.65%, and the overall payroll growth rate assumption remained at 3.25%. The long-term expected rate of return remained at 7.65%
2. HIS: The municipal rate used to determine total pension liability decreased from 4.29% to 3.80%.

Because the HIS is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to a long-duration, high-quality, tax-exempt municipal bond rate selected by the plan sponsor. In September 2014 the Actuarial Assumptions Conference adopted the Bond Buyer General Obligation 20-Bond Municipal Bond Index as the applicable municipal bond index.

The benefits received by retirees and beneficiaries are increased by a cost-of-living adjustment (COLA) each July based on their June benefit amount (excluding the Retiree Health Insurance Subsidy benefit). For retirees who have been retired for less than 12 months on July 1, the first COLA increase is prorated. The COLA applies to all continuing monthly retirement benefits paid under the FRS Pension Plan (i.e., normal and early service retirement benefits and benefits accruing in participant accounts under the DROP, disability retirement benefits, and survivor benefits). The COLA for retirements or DROP participation effective before Aug. 1, 2011, is 3 percent per year. The COLA formula for retirees with an effective retirement date or DROP begin date on or after Aug. 1, 2011, will be the sum of the pre-July 2011 service credit divided by the total service credit at retirement multiplied by 3 percent. Each Pension Plan member with an effective retirement date of Aug. 1, 2011, or after will have an individual COLA factor for retirement. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a COLA after retirement.

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

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

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2015 the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation ¹	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.2%	3.1%	1.7%
Fixed income	18%	4.8%	4.7%	4.7%
Global equity	53%	8.5%	7.2%	17.7%
Real estate (property)	10%	6.8%	6.2%	12.0%
Private equity	6%	11.9%	8.2%	30.0%
Strategic investments	12%	6.7%	6.1%	11.4%
Assumed Inflation – Mean		2.6%		1.9%

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2015.

	FRS Net Pension Liability		
	Current		
	1% Decrease	Discount Rate	1% Increase
	6.65%	7.65%	8.65%
FSU Elementary	\$ 1,729,332	\$ 667,380	\$ (216,339)
Charter Elementary	4,746,039	1,831,580	(593,728)
Charter Middle	3,271,304	1,262,454	(409,239)
Charter High	4,147,345	1,600,534	(518,832)

	HIS Net Pension Liability		
	Current		
	1% Decrease	Discount Rate	1% Increase
	2.80%	3.80%	4.80%
FSU Elementary	\$ 895,463	\$ 785,871	\$ 694,487
Charter Elementary	2,457,034	2,156,327	1,905,582
Charter Middle	1,626,833	1,427,731	1,261,710
Charter High	2,103,538	1,846,094	1,631,424

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

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

Pension Expense and Deferred Outflows/(Inflows) of Resources

In accordance with GASB 68, paragraph 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current measurement period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

4. Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
5. Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
6. Differences between expected and actual earnings on pension plan investments – amortized over five years

Contributions to the pension plans from employers are not included in collective pension expense. The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2015, was 6.3 years for FRS and 7.2 years for HIS. The pension expenses recognized during the year by Charter Schools are as follow:

	Collective Pension Expenses
FSU Elementary	\$ 106,261
Charter Elementary	291,593
Charter Middle	196,624
Charter High	251,963
Total	<u><u>\$ 846,441</u></u>

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

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

Pension Expense and Deferred Outflows/(Inflows) of Resources (continued)

The components of deferred outflows and inflows of resources schedules for the fiscal year ended June 30, 2015, are presented below for each plan.

Changes in:	FRS Pension Plan								Total
	<u>FSU Elementary</u>		<u>Elementary</u>		<u>Middle</u>		<u>High</u>		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	
Contributions, subsequent to measurement date	\$ 113,620	\$ -	\$ 320,375	\$ -	\$ 211,851	\$ -	\$ 279,275	\$ -	\$ 925,121
Assumptions/inputs	44,296	-	121,568	-	83,793	-	106,233	-	355,890
Projected/Actual earnings	-	(159,359)	-	(437,351)	-	(301,453)	-	(382,181)	(1,280,344)
Experience expected/actual	70,456	(15,828)	193,361	(43,440)	133,278	(29,942)	168,969	(37,960)	438,894
Change in Porportion, NPL	-	(79,649)	-	(481,686)	-	(191,993)	28,449	-	(724,879)
	\$ 228,372	\$ (254,836)	\$ 635,304	\$ (962,477)	\$ 428,922	\$ (523,388)	\$ 582,926	\$ (420,141)	\$ (285,318)

Changes in:	HIS Program								Total
	<u>FSU Elementary</u>		<u>Elementary</u>		<u>Middle</u>		<u>High</u>		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	
Contributions, subsequent to measurement date	\$ 38,566	\$ -	\$ 108,786	\$ -	\$ 69,896	\$ -	\$ 92,643	\$ -	\$ 309,891
Assumptions/inputs	61,828	-	169,647	-	112,325	-	145,239	-	489,039
Projected/Actual earnings	425	-	1,167	-	773	-	999	-	3,364
Change in Porportion, NPL	-	(44,920)	-	(326,307)	-	(92,713)	54,243	-	(409,697)
	\$ 100,819	\$ (44,920)	\$ 279,600	\$ (326,307)	\$ 182,994	\$ (92,713)	\$ 293,124	\$ -	\$ 392,597

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

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

Pension Expense and Deferred Outflows/(Inflows) of Resources (continued)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

Reporting Period Ending June 30,	FSU Elementary		Elementary	
	FRS Expense	HIS Expense	FRS Expense	HIS Expense
2017	\$ (71,097)	\$ 2,680	\$ (250,351)	\$ (28,716)
2018	(71,097)	2,680	(250,351)	(28,716)
2019	(71,097)	2,680	(250,351)	(28,716)
2020	60,379	2,594	110,477	(28,954)
2021	9,124	2,552	(9,451)	(29,068)
Thereafter	3,704	4,147	2,479	(11,323)
Total	\$ (140,084)	\$ 17,333	\$ (647,548)	\$ (155,493)

Reporting Period Ending June 30,	Middle		High	
	FRS Expense	HIS Expense	FRS Expense	HIS Expense
2017	\$ (143,133)	\$ 3,522	\$ (123,354)	\$ 34,258
2018	(143,133)	3,522	(123,354)	34,258
2019	(143,133)	3,522	(123,354)	34,258
2020	105,575	3,365	191,957	34,055
2021	11,754	3,290	47,720	33,958
Thereafter	5,753	3,164	13,895	29,694
Total	\$ (306,317)	\$ 20,385	\$ (116,490)	\$ 200,481

Aggregate Amount for All Plans

	General Employees Pension	Firefighters and Police Officers Pension	Florida Retirement System	Total*
Pension liabilities	\$ 2,154,725	\$ 210,076,613	\$ 11,577,970	\$ 223,809,308
Deferred outflows of resources	17,753,011	47,210,933	2,732,062	67,696,006
Deferred inflows of resources	1,269,959	8,926,176	2,624,782	12,820,917
Pension expenses	2,504,994	23,950,584	846,441	27,302,019

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

City of Pembroke Pines, Florida

Notes to Basic Financial Statements

Fiscal Year Ended September 30, 2016

NOTE 14. MUNICIPAL EMPLOYEES RETIREMENT PENSION PLANS (continued)

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, 2016, there were thirty-seven (37) 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. 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 2016 fiscal year, the City contributed \$110,288 to the Charter Schools' Plan, and the members contributed \$18,335. 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.

General Bargaining Unit Employees

Effective October 1, 2014, the City established a defined contribution plan for General bargaining-unit employees created in accordance with Internal Revenue Service Code Section 401(a) and Resolution 3456 dated May 20, 2015. At September 30, 2016, there were 131 participants. The City's required contribution was 9.0% of the non-exempt employees' base wages and 12.0% for the exempt employees' base wages. For the 2016 fiscal year, the City contributed \$683,595.



Required Supplementary Information

City of Pembroke Pines, Florida
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended September 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$72,143,564	\$72,143,564	\$72,069,815	(\$73,749)
Permits, fees and licenses	38,473,184	38,473,184	38,983,579	510,395
Intergovernmental revenue	14,510,413	15,260,083	15,083,451	(176,632)
Charges for services	30,211,376	30,212,001	29,231,392	(980,609)
Fines and forfeitures	1,241,209	1,241,209	1,299,092	57,883
Miscellaneous revenues	12,349,197	12,428,803	13,502,062	1,073,259
Total revenues	<u>168,928,943</u>	<u>169,758,844</u>	<u>170,169,391</u>	<u>410,547</u>
Expenditures				
General government services				
Administrative services	6,971,125	7,751,141	4,738,168	3,012,973
City attorney	902,047	912,047	907,942	4,105
City clerk	1,093,085	1,612,337	1,191,229	421,108
City manager	571,125	603,681	594,958	8,723
Finance	2,596,616	2,596,616	2,541,553	55,063
Human resources	637,510	637,510	630,596	6,914
Mayor & commission	803,076	811,076	810,486	590
Non-departmental	5,096,980	6,403,870	6,306,438	97,432
Public services	8,978,802	9,432,555	8,937,576	494,979
Total general government services	<u>27,650,366</u>	<u>30,760,833</u>	<u>26,658,946</u>	<u>4,101,887</u>
Public safety				
Fire	47,648,436	47,751,946	45,705,866	2,046,080
Police	60,575,616	60,307,819	57,286,402	3,021,417
Total public safety	<u>108,224,052</u>	<u>108,059,765</u>	<u>102,992,268</u>	<u>5,067,497</u>
Physical environment				
Public services	11,083,915	12,566,113	10,292,747	2,273,366
Total physical environment	<u>11,083,915</u>	<u>12,566,113</u>	<u>10,292,747</u>	<u>2,273,366</u>

(continued)

See accompanying notes to the budgetary comparison schedule

City of Pembroke Pines, Florida
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended September 30, 2016
(continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Economic environment				
Community services	\$7,739,758	\$7,771,183	\$7,258,635	\$512,548
Total economic environment	<u>7,739,758</u>	<u>7,771,183</u>	<u>7,258,635</u>	<u>512,548</u>
Human services				
Community services	1,018,307	1,612,337	1,398,698	213,639
Education	5,271,530	5,272,395	4,705,216	567,179
Total human services	<u>6,289,837</u>	<u>6,884,732</u>	<u>6,103,914</u>	<u>780,818</u>
Culture/recreation				
Cultural services	299,931	561,031	174,068	386,963
Parks & recreation	8,454,868	8,645,414	7,764,004	881,410
Total culture/recreation	<u>8,754,799</u>	<u>9,206,445</u>	<u>7,938,072</u>	<u>1,268,373</u>
Total expenditures	<u>169,742,727</u>	<u>175,249,071</u>	<u>161,244,582</u>	<u>14,004,489</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(813,784)</u>	<u>(5,490,227)</u>	<u>8,924,809</u>	<u>14,415,036</u>
Other financing sources (uses)				
Transfers out	(1,975,016)	(1,997,016)	(1,664,172)	332,844
Sale of equipment/land	62,000	62,000	118,988	56,988
Total other financing sources (uses)	<u>(1,913,016)</u>	<u>(1,935,016)</u>	<u>(1,545,184)</u>	<u>389,832</u>
Net change in fund balances	(2,726,800)	(7,425,243)	7,379,625	14,804,868
Fund balances, beginning	62,261,975	62,261,975	62,261,975	-
Fund balances, ending	<u>\$59,535,175</u>	<u>\$54,836,732</u>	<u>\$69,641,600</u>	<u>\$14,804,868</u>

See accompanying notes to the budgetary comparison schedule

City of Pembroke Pines, Florida

Notes to Budgetary Comparison Schedule

Fiscal Year Ended September 30, 2016

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 during the year. Such changes are reflected in an amended budget ordinance, which is adopted within sixty days of the end of that fiscal year.
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 \$5.5 million for the fiscal year ended September 30, 2016. The main components were:
 - a. \$4.5 million - increase attributable to the carryover of items from prior fiscal year;
 - b. \$0.4 million - increase for renovation of five transitional homes for veterans; and
 - c. \$0.2 million - increase pertaining to roof replacement of two buildings at the Senator Howard C. Foreman Human Services Campus.

City of Pembroke Pines, Florida

Notes to Budgetary Comparison Schedule

Fiscal Year Ended September 30, 2016

NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING (continued)

There was a \$0.8 million upward net revenue adjustment attributable mainly to:

- a. \$0.6 million - increase to reflect grant awards, which included primarily \$0.4 million from the State of Florida Department of Economic Opportunity for the renovation of five houses at the Senator Howard C. Foreman Human Services Campus to help transition veterans back into the mainstream community and \$0.1 million from Children's Services Council of Broward County for a summer program for special needs children - the Maximizing Out of School Time (MOST) 2016 Grant; and
- b. \$0.1 million - increase to reflect the Department of Children and Families (DCF) Transitional Independent Housing (TIL) budget for the period January 1, 2016 to June 30, 2016.

NOTE 2. BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS

All General Fund budgetary expenditure categories were below appropriations for the fiscal year ended September 30, 2016.

NOTE 3. BUDGETARY COMPARISON TO ACTUAL

A budgetary comparison to actual can be found under General Fund Budgetary Highlights in the Management's Discussion and Analysis.

City of Pembroke Pines, Florida
Required Supplementary Information
Schedule of Contributions from Employer and Other Contributing Entities
Fiscal Year Ended September 30, 2016

<u>Fiscal Year</u>	<u>Actuarial Determined Contributions</u>	<u>Employer Contributions</u>	<u>State Contributions</u>	<u>Total Employer Contributions</u>	<u>(A) Percentage Contributed</u>
Other Post-Employment Benefits (OPEB)					
2016	\$ 6,211,000	\$ 15,192,960	\$ -	\$ 15,192,960	245%
2015	8,084,000	10,010,983	-	10,010,983	124%
2014	8,103,000	9,352,000	-	9,352,000	115%
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	-	11,003,647	128%
2010	8,649,000	13,834,000	-	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) Total actual contributions as a percentage of actuarially determined contributions.

City of Pembroke Pines, Florida
Required Supplementary Information
Schedule of Funding Progress
September 30, 2016

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	(c) Covered Payroll	UAAL as a Percentage of Covered Payroll (b-a) / (c)
Other Post-Employment Benefits (OPEB)						
10/1/2015	\$ 55,637,262	\$ 129,497,000	\$ 73,859,738	43.0%	\$ 71,845,080	102.8%
10/1/2014	49,627,611	140,006,000	90,378,389	35.4%	69,752,505	129.6%
10/1/2013	43,560,000	132,893,000	89,333,000	32.8%	67,720,879	131.9%
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
General Employees Pension Plan
Schedule of Changes in Net Pension Liability and Related Ratios

Reporting period as of:	<u>9/30/2016</u>	<u>9/30/2015</u>
Measurement date as of:	9/30/2015	9/30/2014
Total pension liability:		
Service Cost	\$ 267,925	\$ 210,178
Interest	11,551,682	11,362,422
Benefit payments	(9,814,147)	(10,021,946)
Differences in experience	135	1,255,121
Changes in assumptions	838,952	3,309,464
Net change in total pension liability	<u>2,844,547</u>	<u>6,115,239</u>
Total pension liability/(asset) - beginning	<u>157,929,073</u>	<u>151,813,834</u>
Total pension liability/(asset) - ending	<u><u>\$160,773,620</u></u>	<u><u>\$ 157,929,073</u></u>
Plan fiduciary net position:		
Contributions - employer	\$ 9,174,902	\$ 16,474,902
Contributions - member	251,779	245,607
Net investment income	(1,774,130)	12,873,758
Benefit payments	(9,814,147)	(10,021,946)
Administrative expense	(280)	(2,299)
Net change in plan fiduciary net position	<u>(2,161,876)</u>	<u>19,570,022</u>
Plan fiduciary net position - beginning	<u>160,780,771</u>	<u>141,210,749</u>
Plan fiduciary net position - ending	<u><u>\$158,618,895</u></u>	<u><u>\$ 160,780,771</u></u>
Net pension liability/(asset) - ending	\$ 2,154,725	\$ (2,851,698)
Plan fiduciary net position as a percentage of the total pension liability/(asset)	98.66%	101.81%
Covered-employee payroll (1)	\$ 3,280,160	\$ 3,163,848
Net pension liability/(asset) as a percentage of covered-employee payroll	65.69%	-90.13%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become

(1) includes all active members with no adjustments

**City of Pembroke Pines, Florida
Required Supplementary Information
General Employees Pension Plan
Schedule of Employer Contributions
For the Year Ended September 30**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 7,418,930	\$ 6,830,795	\$ 7,736,872	\$ 3,502,940	\$ 3,317,993	\$ 3,742,492	\$ 6,674,902	\$ 3,829,070	\$ 2,707,856	\$ 566,798
Contributions in relation to the actuarially determined contribution	7,418,930	6,830,795	7,736,872	3,502,940	3,317,988	3,742,492	7,824,902	16,474,902	9,174,902	6,500,000
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ (1,150,000)</u>	<u>\$ (12,645,832)</u>	<u>\$ (6,467,046)</u>	<u>\$ (5,933,202)</u>
Covered-employee payroll	\$21,988,709	\$ 22,493,706	\$ 4,088,776	\$ 3,537,545	\$ 2,734,327	\$ 3,122,626	\$ 3,108,718	\$ 3,163,848	\$ 3,280,160	\$ 3,441,627
Contributions as a percentage of covered-employee payroll	33.74%	30.37%	189.22%	99.02%	121.35%	119.85%	251.71%	520.72%	279.71%	188.86%
Notes to Schedule										
Measurement date	10/1/2015									
Actuarial cost method	Entry Age Cost									
Long-term rate of return on assets	7.50% (all asset class - determine based on the overall actual historical rate of return of the plan)									
Discount rate	7.50%									
Long-term inflation rate	2.25%									
Salary increase assumption	Table S5 from actuary's pension handbook + 2.50%									
COLA increase assumption	3.00% & 2.00% per year depending on location									
Retirement age assumption	Age 55 and 10 years of service									
Plan changes	none									
Mortality rate	During benefit payment period-PFG Recommended Mortality with 10 year convergence with generational MI scale, Annuitant, male and female. Before benefit payment period-PFG Recommended Mortality with 10 year convergence with generational MI scale, Non-annuitant, male and female.									
Disability rate	1987 Commissioner's Group disability table, six month elimination period, male and female									
Withdrawal rate	2003 Society of Actuaries Small Plan Age Table, multiplied by 0.75									
Marital assumptions	75% married; male is 3 years older than the female									
Future employer contributions	Assume employer contributions are equal to: (1) employer contribution is to assumed to continue at 23.66% of payroll throughout the projection period and (2) expenses are assumed to start at \$48,000 and grow with the inflation assumption throughout the projection period.									
Amortization method	Level dollar, closed									
Amortization period	Experience & assumptions-0.33 yrs; investment earnings-5									

