

Comprehensive Annual Financial Report

City of Lauderdale, Florida



For the Fiscal Year Ending September 30, 2005

Prepared by

City of Lauderdale Finance Department

Kennie Hobbs, Jr.
Director of Finance and Support Services

Karen Pottinger
Accounting Manager

Julie Bowers
Administrative Manager

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INTRODUCTION SECTION



May 8, 2006

To the Honorable Mayor
Members of the City Commission, and
Citizens of Lauderhill:

The Comprehensive Annual Financial Report (CAFR) of the City of Lauderhill, Florida (the City), for the fiscal year ended September 30, 2005, is hereby submitted as mandated by both local ordinances and state statutes. The CAFR has been prepared in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB). The audit was conducted in accordance with generally accepted auditing standards (GAAS) and Government Auditing Standards by a firm of licensed certified public accountants.

Management Responsibility

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosure, rest with the City. To the best of our knowledge and belief, the data, as presented, is accurate in all material respects; that is, the presentation fairly shows the financial position and results of the City's operations as measured by the financial activity of its various funds; and that the included disclosures will provide the reader with an understanding of the City's financial affairs.

Internal Control

Our goal is to provide a reasonable basis that supports the representations that management has established. A comprehensive internal control framework has been designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Audit

The City's financial statements have been audited by BKR Garcia