City of Pembroke Pines, Florida
Required Supplementary Information
City Pension Fund for Firefighters and Police Officers
Schedule of Changes in Net Pension Liability and Related Ratios

Reporting period as of:	<u>9/30/2016</u>	<u>9/30/2015</u>
Measurement date as of:	9/30/2015	9/30/2014
Total pension liability:		
Service Cost	\$ 10,619,978	\$ 10,631,405
Interest	53,285,378	50,687,264
Changes of benefit terms:	765,470	-
Difference between expected and actual experience	(3,834,368)	(679,355)
Other	-	-
Assumption Chnages	-	-
Benefit payments, including refunds of member contributions	(27,110,856)	(25,391,326)
Net change in total pension liability	<u>33,725,602</u>	<u>35,247,988</u>
Total pension liability/(asset) - beginning	<u>671,557,750</u>	<u>636,309,762</u>
Total pension liability/(asset) - ending	<u><u>\$ 705,283,352</u></u>	<u><u>\$ 671,557,750</u></u>
Plan fiduciary net position:		
Contributions - employer	\$ 23,719,361	\$ 23,585,326
Contributions - state	2,470,921	2,629,081
Contributions - member	3,065,485	2,994,992
Net investment income	9,650,600	44,126,987
Benefit payments, including refunds of member contributions	(27,070,511)	(25,391,326)
Administrative expense	(597,262)	(606,484)
Other	72,859	44,649
Net change in plan fiduciary net position	<u>11,311,453</u>	<u>47,383,225</u>
Plan fiduciary net position - beginning	<u>483,895,286</u>	<u>436,512,061</u>
Plan fiduciary net position - ending	<u><u>\$ 495,206,739</u></u>	<u><u>\$ 483,895,286</u></u>
Net pension liability/(asset)	\$ 210,076,613	\$ 187,662,464
Plan fiduciary net position as a percentage of the total pension liability/(asset)	70.21%	72.06%
Covered-employee payroll	\$ 28,313,818	\$ 27,588,952
Net pension liability/(asset) as a percentage of covered-employee payroll	741.96%	680.21%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

City of Pembroke Pines, Florida
Required Supplementary Information
City Pension Fund for Firefighters and Police Officers
Schedule of Employer Contributions
For the Year Ended September 30

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Actuarially determined contribution	\$ 14,254,450	\$ 17,795,174	\$ 21,935,003	\$ 24,538,413	\$ 23,289,867	\$ 23,882,116	\$ 25,213,704	\$ 26,214,407	\$ 26,190,282	\$ 26,354,499
Contributions in relation to the actuarially determined contribution	14,254,450	17,795,174	21,935,003	24,538,413	23,289,867	23,882,116	25,213,704	26,214,407	26,190,282	26,354,499
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 26,040,640	\$ 26,610,708	\$ 26,616,124	\$ 27,528,175	\$ 27,129,273	\$ 26,857,833	\$ 27,011,016	\$ 27,588,952	\$ 28,313,818	\$ 27,677,991
Contributions as a percentage of covered-employee payroll	54.74%	66.87%	82.41%	89.14%	85.85%	88.92%	93.35%	95.02%	92.50%	95.22%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Cost
Amortization method	Level percent, closed
Amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	3.50%
Salary increases	3.75% - 12.00%
Investment rate of return	8.00%
Retirement age	Experience-based rates specific to eligibility condition

Cost of living increases:

Firefighters	0.0%, 1.5%, 2.0%, or 3.0%
Police	0.0%, 1.5%, 2.0%, 2.5%, or 3.0%

Future employee contributions Assume employee contribution continue at 10.4%

Future employer contributions The City is expected to contribute amounts necessary on an actuarial basis to fund the Plan's expenses, normal cost, and to amortize the unfunded actuarial accrued liability

Mortality

Healthy members:
RP 2000 combined mortality table with blue collar adjustment, separate for male and female, with fully generational mortality improvements projected to each future payment date with Scale AA

Disabled members:
RP 2000 disabled mortality table, separate for male and female, with fully generational mortality improvements projected to each future payment date with Scale AA

<u>Age</u>	<u>First 5 Years</u>	<u>5+ years</u>	<u>First 5 Years</u>	<u>5+ years</u>
20	2.70%	3.13%	5.25%	5.24%
25	2.70%	2.28%	5.25%	3.44%
30	2.70%	1.65%	5.25%	2.38%
35	2.70%	0.97%	5.25%	1.44%
40	2.70%	0.55%	5.25%	1.01%
45	2.70%	0.25%	5.25%	0.55%
50	2.70%	0.04%	5.25%	0.31%
55	2.70%	0.02%	5.25%	0.18%
60	2.70%	0.01%	5.25%	0.05%
62 & over	0.00%	0.00%	0.00%	0.00%

Disability rates The 1985 Disability Study - Class 2, with separate rate for males and females. 80% of disabilities are assumed to be service incurred - 20% non-service incurred. 50% of deaths are assumed to be service incurred - 50% non-service incurred.

Marital assumptions There are no children eligible for benefits.

95% of participants are married.
Spouses are assumed to be the same age as members.

City of Pembroke Pines, Florida
Required Supplementary Information
Schedule of Annual Money Weighted Rate of Return
For the Year Ended September 30

General Employees Pension Plan:

Fiscal year ending:	Annual Money Weighted Rate of Return
2014	14.04%
2015	-1.12%
2016	8.01%

City Pension Fund for Firefighters and Police Officers:

Fiscal year ending:	Annual Money Weighted Rate of Return
2014	10.20%
2015	2.04%
2016	9.70%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF PEMBROKE PINES CHARTER SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
PENSION SCHEDULE
CHARTER ELEMENTARY SCHOOLS

	<u>2016</u>		<u>2015</u>	
	<u>FRS</u>	<u>HIS</u>	<u>FRS</u>	<u>HIS</u>
Florida Retirement System Plan (in thousands):				
Total pension liability	\$ 161,370,735	\$ 10,249,201	\$ 156,115,763	\$ 9,443,629
Plan fiduciary net position	(148,454,394)	(50,774)	(150,014,292)	(93,385)
Net pension liability	<u>\$ 12,916,341</u>	<u>\$ 10,198,427</u>	<u>\$ 6,101,471</u>	<u>\$ 9,350,244</u>
Plan fiduciary net position as a percentage of the total pension liability	92.00%	0.50%	96.09%	0.99%
Charter Elementary Schools:				
Share of net pension liability as a percentage	0.014180334%	0.021143721%	0.015319553%	0.023009714%
Share of net pension liability as an amount	\$ 1,831,580	\$ 2,156,327	\$ 934,718	\$ 2,151,464
Covered-employee payroll	\$ 7,520,707	\$ 7,520,707	\$ 7,546,090	\$ 7,546,090
Net pension liability as a percentage of covered-employee payroll	24.35%	28.67%	12.39%	28.51%

Note to Schedule:

Assumptions:

1. The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of July 1, 2015, using the entry age normal actuarial cost method.
2. Inflation increases for both plans is assumed at 2.60%.
3. Payroll growth for both plans is assumed at 3.25%.
4. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.65%.
5. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.
6. The municipal rate (the Bond Buyer General Obligation 20-Bond Municipal Bond Index) used to determine total pension liability for HIS is 4.29%.

Benefit Types:

1. FRS pension plan's retirees receive a lifetime pension benefit with joint and survivor payment options.
2. HIS program is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF PEMBROKE PINES CHARTER SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
PENSION SCHEDULE
CHARTER MIDDLE SCHOOLS

	<u>2016</u>		<u>2015</u>	
	<u>FRS</u>	<u>HIS</u>	<u>FRS</u>	<u>HIS</u>
Florida Retirement System Plan (in thousands):				
Total pension liability	\$ 161,370,735	\$ 10,249,201	\$ 156,115,763	\$ 9,443,629
Plan fiduciary net position	(148,454,394)	(50,774)	(150,014,292)	(93,385)
Net pension liability	<u>\$ 12,916,341</u>	<u>\$ 10,198,427</u>	<u>\$ 6,101,471</u>	<u>\$ 9,350,244</u>
Plan fiduciary net position as a percentage of the total pension liability	92.00%	0.50%	96.09%	0.99%
Charter Middle Schools:				
Share of net pension liability as a percentage	0.009774085%	0.013999520%	0.010014704%	0.014743185%
Share of net pension liability as an amount	\$ 1,262,454	\$ 1,427,731	\$ 611,044	\$ 1,378,524
Covered-employee payroll	\$ 5,357,386	\$ 5,357,386	\$ 5,273,513	\$ 5,273,513
Net pension liability as a percentage of covered-employee payroll	23.56%	26.65%	11.59%	26.14%

Note to Schedule:

Assumptions:

1. The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of July 1, 2015, using the entry age normal actuarial cost method.
2. Inflation increases for both plans is assumed at 2.60%.
3. Payroll growth for both plans is assumed at 3.25%.
4. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.65%.
5. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.
6. The municipal rate (the Bond Buyer General Obligation 20-Bond Municipal Bond Index) used to determine total pension liability for HIS is 4.29%.

Benefit Types:

1. FRS pension plan's retirees receive a lifetime pension benefit with joint and survivor payment options.
2. HIS program is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF PEMBROKE PINES CHARTER SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
PENSION SCHEDULE
CHARTER HIGH SCHOOL

	<u>2016</u>		<u>2015</u>	
	<u>FRS</u>	<u>HIS</u>	<u>FRS</u>	<u>HIS</u>
Florida Retirement System Plan (in thousands):				
Total pension liability	\$ 161,370,735	\$ 10,249,201	\$ 156,115,763	\$ 9,443,629
Plan fiduciary net position	(148,454,394)	(50,774)	(150,014,292)	(93,385)
Net pension liability	<u>\$ 12,916,341</u>	<u>\$ 10,198,427</u>	<u>\$ 6,101,471</u>	<u>\$ 9,350,244</u>
Plan fiduciary net position as a percentage of the total pension liability	92.00%	0.50%	96.09%	0.99%
Charter High School:				
Share of net pension liability as a percentage	0.012391542%	0.018101749%	0.011808963%	0.017492768%
Share of net pension liability as an amount	\$ 1,600,534	\$ 1,846,093	\$ 720,520	\$ 1,635,616
Covered-employee payroll	\$ 6,648,338	\$ 6,648,338	\$ 6,249,677	\$ 6,249,677
Net pension liability as a percentage of covered-employee payroll	24.07%	27.77%	11.53%	26.17%

Note to Schedule:

Assumptions:

1. The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of July 1, 2015, using the entry age normal actuarial cost method.
2. Inflation increases for both plans is assumed at 2.60%.
3. Payroll growth for both plans is assumed at 3.25%.
4. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.65%.
5. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.
6. The municipal rate (the Bond Buyer General Obligation 20-Bond Municipal Bond Index) used to determine total pension liability for HIS is 4.29%.

Benefit Types:

1. FRS pension plan's retirees receive a lifetime pension benefit with joint and survivor payment options.
2. HIS program is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF PEMBROKE PINES CHARTER SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
CHARTER SCHOOLS

SCHEDULE OF CONTRIBUTIONS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 1,191,296	\$ 1,202,083	\$ 1,157,206	\$ 884,548	\$ 812,317	\$ 1,761,326	\$ 1,563,168	\$ 1,527,703	\$ 1,431,383	\$ 1,091,112
Contributions in relation to the contractually required contribution	(1,191,296)	(1,202,083)	(1,157,206)	(884,548)	(812,317)	(1,761,326)	(1,563,168)	(1,527,703)	(1,431,383)	(1,091,112)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 19,526,431	\$ 19,069,280	\$ 19,177,190	\$ 19,842,569	\$ 19,029,259	\$ 192,994,408	\$ 19,090,703	\$ 18,475,074	\$ 16,251,480	\$ 15,630,238
Contributions as a percentage of covered-employee payroll	6.10%	6.30%	6.03%	4.46%	4.27%	0.91%	8.19%	8.27%	8.81%	6.98%

City of Pembroke Pines, Florida
Florida State University
Charter Elementary School
REQUIRED SUPPLEMENTARY INFORMATION
PENSION SCHEDULE

	2016		2015	
	<u>FRS</u>	<u>HIS</u>	<u>FRS</u>	<u>HIS</u>
Florida Retirement System Plan (in thousands):				
Total pension liability	\$ 161,370,735	\$ 10,249,201	\$ 156,115,763	\$ 9,443,629
Plan fiduciary net position	(148,454,394)	(50,774)	(150,014,292)	(93,385)
Net pension liability	\$ 12,916,341	\$ 10,198,427	\$ 6,101,471	\$ 9,350,244
Plan fiduciary net position as a percentage of the total pension liability	92.00%	0.50%	96.09%	0.99%
Florida State University:				
Share of net pension liability as a percentage	0.005166942%	0.007705802%	0.005205347%	0.007934707%
Share of net pension liability as an amount	\$ 667,380	\$ 785,871	\$ 317,603	\$ 741,914
Covered-employee payroll	\$ 2,748,729	\$ 2,748,729	\$ 2,800,535	\$ 2,800,535
Net pension liability as a percentage of covered-employee payroll	24.28%	28.59%	11.34%	26.49%

Note to Schedule:

Assumptions:

1. The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of July 1, 2015, using the entry age normal actuarial
2. Inflation increases for both plans is assumed at 2.60%.
3. Payroll growth for both plans is assumed at 3.25%.
4. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.65%.
5. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.
6. The municipal rate (the Bond Buyer General Obligation 20-Bond Municipal Bond Index) used to determine total pension liability for HIS is 4.29%.

Benefit Types:

1. FRS pension plan's retirees receive a lifetime pension benefit with joint and survivor payment options.
2. HIS program is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

City of Pembroke Pines, Florida
Florida State University
Charter Elementary School
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 171,032	\$ 172,795	\$ 164,502	\$ 128,636	\$ 117,857	\$ 247,079	\$ 226,647	\$ 234,157	\$ 188,937	\$ 141,490
Contributions in relation to the contractually required contribution	(171,032)	(172,795)	(164,502)	(128,636)	(117,857)	(247,079)	(226,647)	(234,157)	(188,937)	(141,490)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$2,748,729	\$2,800,535	\$2,826,918	\$2,858,525	\$2,715,212	\$2,810,787	\$2,787,715	\$2,704,529	\$2,160,969	\$2,187,074
Contributions as a percentage of covered-employee payroll	6.22%	6.17%	5.82%	4.50%	4.34%	8.79%	8.13%	8.66%	8.74%	6.47%



Combining and Individual Fund Statements and Schedules

NONMAJOR GOVERNMENTAL FUNDS

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

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 30th.

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

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.

NONMAJOR GOVERNMENTAL FUNDS

Permanent Fund

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the government or its citizenry.

Wetland Mitigation Trust Fund - To account for funds donated by developers, which are used to maintain and administer wetlands located in the City.

City of Pembroke Pines, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2016

	Special Revenue Funds							
	Road and Bridge	Law Enforcement Grant	Police Community Service Grant	State Housing Initiative Program	Schools Chartered by *			
					Broward County School Board			Florida State University
					Elementary	Middle	High	Elementary
Assets								
Pooled cash and cash equivalents	\$ 2,947,368	\$ -	\$ 17,475	\$ 780,845	\$ 2,020,827	\$ 204,709	\$ 1,338,308	\$ 1,473,475
Investment in marketable securities	3,280,364	-	-	-	-	-	-	-
Franchise fees and taxes receivable	473,606	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-
Prepaid costs	-	-	-	-	-	-	-	-
Due from other governments	-	53,656	-	-	68,505	51,558	95,350	23,887
Restricted pooled cash and cash equivalents	-	-	-	-	-	-	-	-
Total assets	<u>\$ 6,701,338</u>	<u>\$ 53,656</u>	<u>\$ 17,475</u>	<u>\$ 780,845</u>	<u>\$ 2,089,332</u>	<u>\$ 256,267</u>	<u>\$ 1,433,658</u>	<u>\$ 1,497,362</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts payable and accrued liabilities	\$ 114,042	\$ -	\$ -	\$ -	\$ 145,943	\$ 94,102	\$ 104,533	\$ 51,890
Due to other funds	-	53,656	-	-	-	-	-	-
Deposits	-	-	-	-	168,679	98,268	394,573	33,842
Unearned revenue	-	-	17,475	780,845	14,548	10,159	7,676	6,258
Total liabilities	<u>114,042</u>	<u>53,656</u>	<u>17,475</u>	<u>780,845</u>	<u>329,170</u>	<u>202,529</u>	<u>506,782</u>	<u>91,990</u>
Fund balances:								
Nonspendable:								
Inventory and prepaid costs	-	-	-	-	-	-	-	-
Wetland Mitigation Trust	-	-	-	-	-	-	-	-
Restricted for:								
Road and sidewalks	6,587,296	-	-	-	-	-	-	-
Law enforcement	-	-	-	-	-	-	-	-
Wetland Mitigation	-	-	-	-	-	-	-	-
Assigned to rent payments	-	-	-	-	1,760,162	53,738	926,876	1,405,372
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>6,587,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,760,162</u>	<u>53,738</u>	<u>926,876</u>	<u>1,405,372</u>
Total liabilities and fund balances	<u>\$ 6,701,338</u>	<u>\$ 53,656</u>	<u>\$ 17,475</u>	<u>\$ 780,845</u>	<u>\$ 2,089,332</u>	<u>\$ 256,267</u>	<u>\$ 1,433,658</u>	<u>\$ 1,497,362</u>

* As of June 30, 2016

(continued)

City of Pembroke Pines, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2016
(continued)

	Special Revenue Funds							Permanent Fund	Total Nonmajor Governmental Funds
	Housing and Urban Development Grant	Community Bus Program	Older Americans Act	Treasury Confiscated	Justice Confiscated	\$2 Police Education	FDLE Confiscated	Wetland Mitigation Trust Fund	
Assets									
Pooled cash and cash equivalents	\$ 275,654	\$ -	\$ -	\$ 385,594	\$ 821,546	\$ 265,701	\$ 832,112	\$ -	\$ 11,363,614
Investment in marketable securities	-	-	-	-	-	-	-	-	3,280,364
Franchise fees and taxes receivable	-	-	-	-	-	-	-	-	473,606
Other receivables	-	-	-	-	-	-	13,050	-	13,050
Prepaid costs	25,580	-	-	-	-	-	-	-	25,580
Due from other governments	49,043	-	164,814	-	3,174	-	17,779	-	527,766
Restricted pooled cash and cash equivalents	-	-	-	-	-	-	-	511,307	511,307
Total assets	<u>\$ 350,277</u>	<u>\$ -</u>	<u>\$ 164,814</u>	<u>\$ 385,594</u>	<u>\$ 824,720</u>	<u>\$ 265,701</u>	<u>\$ 862,941</u>	<u>\$ 511,307</u>	<u>\$ 16,195,287</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 510,510
Due to other funds	-	-	164,814	-	-	-	-	-	218,470
Deposits	-	-	-	-	-	-	84,751	-	780,113
Unearned revenue	350,277	-	-	-	-	-	-	-	1,187,238
Total liabilities	<u>350,277</u>	<u>-</u>	<u>164,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,751</u>	<u>-</u>	<u>2,696,331</u>
Fund balances:									
Nonspendable:									
Inventory and prepaid costs	25,580	-	-	-	-	-	-	-	25,580
Wetland Mitigation Trust	-	-	-	-	-	-	-	446,115	446,115
Restricted for:									
Road and sidewalks	-	-	-	-	-	-	-	-	6,587,296
Law enforcement	-	-	-	385,594	824,720	265,701	778,190	-	2,254,205
Wetland Mitigation	-	-	-	-	-	-	-	65,192	65,192
Assigned to rent payments	-	-	-	-	-	-	-	-	4,146,148
Unassigned	(25,580)	-	-	-	-	-	-	-	(25,580)
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>385,594</u>	<u>824,720</u>	<u>265,701</u>	<u>778,190</u>	<u>511,307</u>	<u>13,498,956</u>
Total liabilities and fund balances	<u>\$ 350,277</u>	<u>\$ -</u>	<u>\$ 164,814</u>	<u>\$ 385,594</u>	<u>\$ 824,720</u>	<u>\$ 265,701</u>	<u>\$ 862,941</u>	<u>\$ 511,307</u>	<u>\$ 16,195,287</u>

City of Pembroke Pines, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Fiscal Year Ended September 30, 2016

	Special Revenue Funds							
	<u>Road and Bridge</u>	<u>Law Enforcement Grant</u>	<u>Police Community Service Grant</u>	<u>State Housing Initiative Program</u>	<u>Schools Chartered by: *</u>			
					<u>Broward County School Board</u>			<u>Florida State University</u>
					<u>Elementary</u>	<u>Middle</u>	<u>High</u>	<u>Elementary</u>
Revenues:								
Taxes	\$ 2,868,929	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, fees and licenses	1,351,619	-	-	-	-	-	-	-
Intergovernmental	1,354,064	214,908	-	624,778	15,020,921	9,467,631	15,288,870	6,118,886
Charges for services	-	-	-	-	921,638	136,980	81,569	405,043
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	64,696	-	-	-	24,296	7,018	18,553	11,910
Contributions	-	-	-	-	173,203	127,308	275,664	65,058
Rental revenue	-	-	-	-	237,210	180,799	554,689	44,044
Other	182,809	-	-	-	433,015	358,769	625,625	155,165
Total revenues	<u>5,822,117</u>	<u>214,908</u>	<u>-</u>	<u>624,778</u>	<u>16,810,283</u>	<u>10,278,505</u>	<u>16,844,970</u>	<u>6,800,106</u>
Expenditures:								
General government	-	-	-	-	-	-	-	-
Public safety	(1)	214,908	-	-	-	-	-	-
Transportation	5,322,626	-	-	-	-	-	-	-
Economic environment	-	-	-	624,778	-	-	-	-
Human services	-	-	-	-	15,977,763	11,424,160	17,022,979	6,393,620
Total expenditures	<u>5,322,625</u>	<u>214,908</u>	<u>-</u>	<u>624,778</u>	<u>15,977,763</u>	<u>11,424,160</u>	<u>17,022,979</u>	<u>6,393,620</u>
Excess (deficiency) of revenues over (under) expenditures	<u>499,492</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>832,520</u>	<u>(1,145,655)</u>	<u>(178,009)</u>	<u>406,486</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	1,164,459	250,000	-
Transfers out	(233,564)	-	-	-	(525,000)	-	-	-
Total other financing sources (uses)	<u>(233,564)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(525,000)</u>	<u>1,164,459</u>	<u>250,000</u>	<u>-</u>
Net change in fund balances	265,928	-	-	-	307,520	18,804	71,991	406,486
Fund balances, beginning	6,321,368	-	-	-	1,452,642	34,934	854,885	998,886
Fund balances, ending	<u>\$ 6,587,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,760,162</u>	<u>\$ 53,738</u>	<u>\$ 926,876</u>	<u>\$ 1,405,372</u>

* As of June 30, 2016

(continued)

City of Pembroke Pines, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Fiscal Year Ended September 30, 2016
(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>	
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,868,929
Permits, fees and licenses	-	-	-	-	-	-	-	-	1,351,619
Intergovernmental	1,172,018	504,505	891,129	-	-	-	-	-	50,657,710
Charges for services	-	-	-	-	-	-	-	-	1,545,230
Fines and forfeitures	-	-	-	18,647	103,981	28,961	176,672	-	328,261
Investment income	-	-	-	2,733	5,616	2,112	5,783	2,839	145,556
Contributions	-	-	9,264	-	-	-	-	-	650,497
Rental revenue	-	-	-	-	-	-	-	-	1,016,742
Other	-	-	-	-	-	-	-	-	1,755,383
Total revenues	<u>1,172,018</u>	<u>504,505</u>	<u>900,393</u>	<u>21,380</u>	<u>109,597</u>	<u>31,073</u>	<u>182,455</u>	<u>2,839</u>	<u>60,319,927</u>
Expenditures:									
General government	-	-	-	-	-	-	-	17,323	17,323
Public safety	-	-	-	1,470	24,753	81,093	20,100	-	342,323
Transportation	113,070	952,351	-	-	-	-	-	-	6,388,047
Economic environment	1,058,948	-	-	-	-	-	-	-	1,683,726
Human services	-	-	1,365,992	-	-	-	-	-	52,184,514
Total expenditures	<u>1,172,018</u>	<u>952,351</u>	<u>1,365,992</u>	<u>1,470</u>	<u>24,753</u>	<u>81,093</u>	<u>20,100</u>	<u>17,323</u>	<u>60,615,933</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(447,846)</u>	<u>(465,599)</u>	<u>19,910</u>	<u>84,844</u>	<u>(50,020)</u>	<u>162,355</u>	<u>(14,484)</u>	<u>(296,006)</u>
Other financing sources (uses):									
Transfers in	-	447,846	442,365	-	-	-	-	-	2,304,670
Transfers out	-	-	-	-	-	-	-	-	(758,564)
Total other financing sources (uses)	<u>-</u>	<u>447,846</u>	<u>442,365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,546,106</u>
Net change in fund balances	-	447,846	(23,234)	19,910	84,844	(50,020)	162,355	(14,484)	1,250,100
Fund balances, beginning	-	-	23,234	365,684	739,876	315,721	615,835	525,791	12,248,856
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 385,594</u>	<u>\$ 824,720</u>	<u>\$ 265,701</u>	<u>\$ 778,190</u>	<u>\$ 511,307</u>	<u>\$ 13,498,956</u>

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

- **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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property taxes	\$ 5,833,898	\$ 5,833,898	\$ 5,904,829	\$ 70,931
Utility taxes	1,647,387	1,847,387	2,148,110	300,723
Communications services tax	6,046,888	5,846,888	5,545,281	(301,607)
Permits, fees and licenses	824,920	824,920	824,273	(647)
Investment income	43,758	43,758	117,273	73,515
Rental revenue	11,984,331	12,055,331	12,030,058	(25,273)
Total revenues	<u>26,381,182</u>	<u>26,452,182</u>	<u>26,569,824</u>	<u>117,642</u>
Expenditures:				
Debt service:				
Principal	11,683,168	11,683,168	11,683,165	3
Interest	14,497,493	14,497,493	14,496,970	523
Other debt service costs	18,000	160,000	147,925	12,075
Total expenditures	<u>26,198,661</u>	<u>26,340,661</u>	<u>26,328,060</u>	<u>12,601</u>
Excess (deficiency) of revenues over (under) expenditures	<u>182,521</u>	<u>111,521</u>	<u>241,764</u>	<u>130,243</u>
Other financing sources (uses):				
Transfers in	118,068	118,068	118,065	(3)
Refunding bonds issued	-	-	7,636,000	7,636,000
Payment to refunded bond escrow agent	-	(7,565,000)	(7,565,000)	-
Total other financing sources (uses)	<u>118,068</u>	<u>(7,446,932)</u>	<u>189,065</u>	<u>7,635,997</u>
Net change in fund balances	300,589	(7,335,411)	430,829	7,766,240
Fund balances, beginning	14,903,153	14,903,153	14,903,153	-
Fund balances, ending	<u>\$ 15,203,742</u>	<u>\$ 7,567,742</u>	<u>\$ 15,333,982</u>	<u>\$ 7,766,240</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, 2016

	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			
Revenues:								
Taxes	\$ 2,783,985	\$ 2,783,985	\$ 2,868,929	\$ 84,944	\$ -	\$ -	\$ -	\$ -
Permits, fees and licenses	1,285,000	1,285,000	1,351,619	66,619	-	-	-	-
Intergovernmental	1,273,450	1,290,392	1,354,064	63,672	17,918	286,407	214,908	(71,499)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	36,000	36,000	64,696	28,696	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-
Other	181,986	181,986	182,809	823	-	-	-	-
Total revenues	<u>5,560,421</u>	<u>5,577,363</u>	<u>5,822,117</u>	<u>244,754</u>	<u>17,918</u>	<u>286,407</u>	<u>214,908</u>	<u>(71,499)</u>
Expenditures:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	(1)	1	17,918	286,407	214,908	71,499
Transportation	4,981,699	10,999,490	5,322,626	5,676,864	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Total expenditures	<u>4,981,699</u>	<u>10,999,490</u>	<u>5,322,625</u>	<u>5,676,865</u>	<u>17,918</u>	<u>286,407</u>	<u>214,908</u>	<u>71,499</u>
Excess (deficiency) of revenues over (under) expenditures	<u>578,722</u>	<u>(5,422,127)</u>	<u>499,492</u>	<u>5,921,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(289,361)	(289,361)	(233,564)	55,797	-	-	-	-
Total other financing sources (uses)	<u>(289,361)</u>	<u>(289,361)</u>	<u>(233,564)</u>	<u>55,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	289,361	(5,711,488)	265,928	5,977,416	-	-	-	-
Fund balances, beginning	6,321,368	6,321,368	6,321,368	-	-	-	-	-
Fund balances, ending	<u>\$ 6,610,729</u>	<u>\$ 609,880</u>	<u>\$ 6,587,296</u>	<u>\$ 5,977,416</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, 2016
(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		
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, fees and licenses	-	-	-	-	-	-	-	-
Intergovernmental	-	17,476	-	(17,476)	755,868	2,415,278	624,778	(1,790,500)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	2,000	2,000	-	(2,000)
Contributions	-	-	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	-	17,476	-	(17,476)	757,868	2,417,278	624,778	(1,792,500)
Expenditures:								
General government	-	-	-	-	-	-	-	-
Public safety	-	17,476	-	17,476	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	755,868	2,415,278	624,778	1,790,500
Human services	-	-	-	-	-	-	-	-
Total expenditures	-	17,476	-	17,476	755,868	2,415,278	624,778	1,790,500
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	2,000	2,000	-	(2,000)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	2,000	2,000	-	(2,000)
Fund balances, beginning	-	-	-	-	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)

(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, 2016
(continued)

Special Revenue Funds

	Elementary Schools Chartered by Broward County School Board*				Middle Schools Chartered by Broward County School Board*			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, fees and licenses	-	-	-	-	-	-	-	-
Intergovernmental	14,002,886	14,782,668	15,020,921	238,253	8,606,982	9,136,184	9,467,631	331,447
Charges for services	852,504	852,504	921,638	69,134	123,211	123,211	136,980	13,769
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	10,000	10,000	24,296	14,296	4,000	4,000	7,018	3,018
Contributions	365,434	373,665	173,203	(200,462)	243,938	252,938	127,308	(125,630)
Rental revenue	146,984	146,984	237,210	90,226	141,371	141,371	180,799	39,428
Other	421,980	421,980	433,015	11,035	366,472	366,472	358,769	(7,703)
Total revenues	<u>15,799,788</u>	<u>16,587,801</u>	<u>16,810,283</u>	<u>222,482</u>	<u>9,485,974</u>	<u>10,024,176</u>	<u>10,278,505</u>	<u>254,329</u>
Expenditures:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-
Human services	15,899,376	16,250,568	15,977,763	272,805	11,182,190	11,428,045	11,424,160	3,885
Total expenditures	<u>15,899,376</u>	<u>16,250,568</u>	<u>15,977,763</u>	<u>272,805</u>	<u>11,182,190</u>	<u>11,428,045</u>	<u>11,424,160</u>	<u>3,885</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(99,588)</u>	<u>337,233</u>	<u>832,520</u>	<u>495,287</u>	<u>(1,696,216)</u>	<u>(1,403,869)</u>	<u>(1,145,655)</u>	<u>258,214</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	1,349,479	1,374,458	1,164,459	(209,999)
Transfers out	<u>(300,161)</u>	<u>(300,161)</u>	<u>(525,000)</u>	<u>(224,839)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(300,161)</u>	<u>(300,161)</u>	<u>(525,000)</u>	<u>(224,839)</u>	<u>1,349,479</u>	<u>1,374,458</u>	<u>1,164,459</u>	<u>(209,999)</u>
Net change in fund balances	(399,749)	37,072	307,520	270,448	(346,737)	(29,411)	18,804	48,215
Fund balances, beginning	1,452,642	1,452,642	1,452,642	-	34,934	34,934	34,934	-
Fund balances, ending	<u>\$ 1,052,893</u>	<u>\$ 1,489,714</u>	<u>\$ 1,760,162</u>	<u>\$ 270,448</u>	<u>\$ (311,803)</u>	<u>\$ 5,523</u>	<u>\$ 53,738</u>	<u>\$ 48,215</u>

* As of June 30, 2016

(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, 2016
(continued)

Special Revenue Funds

	High School Chartered by Broward County School Board*				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		
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, fees and licenses	-	-	-	-	-	-	-	-
Intergovernmental	14,127,519	14,927,812	15,288,870	361,058	6,025,166	6,097,699	6,118,886	21,187
Charges for services	202,762	182,762	81,569	(101,193)	436,009	433,009	405,043	(27,966)
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	-	11,000	18,553	7,553	2,000	2,000	11,910	9,910
Contributions	468,302	514,552	275,664	(238,888)	128,698	128,698	65,058	(63,640)
Rental revenue	475,040	475,040	554,689	79,649	39,852	39,852	44,044	4,192
Other	574,418	583,418	625,625	42,207	165,081	168,081	155,165	(12,916)
Total revenues	<u>15,848,041</u>	<u>16,694,584</u>	<u>16,844,970</u>	<u>150,386</u>	<u>6,796,806</u>	<u>6,869,339</u>	<u>6,800,106</u>	<u>(69,233)</u>
Expenditures:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-
Human services	16,835,140	17,249,080	17,022,979	226,101	6,397,228	6,577,158	6,393,620	183,538
Total expenditures	<u>16,835,140</u>	<u>17,249,080</u>	<u>17,022,979</u>	<u>226,101</u>	<u>6,397,228</u>	<u>6,577,158</u>	<u>6,393,620</u>	<u>183,538</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(987,099)</u>	<u>(554,496)</u>	<u>(178,009)</u>	<u>376,487</u>	<u>399,578</u>	<u>292,181</u>	<u>406,486</u>	<u>114,305</u>
Other financing sources (uses):								
Transfers in	-	-	250,000	250,000	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(987,099)	(554,496)	71,991	626,487	399,578	292,181	406,486	114,305
Fund balances, beginning	854,885	854,885	854,885	-	998,886	998,886	998,886	-
Fund balances, ending	<u>\$ (132,214)</u>	<u>\$ 300,389</u>	<u>\$ 926,876</u>	<u>\$ 626,487</u>	<u>\$ 1,398,464</u>	<u>\$ 1,291,067</u>	<u>\$ 1,405,372</u>	<u>\$ 114,305</u>

* As of June 30, 2016

(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, 2016
(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		
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, fees and licenses	-	-	-	-	-	-	-	-
Intergovernmental	930,315	2,911,383	1,172,018	(1,739,365)	308,595	506,595	504,505	(2,090)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	930,315	2,911,383	1,172,018	(1,739,365)	308,595	506,595	504,505	(2,090)
Expenditures:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Transportation	113,070	113,070	113,070	-	790,238	1,010,238	952,351	57,887
Economic environment	817,245	2,798,313	1,058,948	1,739,365	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Total expenditures	930,315	2,911,383	1,172,018	1,739,365	790,238	1,010,238	952,351	57,887
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	(481,643)	(503,643)	(447,846)	55,797
Other financing sources (uses):								
Transfers in	-	-	-	-	481,643	503,643	447,846	(55,797)
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	481,643	503,643	447,846	(55,797)
Net change in fund balances	-	-	-	-	-	-	-	-
Fund balances, beginning	-	-	-	-	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(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, 2016
(continued)

Special Revenue Funds

	<u>Older Americans Act</u>				<u>Treasury Confiscated</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>		
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, fees and licenses	-	-	-	-	-	-	-	-
Intergovernmental	811,731	813,363	891,129	77,766	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	18,647	18,647
Investment income	-	-	-	-	1,000	1,000	2,733	1,733
Contributions	25,000	25,000	9,264	(15,736)	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	<u>836,731</u>	<u>838,363</u>	<u>900,393</u>	<u>62,030</u>	<u>1,000</u>	<u>1,000</u>	<u>21,380</u>	<u>20,380</u>
Expenditures:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	8,022	314,446	1,470	312,976
Transportation	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-
Human services	1,398,300	1,399,932	1,365,992	33,940	-	-	-	-
Total expenditures	<u>1,398,300</u>	<u>1,399,932</u>	<u>1,365,992</u>	<u>33,940</u>	<u>8,022</u>	<u>314,446</u>	<u>1,470</u>	<u>312,976</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(561,569)</u>	<u>(561,569)</u>	<u>(465,599)</u>	<u>95,970</u>	<u>(7,022)</u>	<u>(313,446)</u>	<u>19,910</u>	<u>333,356</u>
Other financing sources (uses):								
Transfers in	561,569	561,569	442,365	(119,204)	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>561,569</u>	<u>561,569</u>	<u>442,365</u>	<u>(119,204)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	(23,234)	(23,234)	(7,022)	(313,446)	19,910	333,356
Fund balances, beginning	23,234	23,234	23,234	-	365,684	365,684	365,684	-
Fund balances, ending	<u>\$ 23,234</u>	<u>\$ 23,234</u>	<u>\$ -</u>	<u>\$ (23,234)</u>	<u>\$ 358,662</u>	<u>\$ 52,238</u>	<u>\$ 385,594</u>	<u>\$ 333,356</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, 2016
(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		
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, fees and licenses	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	103,981	103,981	38,703	38,703	28,961	(9,742)
Investment income	3,000	3,000	5,616	2,616	1,000	1,000	2,112	1,112
Contributions	-	-	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>109,597</u>	<u>106,597</u>	<u>39,703</u>	<u>39,703</u>	<u>31,073</u>	<u>(8,630)</u>
Expenditures:								
General government	-	-	-	-	-	-	-	-
Public safety	49,967	627,412	24,753	602,659	39,703	286,999	81,093	205,906
Transportation	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Total expenditures	<u>49,967</u>	<u>627,412</u>	<u>24,753</u>	<u>602,659</u>	<u>39,703</u>	<u>286,999</u>	<u>81,093</u>	<u>205,906</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(46,967)</u>	<u>(624,412)</u>	<u>84,844</u>	<u>709,256</u>	<u>-</u>	<u>(247,296)</u>	<u>(50,020)</u>	<u>197,276</u>
Other financing sources (uses):								
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	(46,967)	(624,412)	84,844	709,256	-	(247,296)	(50,020)	197,276
Fund balances, beginning	739,876	739,876	739,876	-	315,721	315,721	315,721	-
Fund balances, ending	<u>\$ 692,909</u>	<u>\$ 115,464</u>	<u>\$ 824,720</u>	<u>\$ 709,256</u>	<u>\$ 315,721</u>	<u>\$ 68,425</u>	<u>\$ 265,701</u>	<u>\$ 197,276</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, 2016
(continued)

	Special Revenue Funds				Permanent Fund			
	FDLE Confiscated				Wetland Mitigation Trust Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, fees and licenses	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	176,672	176,672	-	-	-	-
Investment income	2,000	2,000	5,783	3,783	1,000	1,900	2,839	939
Contributions	-	-	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>182,455</u>	<u>180,455</u>	<u>1,000</u>	<u>1,900</u>	<u>2,839</u>	<u>939</u>
Expenditures:								
General government	-	-	-	-	16,500	17,400	17,323	77
Public safety	107,540	456,047	20,100	435,947	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Total expenditures	<u>107,540</u>	<u>456,047</u>	<u>20,100</u>	<u>435,947</u>	<u>16,500</u>	<u>17,400</u>	<u>17,323</u>	<u>77</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(105,540)</u>	<u>(454,047)</u>	<u>162,355</u>	<u>616,402</u>	<u>(15,500)</u>	<u>(15,500)</u>	<u>(14,484)</u>	<u>1,016</u>
Other financing sources (uses):								
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	(105,540)	(454,047)	162,355	616,402	(15,500)	(15,500)	(14,484)	1,016
Fund balances, beginning	615,835	615,835	615,835	-	525,791	525,791	525,791	-
Fund balances, ending	<u>\$ 510,295</u>	<u>\$ 161,788</u>	<u>\$ 778,190</u>	<u>\$ 616,402</u>	<u>\$ 510,291</u>	<u>\$ 510,291</u>	<u>\$ 511,307</u>	<u>\$ 1,016</u>

FIDUCIARY FUND TYPES

- PENSION and OTHER POST-EMPLOYMENT BENEFITS (OPEB)
TRUST FUNDS
- AGENCY FUNDS

PENSION and OTHER POST-EMPLOYMENT BENEFITS (OPEB) TRUST FUNDS

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, 2016

	General Employees Pension	Firefighters and Police Officers Pension	Other Post- Employment Benefits	Totals
Assets				
Cash and short term investments	\$ -	\$ 16,254,351	\$ 1,201,700	\$ 17,456,051
Accrued interest and dividend receivables	-	937,636	-	937,636
Other receivables	4,000,000	2,596,776	1,000,000	7,596,776
Prepaid expenses	-	2,223,900	-	2,223,900
Investments, at fair value				
U.S. Government securities	-	37,163,674	-	37,163,674
Corporate bonds	-	78,601,987	-	78,601,987
Common stocks	-	241,100,916	-	241,100,916
Domestic equity fund	-	49,431,142	-	49,431,142
International equity fund	-	35,000,005	-	35,000,005
Real estate fund	-	76,488,873	-	76,488,873
Mutual funds	163,490,116	-	66,730,828	230,220,944
Total investments	<u>163,490,116</u>	<u>517,786,597</u>	<u>66,730,828</u>	<u>748,007,541</u>
Capital assets, being depreciated, net	-	357,540	-	357,540
Total assets	<u>167,490,116</u>	<u>540,156,800</u>	<u>68,932,528</u>	<u>776,579,444</u>
Liabilities				
Reserve for health insurance claims	-	-	803,087	803,087
Accounts payable	-	1,297,654	225,529	1,523,183
Total liabilities	<u>-</u>	<u>1,297,654</u>	<u>1,028,616</u>	<u>2,326,270</u>
Net Position				
Net position restricted for benefits	<u>\$ 167,490,116</u>	<u>\$ 538,859,146</u>	<u>\$ 67,903,912</u>	<u>\$ 774,253,174</u>

City of Pembroke Pines, Florida
Combining Statement of Changes in Net Position
Fiduciary Funds
Fiscal Year Ended September 30, 2016

	General Employees <u>Pension</u>	Firefighters and Police Officers <u>Pension</u>	Other Post- Employment <u>Benefits</u>	<u>Totals</u>
Additions				
Contributions:				
Plan members	\$ 249,518	\$ 2,819,814	\$ 533,634	\$ 3,602,966
Employer	6,500,000	23,908,967	15,192,960	45,601,927
State	-	2,445,532	-	2,445,532
Total contributions:	<u>6,749,518</u>	<u>29,174,313</u>	<u>15,726,594</u>	<u>51,650,425</u>
Investment income	12,414,477	47,169,985	5,141,676	64,726,138
Less investment expenses	<u>47,576</u>	<u>3,028,255</u>	<u>313,362</u>	<u>3,389,193</u>
Net investment income	<u>12,366,901</u>	<u>44,141,730</u>	<u>4,828,314</u>	<u>61,336,945</u>
Other additions:				
Specific stop loss and medical claims recovery	-	-	164,735	164,735
Other income	<u>-</u>	<u>26,207</u>	<u>-</u>	<u>26,207</u>
Total other additions:	<u>-</u>	<u>26,207</u>	<u>164,735</u>	<u>190,942</u>
Total additions	<u>19,116,419</u>	<u>73,342,250</u>	<u>20,719,643</u>	<u>113,178,312</u>
Deductions				
Benefit payments and insurance premiums	10,243,459	28,838,780	8,242,241	47,324,480
Refunds of contributions	-	223,757	-	223,757
Administrative expenses	<u>1,740</u>	<u>627,306</u>	<u>210,752</u>	<u>839,798</u>
Total deductions	<u>10,245,199</u>	<u>29,689,843</u>	<u>8,452,993</u>	<u>48,388,035</u>
Change in net position	8,871,220	43,652,407	12,266,650	64,790,277
Net position, beginning	<u>158,618,896</u>	<u>495,206,739</u>	<u>55,637,262</u>	<u>709,462,897</u>
Net position, ending	<u>\$ 167,490,116</u>	<u>\$ 538,859,146</u>	<u>\$ 67,903,912</u>	<u>\$ 774,253,174</u>

AGENCY FUNDS

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, 2016

	Balance September 30, 2015	Additions	Deductions	Balance September 30, 2016
General Agency Fund				
Assets:				
Pooled cash and cash equivalents	\$ 4,071,912	\$ 86,043,333	\$ 87,632,479	\$ 2,482,766
Accounts receivable	-	991	-	991
Total assets	<u>\$ 4,071,912</u>	<u>\$ 86,044,324</u>	<u>\$ 87,632,479</u>	<u>\$ 2,483,757</u>
Liabilities:				
Accounts payable	\$ -	\$ 71,000	\$ -	\$ 71,000
Accrued liabilities	4,071,912	83,136,447	84,795,602	2,412,757
Due to other funds	-	3,115,422	3,115,422	-
Total liabilities	<u>\$ 4,071,912</u>	<u>\$ 86,322,869</u>	<u>\$ 87,911,024</u>	<u>\$ 2,483,757</u>
Sanitation Fund				
Assets:				
Pooled cash and cash equivalents	\$ 5,285	\$ 21,160,346	\$ 21,141,647	\$ 23,984
Accounts receivable	2,341,679	19,905,684	19,746,881	2,500,482
Total assets	<u>\$ 2,346,964</u>	<u>\$ 41,066,030</u>	<u>\$ 40,888,528</u>	<u>\$ 2,524,466</u>
Liabilities:				
Accounts payable	\$ 2,346,964	\$ 20,657,788	\$ 20,480,286	\$ 2,524,466
Total liabilities	<u>\$ 2,346,964</u>	<u>\$ 20,657,788</u>	<u>\$ 20,480,286</u>	<u>\$ 2,524,466</u>
Total - All Agency Funds				
Assets:				
Pooled cash and cash equivalents	\$ 4,077,197	\$ 107,203,679	\$ 108,774,126	\$ 2,506,750
Accounts receivable	2,341,679	19,906,675	19,746,881	2,501,473
Total assets	<u>\$ 6,418,876</u>	<u>\$ 127,110,354</u>	<u>\$ 128,521,007</u>	<u>\$ 5,008,223</u>
Liabilities:				
Accounts payable	\$ 2,346,964	\$ 20,728,788	\$ 20,480,286	\$ 2,595,466
Accrued liabilities	4,071,912	83,136,447	84,795,602	2,412,757
Due to other funds	-	3,115,422	3,115,422	-
Total liabilities	<u>\$ 6,418,876</u>	<u>\$ 106,980,657</u>	<u>\$ 108,391,310</u>	<u>\$ 5,008,223</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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (2)</u>	<u>2012</u>	<u>2013 (3)</u>	<u>2014</u>	<u>2015 (4)</u>	<u>2016</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 100,395,349	\$ 103,142,455	\$ 102,055,175	\$ 98,775,229	\$ 96,015,470	\$ 96,374,595	\$ 95,158,519	\$ 96,036,092	\$ 101,327,909	\$ 122,925,559
Restricted	25,789,838	28,030,233	28,634,625	27,778,800	27,477,286	25,037,929	20,865,437	23,199,554	21,134,115	22,061,419
Unrestricted	(11,556,042)	(15,795,579)	(16,635,595)	(5,662,804)	(2,761,804)	17,439,237	21,547,870	35,059,606	(194,576,902)	(175,580,464)
Total governmental activities net position	<u>\$ 114,629,145</u>	<u>\$ 115,377,109</u>	<u>\$ 114,054,205</u>	<u>\$ 120,891,225</u>	<u>\$ 120,730,952</u>	<u>\$ 138,851,761</u>	<u>\$ 137,571,826</u>	<u>\$ 154,295,252</u>	<u>\$ (72,114,878)</u>	<u>\$ (30,593,486)</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 143,935,636	\$ 153,389,446	\$ 152,797,781	\$ 149,327,456	\$ 142,748,564	\$ 147,671,862	\$ 147,106,303	\$ 143,816,502	\$ 145,060,182	\$ 148,395,164
Restricted	-	-	-	-	2,252,459	702,175	717,102	1,263,613	745,236	759,702
Unrestricted	76,910,616	65,919,119	63,917,539	65,709,435	72,665,822	70,129,711	75,074,326	85,725,566	85,560,873	77,361,508
Total business-type activities net position	<u>\$ 220,846,252</u>	<u>\$ 219,308,565</u>	<u>\$ 216,715,320</u>	<u>\$ 215,036,891</u>	<u>\$ 217,666,845</u>	<u>\$ 218,503,748</u>	<u>\$ 222,897,731</u>	<u>\$ 230,805,681</u>	<u>\$ 231,366,291</u>	<u>\$ 226,516,374</u>
Primary government										
Invested in capital assets, net of related debt	\$ 244,330,985	\$ 256,531,901	\$ 254,852,956	\$ 248,102,685	\$ 238,764,034	\$ 244,046,457	\$ 242,264,822	\$ 239,852,594	\$ 246,388,091	\$ 271,320,723
Restricted	25,789,838	28,030,233	28,634,625	27,778,800	29,729,745	25,740,104	21,582,539	24,463,167	21,879,351	22,821,121
Unrestricted	65,354,574	50,123,540	47,281,944	60,046,631	69,904,018	87,568,948	96,622,196	120,785,172	(109,016,029)	(98,218,956)
Total primary government net position	<u>\$ 335,475,397</u>	<u>\$ 334,685,674</u>	<u>\$ 330,769,525</u>	<u>\$ 335,928,116</u>	<u>\$ 338,397,797</u>	<u>\$ 357,355,509</u>	<u>\$ 360,469,557</u>	<u>\$ 385,100,933</u>	<u>\$ 159,251,413</u>	<u>\$ 195,922,888</u>

(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.

(3) FY 2013 restricted net assets of the governmental activities restated for comparative purposes.

(4) The Governmental activities negative unrestricted net position was a result of the implementation in FY 2015 of GASB Statement 68, *Accounting and Financial Reporting for Pensions*.

City of Pembroke Pines, Florida

Changes in Net Position (1)

Last Ten Fiscal Years

(accrual basis of accounting)

Expenses	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Governmental activities:										
General government (2)	\$ 23,303,062	\$ 23,235,940	\$ 20,915,269	\$ 19,647,193	\$ 17,927,195	\$ 18,177,121	\$ 20,448,927	\$ 21,442,092	\$ 23,730,945	\$ 23,981,833
Public safety (2)	88,982,854	102,967,033	102,368,029	93,568,314	94,585,886	91,073,377	99,209,184	93,399,960	90,001,259	94,753,829
Physical environment	4,123,318	3,654,027	3,108,385	2,684,192	2,583,101	2,462,622	8,532,071	8,398,804	7,244,178	7,858,575
Transportation	12,845,956	11,950,528	16,653,981	9,989,922	9,509,801	8,780,538	7,636,242	7,592,371	8,275,897	7,795,228
Economic environment	7,559,297	10,717,579	10,984,230	13,329,473	11,846,539	11,402,548	10,216,405	11,647,174	9,965,841	10,068,923
Human services	54,110,736	53,871,577	56,340,121	54,656,396	57,265,615	52,041,469	55,589,548	57,230,972	57,826,212	60,215,463
Culture/Recreation	20,948,154	21,576,740	20,744,104	18,316,771	17,921,567	17,002,608	12,112,573	10,357,409	9,737,321	9,663,091
Interest on long-term debt	16,823,152	17,996,176	18,753,360	19,166,448	18,391,348	17,816,972	17,683,512	16,518,111	15,982,325	13,858,187
Total governmental activities expenses	228,696,529	245,969,600	249,867,479	231,358,709	230,031,052	218,757,255	231,428,462	226,586,893	222,763,978	228,195,129
Business-type activities:										
Public safety	4,100	-	-	-	-	-	-	-	-	-
Water utility services	5,318,837	5,318,791	4,933,388	4,318,216	4,596,991	4,675,493	5,120,127	5,235,305	4,430,806	5,795,010
Sewer/wastewater services	12,271,389	13,080,744	10,742,197	10,946,520	11,947,362	12,568,023	12,703,656	11,541,769	11,992,522	13,659,700
Water-sewer combined services	26,104,176	24,812,790	25,614,616	24,764,738	24,365,791	23,676,096	24,156,348	24,700,745	27,023,984	26,505,206
Total business-type activities expenses	43,698,502	43,212,325	41,290,201	40,029,474	40,910,144	40,919,612	41,980,131	41,477,819	43,447,312	45,959,916
Total primary government expenses	\$ 272,395,031	\$ 289,181,925	\$ 291,157,680	\$ 271,388,183	\$ 270,941,196	\$ 259,676,867	\$ 273,408,593	\$ 268,064,712	\$ 266,211,290	\$ 274,155,045
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 15,166,539	\$ 14,295,201	\$ 16,026,118	\$ 16,049,045	\$ 17,819,949	\$ 16,759,799	\$ 16,632,425	\$ 18,125,053	\$ 18,868,438	\$ 18,626,505
Public safety	19,897,138	28,386,165	28,257,835	28,399,794	28,600,551	32,454,166	29,134,920	29,418,815	29,912,357	30,573,276
Physical environment	600	1,075	-	158	-	-	-	-	-	-
Transportation	315,033	355,227	358,348	174,676	200,000	200,000	200,000	16,667	-	-
Economic environment	4,642,437	4,974,853	6,211,809	6,782,391	6,753,571	6,515,246	6,802,732	7,146,956	7,387,525	7,388,352
Human services	47,785,824	51,655,776	49,472,143	49,638,630	52,159,157	47,415,737	48,945,110	50,101,744	52,567,131	54,257,002
Culture/Recreation	3,702,140	4,759,467	4,797,806	4,129,033	4,214,764	3,711,491	4,020,147	4,044,472	3,732,053	3,648,582
Interest on long-term debt	10,070,967	9,602,414	10,906,060	12,014,252	12,359,630	10,940,507	12,492,011	12,359,687	11,921,093	12,030,058
Operating grants and contributions	7,557,767	10,489,392	14,653,685	9,984,812	8,702,595	6,669,239	5,333,371	7,245,855	5,253,284	6,838,005
Capital grants and contributions	6,671,291	11,914,221	5,483,163	2,294,865	748,394	1,598,078	610,544	718,466	717,681	1,398,971
Total governmental activities program revenues	115,809,736	136,433,791	136,166,967	129,467,656	131,558,611	126,264,263	124,171,260	129,177,715	130,359,562	134,760,751
Business-type activities:										
Charges for services:										
Water utility services	15,372,828	16,310,543	18,042,310	18,015,418	20,160,031	20,648,379	21,214,069	21,619,222	21,970,462	21,656,421
Sewer/wastewater services	15,338,034	15,422,017	19,150,659	18,689,072	20,872,045	21,143,920	21,863,304	22,211,823	22,586,436	22,325,554
Water-sewer combined services	346,881	136,225	109,946	98,253	128,124	131,311	125,892	113,001	187,861	229,497
Operating grants and contributions	10,066	-	-	192,400	-	-	-	-	-	-
Capital grants and contributions	2,471,676	7,307,004	717,144	680,553	1,494,661	1,022,609	2,106,126	2,064,436	1,069,739	1,842,201
Total business-type activities program revenues	33,539,485	39,175,789	38,020,059	37,675,696	42,654,861	42,946,219	45,309,391	46,008,482	45,814,498	46,053,673
Total primary government program revenues	\$ 149,349,221	\$ 175,609,580	\$ 174,187,026	\$ 167,143,352	\$ 174,213,472	\$ 169,210,482	\$ 169,480,651	\$ 175,186,197	\$ 176,174,060	\$ 180,814,424

(1) Changes in Net Assets renamed to Changes in Net Position in FY 2012 per GASB Statement No. 63.

(2) 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)

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Net (expense)/revenue:										
Governmental activities	\$ (112,886,793)	\$ (109,535,809)	\$ (113,700,512)	\$ (101,891,053)	\$ (98,472,441)	\$ (92,492,992)	\$ (107,257,202)	\$ (97,409,178)	\$ (92,404,416)	\$ (93,434,378)
Business-type activities	(10,159,017)	(4,036,536)	(3,270,142)	(2,353,778)	1,744,717	2,026,607	3,329,260	4,530,663	2,367,186	93,757
Total primary government net expense	<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>	<u>\$ (92,878,515)</u>	<u>\$ (90,037,230)</u>	<u>\$ (93,340,621)</u>

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes:

Property taxes, levied for debt service	\$ 2,665,536	\$ 5,264,984	\$ 5,520,777	\$ 5,482,360	\$ 5,459,564	\$ 5,441,632	\$ 5,514,105	\$ 5,470,524	\$ 5,406,078	\$ 5,904,829
Property taxes, levied for general purposes	47,104,494	47,077,737	46,044,021	47,224,460	45,839,333	45,704,600	46,282,854	48,136,008	51,515,774	55,321,195
Utility taxes	9,722,816	9,939,667	10,012,094	10,710,284	10,832,358	11,159,960	11,717,590	12,655,027	12,865,364	12,995,837
Communication service tax	7,060,041	7,359,061	8,524,622	7,748,084	7,359,807	7,549,655	7,598,497	6,350,145	6,197,471	5,545,281
Insurance premium taxes (5)	2,442,108	2,581,143	2,429,576	2,337,509	2,269,110	2,342,079	2,458,939	2,629,081	2,470,921	2,445,532
Local option gas taxes (5)	2,739,055	2,785,670	2,696,917	2,633,187	2,644,449	2,664,803	2,669,684	2,682,012	2,780,280	2,868,929
Local business tax	3,075,143	3,316,948	3,307,733	3,191,395	3,045,727	3,166,530	3,232,834	3,272,689	3,378,223	3,455,361
Franchise fees	15,105,140	15,294,804	16,378,799	14,712,823	14,959,851	14,594,290	14,930,045	17,121,734	17,260,844	17,179,061
Intergovernmental revenue - unrestricted	13,503,386	12,563,396	11,229,891	11,171,464	11,808,190	12,530,757	13,371,163	14,273,538	15,255,862	15,809,815
Miscellaneous revenues	766,762	595,174	1,320,308	218,254	420,658	579,220	634,605	697,727	872,538	633,848
Investment earnings not restricted	6,910,527	3,505,189	4,912,870	3,298,253	1,418,618	2,117,118	(309,711)	844,119	169,104	1,722,180
Gain on sale of capital assets	9,972	-	-	-	29,621	98,179	503,021	-	639,710	11,981
Transfers in (out) (6)	-	-	-	-	(7,775,118)	2,664,978	-	-	-	11,061,921
Total governmental activities	<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>	<u>114,132,604</u>	<u>118,812,169</u>	<u>134,955,770</u>
Business-type activities:										
Investment earnings (losses) not restricted (6)	4,222,049	2,488,373	665,173	665,360	(6,891,075)	1,471,592	1,032,773	3,098,559	384,910	1,746
Miscellaneous revenues	23,947	10,476	11,723	9,989	1,194	813	3,669	2,038	138	6,085,595
Gain on sale of capital assets	336	-	-	-	-	2,869	28,281	276,690	62,794	30,906
Transfers in (out) (6)	-	-	-	-	7,775,118	(2,664,978)	-	-	-	(11,061,921)
Total business-type activities	<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>	<u>3,377,287</u>	<u>447,842</u>	<u>(4,943,674)</u>
Total primary government	<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>	<u>\$ 117,509,891</u>	<u>\$ 119,260,011</u>	<u>\$ 130,012,096</u>

Change in Net Position

Governmental activities	\$ (1,781,813)	\$ 747,964	\$ (1,322,904)	\$ 6,837,020	\$ (160,273)	\$ 18,120,809	\$ 1,346,424	\$ 16,723,426	\$ 26,407,753	\$ 41,521,392
Business-type activities	(5,912,685)	(1,537,687)	(2,593,246)	(1,678,429)	2,629,954	836,903	4,393,983	7,907,950	2,815,028	(4,849,917)
Total primary government	<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>	<u>\$ 24,631,376</u>	<u>\$ 29,222,781</u>	<u>\$ 36,671,475</u>

(5) Insurance premium taxes and local option gas taxes were shown in one line item labeled "Other taxes" in prior years.

(6) 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.

In FY 2016, the Utility Fund transferred net profits of \$4.8 million from the sale of Investments in Real Estate to the Municipal Construction Fund.

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

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Utility Taxes</u>	<u>Communications Services Tax (1)</u>	<u>Insurance Premium Taxes</u>	<u>Local Option Gas Taxes</u>	<u>Local Business Tax</u>	<u>Total</u>
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
2014	53,606,532	12,655,027	6,350,145	2,629,081	2,682,012	3,272,689	81,195,486
2015	56,921,852	12,865,364	6,197,471	2,470,921	2,780,280	3,378,223	84,614,111
2016	61,226,024	12,995,837	5,545,281	2,445,532	2,868,929	3,455,361	88,536,964

(1) In FY2012, The Communications Services Tax replaced the Utility Services Tax on telecommunications services and the franchise fees on cable and telecommunication service providers.

City of Pembroke Pines, Florida
Fund Balances of Governmental Funds (1)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund										
Nonspendable	\$ 359,358	\$ 452,203	\$ 412,405	\$ 306,832	\$ 397,064	\$ 357,174	\$ 1,619,035	\$ 25,064,410	\$ 14,414,929	\$ 14,267,076
Assigned	2,551,332	2,179,327	2,127,635	2,125,767	2,419,331	12,990,861	8,788,284	9,063,100	12,078,353	20,792,177
Unassigned	30,828,040	31,325,893	34,142,847	36,155,207	36,090,554	38,330,423	42,147,303	20,503,089	35,768,693	34,582,347
Total general fund	<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>	<u>\$ 54,630,599</u>	<u>\$ 62,261,975</u>	<u>\$ 69,641,600</u>
All other governmental funds										
Nonspendable	\$ 552,616	\$ 580,746	\$ 548,675	\$ 522,613	\$ 568,224	\$ 564,699	\$ 527,074	\$ 505,649	\$ 469,349	\$ 471,695
Restricted	72,041,927	54,257,562	48,659,777	50,012,752	48,481,747	49,491,775	47,757,198	42,435,671	54,684,510	34,889,813
Assigned	1,208,597	5,338,482	5,039,130	5,116,328	5,459,283	4,559,679	3,515,694	3,095,135	3,341,347	4,146,148
Unassigned	(74,455)	(79,850)	(30,250)	(53,275)	(98,875)	(95,350)	(57,725)	(36,300)	-	(25,580)
Total all other governmental funds	<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>	<u>\$ 46,000,155</u>	<u>\$ 58,495,206</u>	<u>\$ 39,482,076</u>

(1) Fund balances for fiscal years 2007 - 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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues										
Taxes	\$ 74,809,193	\$ 78,325,210	\$ 78,535,740	\$ 79,327,279	\$ 77,450,347	\$ 78,029,259	\$ 79,474,503	\$ 81,195,486	\$ 84,614,112	\$ 88,536,964
Special assessments	8,468,562	17,602,253	19,734,363	21,015,296	20,633,100	20,758,230	20,758,650	22,212,257	22,179,789	23,134,760
Permits, fees and licenses	22,185,099	20,801,798	18,508,763	15,009,358	15,390,067	15,003,943	15,328,261	17,606,785	18,266,865	18,024,711
Intergovernmental	59,130,835	64,894,563	65,065,938	61,513,829	61,421,335	54,985,417	55,760,952	59,602,343	62,616,021	65,741,161
Charges for services	26,284,799	27,467,164	29,477,979	29,126,538	31,359,527	32,932,098	30,300,642	30,900,561	31,143,921	30,776,622
Fines and forfeitures	1,426,849	1,475,291	1,594,585	1,879,569	2,117,330	2,829,174	2,267,483	1,522,857	1,924,777	1,627,353
Investment income	6,840,257	3,015,860	4,035,447	2,780,298	1,233,115	1,859,339	(388,702)	717,564	(43,581)	1,451,836
Contributions	6,696,257	11,366,688	5,660,901	986,077	691,235	2,070,193	1,073,813	2,277,717	1,417,371	2,111,449
Rental revenue	19,888,637	19,799,580	23,125,797	24,895,496	25,629,636	23,892,020	25,593,043	25,537,050	24,599,904	25,365,440
Other	1,734,635	1,920,227	2,360,034	1,675,016	1,720,201	1,872,355	2,217,860	1,793,160	1,818,498	1,879,427
Total revenues	<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>	<u>243,365,780</u>	<u>248,537,677</u>	<u>258,649,723</u>
Expenditures										
General government	22,515,991	21,511,476	19,597,106	20,337,005	18,187,343	17,767,976	19,848,137	25,685,959	27,672,048	26,676,269
Public safety	86,971,602	94,765,020	98,221,869	97,825,714	94,158,393	94,003,192	101,304,879	98,070,048	99,510,607	103,334,591
Physical environment	4,025,954	3,584,401	2,955,500	2,731,465	2,463,390	2,424,402	8,140,631	10,284,640	8,021,490	10,292,747
Transportation	26,343,989	29,135,640	15,465,192	7,524,769	6,569,318	6,597,524	6,912,419	8,127,464	6,621,778	6,413,099
Economic environment	26,728,564	10,869,712	9,027,377	12,107,775	10,659,737	10,164,667	9,280,264	10,595,084	8,793,498	8,942,361
Human services	50,611,995	60,872,921	55,052,389	51,917,155	53,925,104	50,169,454	52,525,696	54,231,101	55,650,058	58,288,428
Culture and recreation	39,322,524	24,075,681	25,565,490	16,349,527	17,944,585	13,498,021	13,388,170	11,497,504	14,807,661	44,526,500
Debt service:										
Principal	5,255,000	5,830,000	7,140,000	7,950,000	8,872,500	9,457,600	9,661,916	10,305,165	11,784,365	11,683,165
Interest	16,021,994	18,754,792	17,812,377	17,408,607	17,179,540	17,265,348	16,911,616	16,231,252	12,601,764	14,496,970
Other debt service costs	2,422,368	1,853,595	416,391	563,783	779,763	1,911	5,500	1,622,757	702,331	147,925
Total expenditures	<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>	<u>246,650,974</u>	<u>246,165,600</u>	<u>284,802,055</u>
Excess (deficiency) of revenues over (under) expenditures	(52,754,858)	(24,584,604)	(3,154,144)	3,492,956	6,906,220	12,881,933	(5,592,723)	(3,285,194)	2,372,077	(26,152,332)
Other financing sources (uses)										
Transfers in	1,695,484	3,148,839	2,153,600	909,154	2,111,535	2,869,330	2,457,133	2,593,289	2,412,504	13,484,656
Transfers out	(1,695,484)	(3,148,839)	(2,153,600)	(909,154)	(9,886,652)	(2,869,330)	(2,457,133)	(2,593,289)	(2,412,504)	(2,422,736)
Bonds issued	144,574,999	72,135,000	-	8,545,700	-	-	-	-	-	-
Premium (discount) on bonds	3,067,996	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	(7,910,000)	-	-	-	-	-	108,896,529	85,875,036	7,636,000
Payment to refunded bond escrow agent	(59,437,687)	(53,053,448)	-	(8,752,651)	-	-	-	(109,277,444)	(75,230,994)	(7,565,000)
Installment purchase	-	-	-	-	-	-	590,327	-	-	-
Sales of equipment/land	-	-	-	-	-	-	3,100,000	-	7,110,308	3,385,907
Total other financing sources (uses)	<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>	<u>(380,915)</u>	<u>17,754,350</u>	<u>14,518,827</u>
Net change in fund balances	<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>	<u>\$ (3,666,109)</u>	<u>\$ 20,126,427</u>	<u>\$ (11,633,505)</u>
Capital outlay	\$ 64,558,803	\$ 40,429,598	\$ 16,472,730	\$ 5,341,778	\$ 8,435,598	\$ 3,763,360	\$ 10,972,218	\$ 10,495,383	\$ 16,581,397	\$ 45,523,966
Debt service as a percentage of noncapital expenditures	9.9%	10.7%	10.6%	11.1%	11.7%	12.3%	11.7%	11.2%	10.6%	10.9%

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

Fiscal Year	Property Taxes levied for:				Insurance Premium Taxes	Local Option Gas Taxes	Local Business Tax	Total
	Debt Service	General Purposes	Utility Taxes	Communications Services Tax				
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
2014	5,470,524	48,136,008	12,655,027	6,350,145	2,629,081	2,682,012	3,272,689	81,195,487
2015	5,406,078	51,515,774	12,865,364	6,197,471	2,470,921	2,780,280	3,378,223	84,614,111
2016	5,904,829	55,321,195	12,995,837	5,545,281	2,445,532	2,868,929	3,455,361	88,536,964

City of Pembroke Pines, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

<u>Fiscal</u> <u>Year Ended</u> <u>September 30</u>	<u>Assessment Value</u>		<u>Less:</u>				<u>Total Taxable</u> <u>Assessed</u> <u>Value</u>	<u>Total</u> <u>Direct</u> <u>Tax</u> <u>Rate (5)</u>	<u>Estimated</u> <u>Actual</u> <u>Taxable</u> <u>Value</u>	<u>Assessed</u> <u>Value(6) as a</u> <u>Percentage of</u> <u>Actual Value</u>
	<u>Real</u> <u>Property</u>	<u>Personal</u> <u>Property</u>	<u>Tax-Exempt</u> <u>Properties(1)</u>	<u>Personal</u> <u>Exemptions(2)</u>	<u>Capped</u> <u>Differential(3)</u>	<u>V.A.B.</u> <u>Adjustments (4)</u>				
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%
2014	12,713,588,220	432,087,651	1,412,737,736	1,947,248,688	882,480,633	21,959,798	8,881,249,016	6.2776	13,145,675,871	100.00%
2015	14,374,066,460	432,799,032	1,429,151,457	1,931,756,828	1,878,364,413	67,687,878	9,499,904,916	6.2303	14,806,865,492	100.00%
2016	15,589,012,450	464,226,429	1,453,875,309	1,931,944,671	2,467,524,216	34,162,005	10,165,732,678	6.2753	16,053,238,879	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: 0.2606-FY2007, 0.4672-FY2008, 0.5318-FY2009, 0.5951-FY2010, 0.6780-FY2011, 0.6713-FY2012, 0.6716-FY2013, 0.6408-FY2014, 0.5935-FY2015 and 0.6017-FY2016.
- (6) Includes tax-exempt property.

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

Fiscal Year	City of Pembroke Pines			Broward County				School Board				Special Districts	Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Capital Projects Millage	Debt Service Millage	Total County Millage	General Fund Millage	Capital Outlay Millage	Debt Service Millage	Total School Millage		
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
2014	5.6368	0.6408	6.2776	5.3639	0.0761	0.2830	5.7230	5.9800	1.5000	-	7.4800	1.3337	20.8143
2015	5.6368	0.5935	6.2303	5.3444	0.1140	0.2646	5.7230	5.9380	1.5000	-	7.4380	1.0932	20.4845
2016	5.6368	0.6017	6.2385	5.3444	0.1297	0.2489	5.7230	5.7030	1.5000	0.0710	7.2740	1.0490	20.2845

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>2016 Collection Year</u>			<u>2007 Collection Year</u>		
	<u>Taxable</u>	<u>Rank</u>	<u>Percentage of</u>	<u>Taxable</u>	<u>Rank</u>	<u>Percentage of</u>
	<u>Assessed</u>		<u>Total Taxable</u>	<u>Assessed</u>		<u>Total Taxable</u>
	<u>Value</u>		<u>Value</u>	<u>Value</u>		<u>Value</u>
JRA HHF Venture LLC	\$ 133,152,620	1	1.26%	\$ -	-	- %
Pembroke Lakes Mall LTD	119,747,920	2	1.13%	123,445,230	1	1.20%
Arium Resort LLC	105,559,720	3	1.00%	-	-	-
AVR Pembroke Pines I LLC	94,600,880	4	0.90%	-	-	-
Altis at Sheridan Village LLC	71,927,970	5	0.68%	-	-	-
AVR Pembroke Pines II LLC	62,066,270	6	0.59%	-	-	-
Taplin Falls Ltd.	57,712,790	7	0.55%	45,100,760	8	0.44%
Arium Resort LLC	49,703,640	8	0.47%	-	-	-
MIG/Pines Development LTD	48,022,290	9	0.46%	-	-	-
WRI JT Pembroke Commons LP	45,774,230	10	0.43%	-	-	-
Pasadena Place Associates	-	-	-	106,640,950	2	1.04%
Windsor @ Pembroke Cay	-	-	-	54,119,620	3	0.53%
Prudential Insurance Co. of America	-	-	-	53,515,020	4	0.52%
Pembroke Cove LLC	-	-	-	51,305,660	5	0.50%
Westfork Tower LLC	-	-	-	50,160,910	6	0.49%
Fairfield Pembroke Limited	-	-	-	47,889,970	7	0.46%
WRI Flamingo Pines LLC	-	-	-	41,999,110	9	0.41%
WRI/Pembroke LTD	-	-	-	38,974,040	10	0.38%
Total	\$ 788,268,330		7.47%	\$ 613,151,270		5.97%

Source: Broward County Property Appraiser's Tax Roll.

City of Pembroke Pines, Florida

Property Tax Levies and Collections (1) Last Ten Fiscal Years

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2007	\$48,716,300	\$46,954,319	96.4%	\$ 117,448	\$47,071,767	96.6%
2008	49,054,977	47,021,192	95.9%	215,726	47,236,918	96.3%
2009	47,574,611	45,833,741	96.3%	93,995	45,927,736	96.5%
2010	48,955,611	47,093,237	96.2%	80,458	47,173,695	96.4%
2011	47,748,809	45,707,333	95.7%	90,572	45,797,905	95.9%
2012	47,419,828	45,698,158	96.4%	(93,955)	45,604,203	96.2%
2013	47,990,517	46,244,787	96.4%	(184,606)	46,060,181	96.0%
2014	50,061,824	48,229,073	96.3%	(155,603)	48,073,470	96.0%
2015	53,549,064	51,625,432	96.4%	31,678	51,657,110	96.5%
2016	57,302,202	55,243,335	96.4%	-	55,243,335	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 and excludes penalties collected.

City of Pembroke Pines, Florida
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business- Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Revenue Bonds	Installment Purchase	Utility Bonds			
2007	\$ 88,055,000	\$ 301,265,000	\$ -	\$ -	\$ 389,320,000	9.44%	\$ 2,546
2008	86,570,000	314,025,000	-	-	400,595,000	10.26%	2,664
2009	84,845,000	308,610,000	-	-	393,455,000	10.10%	2,602
2010	83,060,000	302,300,700	-	-	385,360,700	8.75%	2,490
2011	81,215,000	295,273,200	-	12,300,000	388,788,200	9.51%	2,510
2012	79,305,000	287,725,600	-	11,695,147	378,725,747	8.81%	2,451
2013	77,325,000	280,073,200	560,810	11,033,544	368,992,554	9.21%	2,372
2014	75,270,000	270,446,100	442,745	10,348,785	356,507,630	7.92%	2,258
2015	77,325,000	261,669,800	324,680	9,640,059	348,959,539	7.25%	2,182
2016	75,060,000	252,440,700	206,615	8,906,528	336,613,843	*	2,080

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 for personal income and population data.

* Information not available.

City of Pembroke Pines, Florida
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Amounts Available in Debt Service		Total	Percentage of Estimated Actual Taxable Value(1) of Property	Per Capita(2)
		<u>Principal</u>	<u>Interest</u>			
2007	\$ 88,055,000	\$ -	\$ 68,568	\$ 88,055,000	0.51%	\$ 576
2008	86,570,000	-	569	86,570,000	0.45%	576
2009	84,845,000	-	12,171	84,845,000	0.48%	561
2010	83,060,000	-	50,204	83,060,000	0.56%	537
2011	81,215,000	-	65,201	81,215,000	0.64%	524
2012	79,305,000	-	66,125	79,305,000	0.63%	513
2013	77,325,000	-	103,481	77,325,000	0.62%	497
2014	75,270,000	-	113,002	75,270,000	0.57%	477
2015	77,325,000	-	31,855	77,325,000	0.52%	484
2016	75,060,000	-	82,037	75,060,000	0.47%	464

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Property value data can be found in the Schedule of Assessed Value and Estimated Actual Value of Taxable Property.

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

City of Pembroke Pines, Florida

Direct and Overlapping Governmental Activities Debt As of September 30, 2016

<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	\$ 232,035	6.81%	\$ 15,802
School Board of Broward County	160,572,000	6.81%	10,934,953
South Florida Water Management District	332,094,694	6.81%	22,615,649
South Broward Hospital District	-	6.81%	-
Other debt			
Broward County	326,975	6.81%	22,267
School Board of Broward County	1,740,338,000	6.81%	118,517,018
South Broward Hospital District	619,200,000	6.81%	<u>42,167,520</u>
Subtotal, overlapping debt			194,273,209
City of Pembroke Pines, direct debt (2)			339,838,707
Total direct and overlapping debt			<u><u>\$ 534,111,916</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 long-term debt instructions of the governmental activities, such as bonds, notes, certificates of participation, loans, and capital leases.

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>	
Revenue Bonds Secured by Electric Franchise Fees (2)				
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
2014	8,529,691	2,872,100	3,233,729	1.40
2015	8,577,201	2,986,300	3,117,082	1.41
2016	8,292,391	3,120,100	2,985,969	1.36
Revenue Bonds Secured by Electric Public Service Tax (3)				
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
2014	10,461,326	3,040,000	2,773,749	1.80
2015	10,617,674	3,160,000	1,806,490	2.14
2016	10,772,091	3,205,000	2,213,731	1.99
Revenue Bonds Secured by Charter School total revenues and Early Development Center lease payments (4)				
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
2014	47,785,475	100,000	2,783,712	16.57
2015	49,549,117	100,000	2,593,586	18.40
2016	52,528,533	100,000	2,700,129	18.76

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 Communications Services Tax and Water Public Service Tax (5)				
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
2014	8,311,246	2,120,000	4,067,232	1.34
2015	8,206,333	2,530,000	2,468,856	1.64
2016	7,525,809	2,875,000	3,069,795	1.27

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
2014	13,755,051	684,759	406,082	12.61
2015	9,230,437	708,726	341,536	8.79
2016	13,061,017	733,531	316,008	12.44

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

<u>Fiscal Year</u>	<u>Population(1)</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income(2)</u>	<u>Median Age(3)</u>	<u>Percent with a bachelor's degree or higher(3)</u>	<u>School Enrollment(4)</u>	<u>Unemployment Rate(5)</u>
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	4,008,288	25,766	40.4	34.0%	25,834	5.8%
2014	157,905	4,499,977	28,498	39.8	32.5%	25,362	4.9%
2015	159,922	4,811,733	30,088	40.3	37.0%	26,357	4.9%
2016	161,799	*	*	*	*	26,234	4.3%

Data sources:

- (1) Years 2009 and 2011 - 2016 are estimates from the University of Florida's Statistical Abstract. Years 2007 and 2008 are estimates from the City's Planning Department. 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 2007-2010 and 2016 represent the average for 12 months ending September 30th. Unemployment rate for from FY2011-2015 obtained from US Census Bureau.

* Information not available.

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

<u>Employer</u>	<u>2016</u>			<u>2007</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>
Memorial Hospital West	2,300	1	2.69%	N/A	N/A	N/A
City of Pembroke Pines	1,498	2	1.75%	1,875	3	20.69%
Correct Care Solutions LLC	1,001	3	1.17%	N/A	N/A	N/A
Waste Management Miami Inc.	1,000	4	1.17%	N/A	N/A	N/A
Memorial Hospital Pembroke	700	5	0.82%	N/A	N/A	N/A
South Area Transportation	500	6	0.59%	N/A	N/A	N/A
Voice Mail Inc.	499	7	0.58%	N/A	N/A	N/A
Walmart Supercenter	320	8	0.37%	584	4	6.45%
JC Penny	301	9	0.35%	N/A	N/A	N/A
Reuter Recycling of Florida	300	10	0.35%	N/A	N/A	N/A

(1) Source - City of Pembroke Pines Human Resources Department (includes full-time and part-time). Greater Fort Lauderdale Alliance - Broward County

(2) Source - Greater Fort Lauderdale Alliance, percent in labor force (population 16 years and over).

N/A - information not available

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

Function	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government services	140.00	114.50	98.00	80.00	78.50	77.00	75.00	74.50	74.50	73.00
Public safety										
Police										
Sworn	250.00	247.00	241.00	231.00	231.00	231.00	230.50	238.50	239.50	238.50
Non-sworn and grant positions	84.50	77.00	65.50	63.50	56.50	56.50	57.50	70.50	82.50	94.00
Fire and rescue	259.00	266.50	270.50	266.50	270.50	270.50	262.50	219.50	219.50	217.50
Building	57.50	52.50	11.50	*	*	*	*	*	*	*
Code enforcement	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	*	*
Physical environment (1)	27.00	13.00	12.00	8.50	8.00	8.00	6.50	63.00	56.50	54.25
Transportation	31.30	26.90	8.00	6.00	6.00	5.00	3.00	3.00	*	0.50
Economic environment	4.00	4.00	3.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Human services										
Early development centers	118.50	115.50	110.50	116.00	113.50	113.00	105.50	97.50	98.00	91.50
Community services	31.25	26.75	4.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
SW multipurpose center	23.45	26.35	*	*	*	*	*	*	*	*
Charter schools	473.00	477.00	499.00	489.50	491.50	493.50	491.50	492.50	501.50	502.00
Culture and recreation (1)	239.50	195.00	164.50	135.00	138.00	131.00	131.50	66.50	58.00	56.50
Water-sewer combined service	125.00	85.50	65.00	40.00	40.00	38.50	31.50	32.00	10.50	10.75
Total	<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>	<u>1,373.50</u>	<u>1,345.50</u>	<u>1,343.50</u>

* the City utilized contracted employees.

(1) Parks employees were reclassified from Culture and Recreation to Physical Environment as a result from restructuring in FY2014.

Source: City of Pembroke Pines, Florida Annual Budget.

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

Function	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public safety										
Police										
Number of calls answered	100,480	100,040	119,574	96,831	90,643	105,000	90,726	93,516	85,546	81,286
Felony arrests	n/a	1,295	1,354	1,164	1,074	1,041	1,188	1,362	1,051	968
Traffic accidents	5,152	5,058	5,038	5,002	4,878	5,000	5,154	5,170	5,869	6,375
Traffic/parking/red light citations	46,797	51,847	55,896	45,883	60,018	60,293	48,103	35,215	31,690	23,962
False alarm citations	n/a	n/a	n/a	262	1,937	4,585	1,048	1,682	2,202	1,870
Fire/ambulance rescue										
Number of EMS calls answered	18,726	18,146	18,448	18,193	18,470	19,615	19,258	19,679	18,410	17,813
Number of fire calls answered	224	230	201	205	214	171	145	141	146	160
Building permits issued	10,837	7,411	6,318	5,274	6,939	6,200	7,357	10,536	6,524	7,264
Physical environment										
Maintained rights of ways (miles)	576	466	466	466	466	475	475	475	475	475
Landscaping and irrigation (miles)	165	157	160	160	160	160	160	163	160	161
Transportation										
Sidewalks replaced (linear feet)	2,200	17,758	10,501	15,962	13,785	19,878	19,000	10,000	13,852	18,410
Curbing installed (linear feet)	143	-	1,000	-	-	400	-	-	438	-
Number of trips - Community Bus program	201,292	197,223	180,000	205,947	206,425	217,161	218,497	218,497	210,000	195,684
Human services										
Charter schools										
Average student class size	25	25	25	23	24	24	24	25	22	22
Number of students enrolled	5,295	5,426	5,499	5,537	5,628	5,610	5,624	5,925	5,881	5,901
Culture/recreation										
Number of sports leagues	55	39	41	41	41	44	41	41	43	44
Number of tennis memberships	137	169	174	174	167	193	155	166	156	178
Water-sewer combined service										
Number of water accounts	44,997	45,586	42,819	42,526	46,401	42,792	42,935	43,513	43,597	43,378
Sewer mains rehabilitated (linear feet)	12,000	4,600	5,250	5,000	4,500	9,853	-	-	-	-
Average daily consumption (millions of gallons)	12.61	11.66	11.50	12.50	11.30	11.21	11.30	11.26	13.30	12.58

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public safety										
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	365	365	310	308	281	311	314	320	313	316
Fire/ambulance rescue:										
Stations	6	6	6	6	6	6	6	6	6	6
Fire trucks / engines	13	9	9	9	10	9	9	9	10	10
Other trucks	1	1	1	1	2	1	3	3	3	3
Fire ladders	4	4	4	4	4	4	3	3	3	3
Fire rescue ambulances	11	12	12	12	12	12	12	12	12	12
Physical environment										
Water:										
Water mains (miles)	489	489	489	489	489	489	489	525	528	531.7
Fire hydrants	4,121	4,121	4,121	4,121	4,121	4,121	4,121	4,641	4,677	4,712
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)	401.9	402	402	403	403	412	412	448	451	452.6
Storm sewers (miles)	226	226	226	226	226	226	226	226	226.4	226.4
Maximum daily treatment capacity (millions of gallons)	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
Transportation										
Maintained roads (miles)	460	479	465	465	465	465	465	465	468	468
Economic environment										
Senior housing units	584	804	804	804	804	804	804	804	804	804
Transitional living units	24	19	21	21	21	21	21	21	21	21
Human services										
City operated charter schools										
Elementary School	4	4	4	4	4	4	4	4	4	4
Middle School	2	2	2	2	2	2	2	2	3	3
High School	1	1	1	1	1	1	1	1	1	1
Culture/recreation										
Parks acreage	357	418	421	421	421	421	421	421	421	421
Parks	29	30	30	31	31	31	31	31	31	31
Swimming pools	8	7	7	6	6	6	6	6	6	6
Tennis courts	50	50	50	50	50	50	50	50	50	50
Recreation centers	6	6	6	4	4	4	4	4	4	4
Football/Soccer fields	15	19	19	19	19	19	18	18	21	21
Basketball courts	20.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5
Playgrounds	19	20	20	20	20	21	22	22	22	22

City of Pembroke Pines, Florida

Property Assessed Value, Outstanding Debt, Legal Debt Limit, Debt Management Policies & Covenants

September 30, 2016

Property Assessed Value:

Just Value	\$ 16,053,238,879
Less: Property and Personal Exemptions	(3,385,819,980)
Homestead Assessment Differential ⁽¹⁾	(2,184,501,350)
Nonhomestead Residential Property Differential ⁽²⁾	(222,117,740)
Certain Residential and Nonresidential Real Property Differential ⁽²⁾	(41,390,140)
Agricultural Differential ⁽³⁾	(19,477,330)
Pollution Control Devices Differential ⁽⁴⁾	(37,656)
Value Adjustment Board & Broward County Property Appraiser	<u>(34,162,005)</u>
Final Taxable Value	<u><u>\$ 10,165,732,678</u></u>

Outstanding Debt:

City's debt management policy regarding direct unlimited tax general obligation debt limitation (1.5% of the City's taxable assessed valuation) \$ 152,485,990

Revenue Bonds:

Public Improvement Revenue Refunding Bonds, Series 2006	\$ 19,740,000
Capital Improvement Revenue Refunding Bonds, Series 2006	32,480,000
Capital Improvement Revenue Bonds, Series 2007	22,730,000
Charter School Revenue Bonds, Series 2008	62,495,000
Capital Improvement Revenue Refunding Bonds, Series 2010	6,484,700
Consolidated Utility system Revenue Bonds, Series 2010	8,906,528
Taxable Communications Services Tax Revenue Bonds, Series 2013	32,805,000
Taxable Communications Services Tax Revenue Bonds, Series 2014	39,920,000
Public Improvement Revenue Bonds, Series 2014	28,150,000
Variable Rate Capital Improvement Revenue Refunding Bonds, Series 2016	<u>7,636,000</u>
Total outstanding revenue bonds	261,347,228

Installment Purchase 206,615

General Obligation Bonds:

General Obligation Bonds, Series 2007	1,040,000
General Obligation Bonds, Series 2015	74,020,000

Total General Obligation Bonds subject to debt limitation \$ 75,060,000

Total outstanding debt	336,613,843
Less: Reserve for debt service	<u>(11,996,593)</u>
Net total outstanding debt	<u><u>\$ 324,617,250</u></u>

Legal debt margin \$ 77,425,990

(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, 2016
(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, 2016
(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, 2016
(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 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.

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.

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.

City of Pembroke Pines, Florida

Property Assessed Value, Outstanding Debt, Legal Debt Limit, Debt Management Policies & Covenants

**September 30, 2016
(continued)**

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.

Taxable Communications Services Tax Revenue Bonds, Series 2013, and Taxable Communications Services Tax Revenue Bonds, Series 2014

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 2014

Additional parity bonds payable from the pledged revenues may be issued for acquisition or construction of capital improvements in the City, or for refunding of bonds, and only if the pledged revenues for the most recent full fiscal year equal at least 125% of the maximum bond debt service requirement on all existing and proposed parity bonds.

Variable Rate Capital Improvement Revenue Refunding Bonds, Series 2016

Additional parity franchise revenue bonds payable from the pledged revenue may be issued only if the pledged revenues for the most recent full fiscal year equal at least 125% of the maximum bond debt service requirement on all existing and proposed parity franchise revenue bonds

City of Pembroke Pines, Florida

Debt Service Coverage - Electric Public Service Tax

Public Improvement Revenue Bonds, Series 1998; Public Improvement Revenue Bonds, Series 2001;
Public Improvement Revenue Bonds, Series 2004A; Public Improvement Revenue Bonds, Series 2004B;
Public Improvement Revenue Refunding Bonds, Series 2006; and Public Improvement Revenue Refunding Bonds, Series 2014

Debt Service Requirements (1)										
Fiscal Year	Pledged Revenues (2)	% Change	1998	2001	2004A	2004B	2006	2014	Total	Coverage
			Public Improvement Revenue Bonds	Public Improvement Revenue Bonds	Public Improvement Revenue Bonds	Public Improvement Revenue Bonds	Public Improvement Revenue Refunding Bonds	Public Improvement Revenue Refunding Bonds		
					(5)	(5)	(4)	(3)		
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
2014	10,461,326	9.1%	-	960,210	1,391,610	1,113,879	2,348,050	-	5,813,749	1.80
2015	10,617,674	1.5%	-	-	550,463	428,610	3,294,550	692,867	4,966,490	2.14
2016	10,772,091	1.5%	-	-	-	-	3,296,675	2,122,056	5,418,731	1.99

Coverage of Estimated Combined Maximum Annual Debt Service:

Electric Public Service Tax - Most Recent Fiscal Year	\$ 10,772,091
Combined Maximum Annual Debt Service (6)	5,486,431
Coverage	1.96

- (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) Refunded by the Public Improvement Revenue Refunding Bonds, Series 2014.
- (6) 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 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
 Capital Improvement Revenue Refunding Bonds, Series 2010;
 and Variable Rate Capital Improvement Revenue Refunding Bonds (Susan B. Anthony Center), Series 2016

Fiscal Year	Pledged Revenues	% Change	Debt Service Requirements (1)							Total	Coverage
			1999	2005	2006	2007	2008	2010	2016		
			Capital Improvement Revenue Bonds	Variable Rate Capital Imp. Revenue Bonds	Capital Improvement Revenue Refunding Bonds	Capital Improvement Revenue Bonds	Variable Rate Capital Imp. Revenue Refunding Bonds	Capital Improvement Revenue Refunding Bonds	Variable Rate Capital Imp. Revenue Refunding Bonds		
(2)	(7)	(4)	(5)	(3) (8)	(3)	(3)					
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
2014	8,529,691	8.6%	-	-	3,373,013	1,716,963	311,435	704,418	-	6,105,829	1.40
2015	8,577,201	0.6%	-	-	3,370,675	1,717,263	313,423	702,021	-	6,103,382	1.41
2016	8,292,391	-3.3%	-	-	3,361,088	1,716,563	324,880	703,538	-	6,106,069	1.36

Coverage of Estimated Combined Maximum Annual Debt Service:

Electric Franchise Fees - Most Recent Fiscal Year	\$ 8,292,391
Combined Maximum Annual Debt Service (6)	6,112,582
Maximum Debt Service Coverage	1.36

- (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 30, 2016) Direct Purchase fixed rate in effect which is 1.66%.
- (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.
- (8) Refunded by the Variable Rate Capital Improvement Revenue Refunding Bonds, Series 2016

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 Year	Pledged Revenues (3)	% Change	Debt Service Requirements (2)			Total	Coverage
			2001A Charter School Revenue Bonds (5)	2001B Charter School Revenue Bonds (5)	2008 Charter School Revenue Bonds (4)		
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
2014	47,785,475	5.1%	-	-	2,883,712	2,883,712	16.57
2015	49,549,117	3.7%	-	-	2,693,586	2,693,586	18.40
2016	52,528,533	6.0%	-	-	2,800,129	2,800,129	18.76

Coverage of Estimated Combined Maximum Annual Debt Service:

Total pledged revenues for the most recent fiscal year.	\$ 52,528,533
Combined Maximum Annual Debt Service (6)	5,796,244
Maximum Debt Service Coverage	9.06

- (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 1.43% which was the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA) Rate in effect at the financial statement date (September 30, 2016) per GASB Statement No. 38, paragraph 10, which was 0.84% plus the 0.59% Direct Purchase spread to the bondholder for a four year term from May 29, 2014.

City of Pembroke Pines, Florida

Debt Service Coverage - Communications Services Tax and Water Public Service Tax

Taxable Communications Services Tax Revenue Bonds, Series 2003A; Taxable Communications Services Tax Revenue Bonds, Series 2004;
Taxable Communications Services Tax Revenue Bonds, Series 2013; and Taxable Communications Service Tax Revenue Bonds, Series 2014.

Debt Service Requirements (1)											
Fiscal Year	Communication Services Tax	Public Service Tax Water	Total Pledged Revenues	% Change	2003A	2004	2013	2014	Total	Coverage	
					Taxable Communications Services Tax Revenue Bonds						
			(2)		(3)	(5)	(4)	(4)			
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	
2014	6,350,145	1,961,101	8,311,246	-12.7%	1,951,168	3,423,431	812,633	-	6,187,232	1.34	
2015	6,197,471	2,008,862	8,206,333	-1.3%	-	1,319,025	2,858,155	821,676	4,998,856	1.64	
2016	5,545,281	1,980,528	7,525,809	-8.3%	-	-	2,857,591	3,087,204	5,944,795	1.27	

Coverage of Estimated Combined Maximum Annual Debt Service:

Communications Services Tax and Water Public Service Tax - Most Recent Fiscal Year	\$7,525,809
Combined Maximum Annual Debt Service (6)	6,025,523
Maximum Debt Service Coverage	1.25

- (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 9/30/2016, Communications Services Tax revenues was 0.92 times the Maximum Bond Service Requirement on all Bonds then Outstanding, and was less than the 1.30 required coverage ratio.
- (3) Refunded by the Taxable Communications Services Tax Revenue Bonds, Series 2013.
- (4) No statistics are available prior to the year of bond issuance.
- (5) Refunded by the Taxable Communications Services Tax Revenue Bonds, Series 2014.
- (6) 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

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
2014	13,755,051	39.2%	1,090,841	2,318,491	3,409,332	12.61	4.03
2015	9,230,437	-32.9%	1,050,262	2,465,344	3,515,606	8.79	2.63
2016	13,061,017	41.5%	1,049,539	2,315,586	3,365,125	12.44	3.88

Coverage of Estimated Combined Maximum Annual Debt Service:

Net Revenues of the Consolidated Utility System - Most Recent Fiscal Year	\$13,061,017
Maximum Annual Debt Service (3)	1,059,355
Maximum Debt Service Coverage	12.33

(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, 2016

Type of Bonds	Business-type Activities												Consolidated Utility System Project	Combined Activities
	Advance Refunding Public Imprv Series 1998 & Series 2001	Various Capital Projects & Advance Refunding Cap Imprv, Series 1999	Senior Project Tower 3	Housing Project	Various Projects	Capital Projects	Refunding Charter Sch Bonds & New Charter School Projects	Refunding Capital Imprv Series 1999	Refunding Firefighters Pension Series 2003A	Refunding Police Officers & General Employees Pension Series 2004	Refunding Senior Housing Tower I & II 2004A & 2004B	Refunding 2005 GO Bonds and Partial 2007 GO Bonds		
	\$29,720,000	\$45,050,000	\$26,805,000	\$43,000,000	\$64,095,000	\$8,545,700	\$35,300,000	\$41,540,000	\$29,040,000	\$76,045,000	\$7,636,000	\$12,300,000		
Revenue	Public Imprv. Refunding	Capital Imprv. Refunding	Capital Imprv.			Charter School	Capital Imprv. Refunding	Taxable Comm. Services Tax Refunding	Taxable Comm. Services Tax Refunding	Public Imprv. Refunding		Variable Rate Cap Imprv. Refunding	Consolidated Utility System	
General Obligation				General Obligation	*						General Obligation	**		
Fiscal Y/E	Series 2006	Series 2006	Series 2007	Series 2007	Series 2008	Series 2010	Series 2013	Series 2014	Series 2014	Series 2014	Series 2015	Series 2016	Series 2010	Debt Service/ Principal
Sep 30														
2017	\$ 3,293,050	\$ 3,369,962	\$ 1,714,013	\$ 1,084,200	\$ 993,448	\$ 703,784	\$ 2,851,210	\$ 3,174,313	\$ 2,193,381	\$ 4,812,738	\$ 330,110	\$ 1,057,647	\$ 25,577,856	
2018	3,288,550	3,366,713	1,716,250	-	999,438	707,676	2,845,404	3,167,482	2,178,356	5,895,538	335,388	1,057,182	25,557,976	
2019	3,282,925	3,371,350	1,712,319	-	988,098	705,234	2,841,173	3,160,801	2,176,606	5,897,938	340,869	1,056,701	25,534,014	
2020	3,285,675	3,363,487	1,716,300	-	984,209	706,283	2,840,187	3,160,213	2,182,106	5,895,938	347,200	1,056,203	25,537,801	
2021	3,276,550	3,372,113	1,714,900	-	987,720	706,141	2,837,531	3,156,675	2,180,706	5,897,688	353,365	1,055,687	25,539,077	
2022	3,290,800	3,364,237	1,712,300	-	986,290	708,345	2,832,555	3,150,650	2,171,931	5,897,688	361,365	1,055,153	25,531,314	
2023	3,284,400	3,363,763	1,713,400	-	2,117,253	708,938	2,830,701	3,148,094	2,182,431	5,895,688	369,165	1,054,601	26,668,434	
2024	-	3,366,363	1,713,100	-	2,388,514	707,946	2,823,222	3,149,365	2,175,306	5,896,438	377,766	1,054,029	23,652,048	
2025	-	3,250,153	1,716,300	-	2,249,936	827,893	2,824,932	3,139,715	2,172,681	5,894,438	387,151	1,053,438	23,516,638	
2026	-	3,249,963	1,717,287	-	2,279,766	827,124	2,820,253	3,139,235	2,171,681	5,894,438	396,304	1,052,826	23,548,877	
2027	-	3,245,028	1,716,038	-	3,787,535	829,084	2,818,689	3,132,980	2,172,056	5,895,238	407,224	-	24,003,873	
2028	-	1,148,687	1,713,375	-	4,892,366	-	2,815,086	3,131,112	2,184,731	5,894,738	417,879	-	22,197,974	
2029	-	1,142,569	1,713,750	-	5,007,943	-	2,809,437	3,128,153	2,174,953	5,894,988	429,268	-	22,301,062	
2030	-	1,144,750	1,716,250	-	5,103,267	-	2,802,421	3,128,602	2,176,625	5,896,388	441,375	-	22,409,679	
2031	-	1,140,126	1,715,750	-	5,199,243	-	2,799,073	3,117,365	2,165,000	5,896,187	454,184	-	22,486,927	
2032	-	1,138,694	1,717,125	-	5,008,628	-	2,793,378	3,119,832	2,159,875	5,894,937	467,676	-	22,300,145	
2033	-	-	1,715,250	-	5,115,149	-	2,789,904	3,116,182	2,155,374	5,892,687	481,837	-	21,266,383	
2034	-	-	1,715,000	-	5,238,159	-	2,788,075	3,106,414	2,165,850	5,893,937	495,649	-	21,403,084	
2035	-	-	1,716,124	-	5,384,796	-	-	-	2,154,850	5,892,937	511,113	-	15,659,820	
2036	-	-	1,713,500	-	5,522,864	-	-	-	-	5,894,187	527,195	-	13,657,745	
2037	-	-	1,716,875	-	5,667,629	-	-	-	-	-	543,878	-	7,928,382	
2038	-	-	-	-	5,823,581	-	-	-	-	-	560,147	-	6,383,728	
Total debt service	\$ 23,001,950	\$ 42,397,958	\$ 36,015,206	\$ 1,084,200	\$ 76,725,832	\$ 8,138,448	\$ 50,763,231	\$ 56,527,181	\$ 41,294,502	\$ 116,824,754	\$ 9,336,109	\$ 10,553,467	\$ 472,662,838	
Principal outstanding FY 2016	\$ 19,740,000	\$ 32,480,000	\$ 22,730,000	\$ 1,040,000	\$ 62,495,000	\$ 6,484,700	\$ 32,805,000	\$ 39,920,000	\$ 28,150,000	\$ 74,020,000	\$ 7,636,000	\$ 8,906,528	\$ 336,407,228	

* Based on the 1.43% 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, 2016) Statement No. 38, paragraph 10, which was 0.84% + the 0.59% Direct Purchase spread to the bondholder for a four year term from May 29, 2014.

** Based on the 1.66% five year term (from September 30, 2016) Direct Purchase fixed rate in effect at the financial statement date (September 30, 2016) per GASB Statement No. 38, paragraph 10.

**City of Pembroke Pines, Florida
School Enrollment**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
College/University: (1)										
Broward College										
Pines Center -Academic Village	2,591	1,451	2,369	2,028	2,120	2,454	2,740	2,530	2,640	1,402
South Campus / Pembroke Pines	9,489	12,259	14,267	13,895	13,768	15,605	13,390	14,482	14,542	11,287
Florida International University - Pines Center (3)	-	-	1,827	1,602	1,482	1,294	1,400	-	-	-
Total College/University Enrollment	<u>12,080</u>	<u>13,710</u>	<u>18,463</u>	<u>17,525</u>	<u>17,370</u>	<u>19,353</u>	<u>17,530</u>	<u>17,012</u>	<u>17,182</u>	<u>12,689</u>
High Schools: (2)										
Pembroke Pines Charter High School	1,703	1,716	1,695	1,721	1,738	1,724	1,730	1,692	1,999	2,015
Flanagan	3,172	3,100	3,212	3,241	3,164	3,106	2,860	2,844	2,835	2,759
Somerset Academy Charter High School	593	552	602	708	751	845	1,051	1,101	1,021	948
West Broward High School	-	1,926	2,561	2,695	2,777	2,712	2,772	2,702	2,721	2,742
Somerset Conservatory	-	-	-	-	91	162	113	120	125	143
Total High School Enrollment	<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>	<u>8,459</u>	<u>8,701</u>	<u>8,607</u>
Middle Schools: (2)										
Pines Middle School	1,461	1,542	1,655	1,754	1,519	1,493	1,375	1,293	1,130	1,035
Silver Trail Middle	1,745	1,756	1,695	1,666	1,474	1,508	1,481	1,426	1,466	1,491
Walter C. Young	1,945	1,853	1,707	1,488	1,405	1,268	1,201	1,090	1,099	1,111
Somerset Academy Charter Middle School	604	608	693	798	835	868	870	834	817	745
Pembroke Pines Charter Middle School (West/Central)+HS	1,199	1,203	1,218	1,239	1,287	1,284	1,301	1,582	1,298	1,305
Franklin Academy A&B	-	-	-	-	419	465	428	376	430	408
Broward Charter School of Science & Technology	-	-	-	-	-	-	25	39	49	96
Total Middle School Enrollment	<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>	<u>6,640</u>	<u>6,289</u>	<u>6,191</u>
Elementary Schools: (2)										
Pembroke Pines	690	653	617	613	594	586	594	560	559	569
Pembroke Lakes	730	720	737	690	622	565	534	568	596	662
Pines Lakes	853	823	820	795	733	656	609	582	577	569
Pasadena Lakes	725	722	725	763	719	614	573	566	543	532
Palm Cove	961	908	926	926	857	800	819	779	711	672
Chapel Trail	1,043	1,026	948	927	810	760	751	743	777	829
Silver Palms	912	915	874	816	669	729	662	612	595	655
Panther Run	780	726	724	686	620	599	550	550	568	547
Lakeside	885	875	858	858	835	760	707	676	754	791
Somerset Academy Charter Elementary	825	801	831	861	886	887	932	919	940	945
Pembroke Pines Charter Elem (East/West/Central)	1,793	1,872	1,930	1,926	1,924	1,923	1,910	1,908	1,921	1,909
Pembroke Pines/FSU Charter Elementary	620	610	650	655	678	679	679	679	690	672
Franklin Academy A	-	-	-	-	792	845	842	892	943	743
Kidz Choice Charter	-	-	-	-	124	103	100	101	154	174
Charter School of Excellence @ Davie 2	-	-	-	-	155	154	106	26	36	27
Atlantic Montessori Charter School	-	-	-	-	-	73	130	132	123	123
Broward Charter School of Science & Technology	-	-	-	-	-	163	129	69	81	182
Renaissance Charter School at Pines	-	-	-	-	-	-	-	-	799	835
Total Elementary School Enrollment	<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>	<u>10,362</u>	<u>11,367</u>	<u>11,436</u>
Total All Schools	<u>35,319</u>	<u>38,617</u>	<u>44,141</u>	<u>43,351</u>	<u>43,848</u>	<u>45,684</u>	<u>43,364</u>	<u>42,473</u>	<u>43,539</u>	<u>38,923</u>

Source: (1) Broward College - Registrar's Office and FIU Dean of Partnership Center.

(2) Broward County School Board, Years 2007 - 2012 Twentieth Day Enrollment Report; 2013 - 2015 First Day Enrollment Count

(3) Effective August 2014, FIU has relocated to 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>		
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
2014	10,536	10,123	291,394,500	288	16,034,771	125	12,769,448	320,198,718	13,145,675,871
2015	6,524	6,439	61,378,888	77	37,513,118	8	576,143,798	675,035,804	14,806,865,492
2016	7,264	7,110	114,938,007	134	21,478,982	20	103,170,457	239,587,447	16,053,238,879

(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 (City) 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 the City is currently estimated at 161,799 which is the second largest city in Broward County (County) and the tenth largest city in Florida (State). 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 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 the City, 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 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 the City, and the City of Fort Lauderdale Executive Airport which is about a 45-minute drive northeast. The North Perry Airport, originally opened in the City 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 the City. 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 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 portion of the City 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 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 172nd Avenue in adjacent Miramar) which serves the western portion of the City. 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 the 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 (FSU), three charter middle schools and one charter high school that serve approximately 5,901 students. Of this total, the FSU charter school students include 672 in elementary school; the other three elementary schools have 1,909 students; the two middle schools 1,305 students; and the high school campus which was extended to include a middle school has 2,015 students. These facilities offer smaller class sizes, and complement the already existing public education 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

City of Pembroke Pines, Florida

General Information

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, within the City are post-secondary as well as post-graduate institutions. 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 located on Sheridan Street west of Interstate 75. The campus of the Venezuelan-administered Jose Maria Vargas University is a 24,530 square foot facility providing educational programs at the certificate, undergraduate, and graduate levels. Keiser University also operates its Pembroke Pines branch campus with a 30,000-square foot facility offering various associate, undergraduate 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 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 the City.

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 own informational cable channel that televises all City Commission (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. On the web site,

City of Pembroke Pines, Florida

General Information

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.

The dynamics of the growth of commercial and residential activities in the City 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 in the last 10 years:

- ◇ **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 - Nature Scape 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

City of Pembroke Pines, Florida

General Information

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.
- ◇ **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.
- ◇ **2014 - Florida Municipal Achievement Award** for the "Environmental Stewardship" category – the cities "Re-Engage, Recycle and Reinvigorate Our Environment."
- ◇ **2014 – Mayor Frank Ortis received the "HOME Rule HERO" Award** from the Florida League of Cities (FLOC).
- ◇ **2014 – *Money Magazine's* Best Places to Live in America – Ranked # 32 out of the top 50** – only City in Florida to make the list.
- ◇ **2014 – Charter Middle School West Campus received "Florida Standards School of Excellence Award"** by Public Consulting Group and the Florida Department of Education Office of School Choice.
- ◇ **2014 – Jill Slaughter, Curator of Special Project, was named the "Best Curator in Broward/Palm Beach"** by New Times.
- ◇ **2014 – *Wallet Hub's* ranking as #1 -Best City for Hispanic Entrepreneurship; #13 Best Place to Retire; and #44 Best Places for families.** The largest 150 cities were ranked.
- ◇ **2015 – *Money Magazine's* Best Places to live in America.**
- ◇ **2015 – The City was named "2014 Best City of Hispanic Entrepreneurs."**

City of Pembroke Pines, Florida

General Information

- ◇ **2015 – The City received \$50,000 “Our Town” grant** by National Endowment for the Arts.
- ◇ **2015 – The City was recognized by the Florida League of Cities for our “Re-engage, Recycle, and Reinvigorate Our Environment” program.**
- ◇ **2015 – The City received the “Environmental Stewardship Award”** from the Florida League of Cities.
- ◇ **2015 – The City received Bronze Medals in Goal III- Smart Serving for Students and Goal I : Start Early, Start Smart for the “Let’s Move! Cities, Towns and Countries” initiative** by the National League of Cities
- ◇ **2015 – The City received \$500,000.00 Grant for construction on the Civic Center Cultural Complex** from the Florida Cultural Affairs Division.
- ◇ **2015 – The City received \$462,350 Broward County Tourist Development Tax Capital Challenge Grant** for Civic Center
- ◇ **2015 - Mayor Frank Ortis received the “Home Rule Hero Award”** from the Florida League of Cities.
- ◇ **2015 – The City was recognized as the “2015 State Surgeon General Healthy Weight Community Champion” in Broward County** from Florida Department of Health.
- ◇ **2015 – The City was named 2014 Tree City USA** from Arbor Day Foundation.
- ◇ **2016 – Blue Ribbon School designation,** awarded to Pembroke Pines Charter Elementary School by the U.S Department of Education.
- ◇ **2016 – The City received \$500,000 “Cultural Facilities” grant for construction of the Frank Art Gallery** from Florida Division of Cultural Affairs.
- ◇ **2016 – The City received \$14,368 “General Program Support” grant to support multi-disciplinary arts and engagement activities at the Frank Art Gallery** from Florida Division of Cultural Affairs.
- ◇ **2016 – The City received \$30,010 matching grant funds to support “The Feed Your Soul/Nourish Your Neighbor” project** from Community Foundation of Broward.
- ◇ **2016 – The City was named 2016 Tree City USA** from Arbor Day Foundation.
- ◇ **2016 – The City was named “#4 in the Nation for Hispanic Entrepreneurs”** by Wallethub.com.
- ◇ **2016 – The City was named “2016 Beacon Award Honoree”** by Children’s Harbor.
- ◇ **2016 – The Charter High School was ranked 27th in Florida** for the 2017 Beat High Schools Ranking.
- ◇ **2016 – The Technology Services Department won “Excellence in Construction 2016.”**



IV. COMPLIANCE SECTION

City of Pembroke Pines, Florida

Schedule of Expenditures of Federal Awards, State Projects and Local Awards
Fiscal Year Ended September 30, 2016

<u>Federal Agency/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant or Identifying Number</u>	<u>Total Award Expenditures</u>	
<i>U.S. Department of Housing and Urban Development</i>				
Community Development Block Grant 2012	14.218	B12MC120040	\$ 661,849	\$ 826
Community Development Block Grant 2013	14.218	B13MC120040	709,831	142,010
Community Development Block Grant 2014	14.218	B14MC120040	728,178	192,935
Community Development Block Grant 2015	14.218	B15MC120040	753,806	298,444
Neighborhood Stabilization Program (NSP2008)	14.218	B-08-MN-12-0022	4,398,575	157,551
Neighborhood Stabilization Program (NSP2010)	14.218	B-11-MN-120022	2,330,542	297,115
Sub-total	14.218			<u>1,088,881</u>
<i>Pass-Through Broward County</i>				
HOME Investment Partnerships Program 2014	14.239	14-HFCD-138-HOME	176,509	77,907
HOME Investment Partnerships Program 2015	14.239	15-HFCD-157-HOME	159,691	5,230
Sub-total	14.239			<u>83,137</u>
<i>Total U.S. Department of Housing and Urban Development</i>			<u>1,172,018</u>	
<i>U.S. Department of Justice</i>				
Law Enforcement Agency Equitable Sharing Fund from Justice	16.922	None		24,753
<i>Pass-Through the Office of the Attorney General</i>				
Victim of Crime Act Grant (VOCA) 2015	16.575	V14036	17,918	17,843
<i>Total U.S. Department of Justice</i>			<u>42,596</u>	
<i>U.S. Department of Treasury</i>				
Law Enforcement Agency Equitable Sharing Fund from Treasury	21.000	None		<u>1,470</u>
<i>Total U.S. Department of Treasury</i>			<u>1,470</u>	
<i>U.S. Department of Agriculture</i>				
<i>Pass-Through Florida Department of Education</i>				
School Breakfast Program	10.553	01-0363	109,832	109,832
National School Lunch Program	10.555	01-0363	763,709	763,709
<i>Pass-Through Florida Department of Agriculture & Consumer Services</i>				
NSLP Non-Cash Assistance (Commodities)	10.555	2040	177,531	177,531
Sub-total	10.555			<u>941,240</u>
<i>Total U.S. Department of Agriculture</i>			<u>1,051,072</u>	
<i>U.S. Department of Education</i>				
<i>Pass Through the Florida State University</i>				
Individuals with Disabilities Education Act (IDEA)	84.027A	686-2636B-6CB01	72,480	72,480
<i>Pass Through the School Board of Broward County</i>				
Individuals with Disabilities Education Act (IDEA)	84.027A	060-2636B-6CB01	14,474	14,474
<i>Total U.S. Department of Education</i>			<u>86,954</u>	
<i>U.S. Department of Homeland Security</i>				
<i>Pass-Through Florida Division of Emergency Management</i>				
Urban Area Strategic Initiative (UASI 2014)	97.067	15-DS-P8-11-23-02-453	119,700	119,700
Urban Area Strategic Initiative (UASI 2015)	97.067	16-DS-U7-11-23-02-368	119,695	49,995
<i>U.S. Department of Homeland Security</i>			<u>169,695</u>	

See note to the schedule of expenditures of federal awards, state financial assistance projects and local awards

City of Pembroke Pines, Florida

Schedule of Expenditures of Federal Awards, State Projects and Local Awards
Fiscal Year Ended September 30, 2016

<u>Federal Agency/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant or Identifying Number</u>	<u>Total Award Expenditures</u>	
<i>U.S. Department of Health and Human Services</i>				
<i>Pass-Through Areawide Council on Aging of Broward County, Inc.</i>				
Older Americans Act- IIIB - 2015	93.044	JA115-10-2015	\$ 355,264	\$ 116,227
Older Americans Act- IIIB - 2016	93.044	JA116-10-2016	329,464	<u>252,679</u>
Sub-total	93.044			368,906
Older Americans Act- IIIE - 2015	93.052	JA-115-10-2015	107,257	32,148
Older Americans Act- IIIE - 2016	93.052	JA-116-10-2016	88,728	<u>86,501</u>
Sub-total	93.052			118,649
Energy Assistance -2015	93.568	JP115-10-2016	28,032	17,232
Energy Assistance -2016	93.568	JP116-10-2017	28,684	<u>8,668</u>
Sub-total	93.568			25,900
<i>Pass-Through Florida Department of Children and Families</i>				
Chafee Foster Care Independence Program-Transitional Housing-2015	93.674	JJ214	15,354	15,354
Chafee Foster Care Independence Program-Transitional Housing-2016	93.558	JJ215	46,036	46,036
<i>Pass-Through Broward County Healthcare Coalition</i>				
National Bioterrorism Hospital Preparedness Program	93.889	None	2,222	2,222
<i>Pass-Through United Way of Broward County Commission on Substance Abuse</i>				
Substance Abuse and Mental Health Services	93.243	None	21,360	19,834
			<u>596,901</u>	
<i>U.S. Department of Transportation</i>				
<i>Pass-Through University of South Florida</i>				
Highway Planning and Construction	20.205	BDV25	7,734	7,536
<i>Pass-Through Florida Department of Transportation</i>				
Capital Assistance Program (2015)	20.513	4352104-93-12	198,000	193,943
			<u>201,479</u>	
<i>National Endowment for the Arts (NEA)</i>				
Promotion of the Arts_Grants to Organizations and Individuals	45.024	14-4292-7074	50,000	<u>10,633</u>
<i>Total National Endowment for the Arts</i>			<u>10,633</u>	
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 <u>\$ 3,332,818</u>	

N/A - not available or not applicable.

City of Pembroke Pines, Florida

Schedule of Expenditures of Federal Awards, State Projects and Local Awards

Fiscal Year Ended September 30, 2016

(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>
Florida Department of Elder Affairs				
<i>Pass-Through Areawide Council on Aging of Broward County, Inc.</i>				
Local Services Program -2016	65.009	JA115-10-2016	\$ 254,388	\$ 179,389
Local Services Program -2017	65.009	JL116-10-2017	254,388	75,207
Total Florida Department of Elder Affairs				<u><u>254,596</u></u>
Florida Department of Economic Opportunity				
Local Economic Development Initiatives	40.012	HL034	250,000	250,000
Total Florida Department of Economic Opportunity				<u><u>250,000</u></u>
Florida Department of Education				
<i>Pass Through Florida State University</i>				
District Instructional Leadership and Faculty Development	None	371-96480-6S001	6,697	6,697
Total Florida Department of Education				<u><u>6,697</u></u>
Florida Department of Health				
<i>Pass-Through Broward County</i>				
County Grant Awards	64.005	15-OMETS-8340(05)	5,415	5,415
Total Florida Department of Health				<u><u>5,415</u></u>
Florida Department of Transportation				
County Incentive Grant Program (CIGP)	55.008	ARC85	25,000	7,225
Total Florida Department of Transportation				<u><u>7,225</u></u>
Florida Housing Finance Agency				
State Housing Initiatives Partnership (S.H.I.P.) - F/Y14-15	40.901	N/A	754,564	347,035
State Housing Initiatives Partnership (S.H.I.P.) - F/Y15-16	40.901	N/A	768,345	250,603
State Housing Initiatives Partnership (S.H.I.P.) - F/Y16-17	40.901	N/A	755,868	27,140
Total Florida Housing Finance Agency				<u><u>624,778</u></u>
TOTAL EXPENDITURES OF STATE PROJECTS				<u><u>\$ 1,148,711</u></u>
<u>Local Awards/Program Title</u>				
Broward County Local Awards				
Broward County Transit Grant	N/A	N/A	\$ 311,372	\$ 311,372
OAA Older American Act IIIB-Broward Cash Match - 2015	N/A	JA115-10-2015	4,323	4,323
OAA Older American Act IIIB-Broward Cash Match - 2016	N/A	JA116-10-2016	41,099	41,099
Local Services Program - Broward Cash Match-2016	N/A	JA115-10-2016	1,630	1,630
Bond Technology Opportunity for Charter Schools	None	None	1,578,173	1,578,173
Total Broward County Local Awards				<u><u>1,936,597</u></u>
Children's Services Council of Broward County				
CSC Maximizing out-of-School Time (MOST SN) 2016	N/A	12_4321	99,407	77,284
Total Children's Services Council of Broward County				<u><u>77,284</u></u>
TOTAL EXPENDITURES OF LOCAL AWARDS				<u><u>\$ 2,013,881</u></u>

N/A - not available or not applicable.

See note to the schedule of expenditures of federal awards, state financial assistance projects and local awards

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, 2016

NOTE A – BASIS FOR PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards, State Projects, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *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.

Indirect Cost Rate

For federal awards, the City has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance for certain grants that allow the use of the 10% de minimis indirect cost rate.



**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 the City of Pembroke Pines, Florida, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Pembroke Pines, Florida's basic financial statements, and have issued our report thereon dated March 29, 2017. 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 result 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 the 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 the City of Pembroke Pines, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 City of Pembroke Pines, Florida'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 City of Pembroke Pines, Florida's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

GLSC & Company, PLLC

Miami, Florida
March 29, 2017



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
AND CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL**

To the Honorable Mayor, City Commissioners, and City Manager
City of Pembroke Pines, Florida

Report on Compliance for Each Major Federal Program and State Projects

We have audited the City of Pembroke Pines, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and Chapter 10.550, Rules of the Florida Auditor General that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2016. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms of its federal and state awards applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Florida Auditor General*. Those standards and the Uniform Guidance and Chapter 10.550, 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 and state project occurred. An audit includes examining, on a test basis, evidence about the City'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 and state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the 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 and state projects for the year ended September 30, 2016.

Report on Internal Control over Compliance

Management of the 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 the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project 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 state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, 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 the City'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 or state project 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 or state project 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 or state project 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 the Uniform Guidance and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

GLSC & Company, PLLC

Miami, Florida
March 29, 2017



**CITY OF PEMBROKE PINES, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS,
STATE FINANCIAL ASSISTANCE, AND LOCAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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 and state financial assistance reported in the independent auditors' report on compliance for each major program and on internal control over compliance in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550.
4. The auditors' report on compliance for the major federal programs and state financial assistance for the City of Pembroke Pines, Florida expresses an unmodified opinion.
5. Audit findings relative to the major federal programs and state financial assistance for the City of Pembroke Pines, Florida are reported in Parts C and D of this Schedule.
7. The programs and projects tested as major programs and projects include:

<u>Federal Programs</u>	<u>CFDA No.</u>	<u>Amount</u>
National School Lunch Program	10.555	\$ 941,240
School Breakfast Program	10.553	109,832
Special Programs for the Aging—Title III, Part B— Grants for Supportive Services and Senior Centers	93.044	368,906
		<u>\$ 1,419,978</u>
Dollar threshold to distinguish Type A and Type B Programs		\$750,000
<u>State Projects</u>	<u>CSFA No.</u>	<u>Amount</u>
State Housing Initiatives Partnership (SHIP) Program	40.901	\$ 624,778
Dollar threshold to distinguish Type A and Type B Programs		\$300,000

8. The City of Pembroke Pines, Florida, was determined not to be a low-risk audit pursuant to the Uniform Guidance.

**CITY OF PEMBROKE PINES, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS,
STATE FINANCIAL ASSISTANCE, AND LOCAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(Continued)**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE 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 or state financial assistance projects.
2. No corrective action plan is required because there were no findings required to be reported under the federal or state 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

REPORT ON THE FINANCIAL STATEMENTS

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, 2016, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 29, 2017. We did not audit the financial statements of the Pension Trust Fund for Firefighters and Police Officers which represent 70% of the total net position, 65% of the total additions, and 61% 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.

AUDITORS' RESPONSIBILITY

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; Title 2 U.S. *Code of Federal Regulations* (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

OTHER REPORTS AND SCHEDULES

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Financial Assistance and Report on Internal Control over compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 29, 2017, should be considered in conjunction with this management letter.

PURPOSE OF THIS 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.**

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, 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 in future engagements and the courtesies extended to us.

GLSC & Company, PLLC

Miami, Florida
March 29, 2017



LETTER TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

NONE

II. STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

NONE

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 findings and recommendations made in the preceding financial audit report pursuant to Rule 10.557(3)(b) or (c). There were no recommendations made in the preceding annual financial audit.
2. 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, 2016.
3. 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 statements that is less than material but which warrants the attention of those charged with governance.
4. 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.
5. The City of Pembroke Pines did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
6. 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, 2016 financial audit report.
7. We applied financial condition assessment procedures pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General 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.



**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT
TO SECTION 218.415 FLORIDA STATUTES**

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

We have examined City of Pembroke Pines, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2016. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

GLSC & Company, PLLC

Miami, Florida
March 29, 2017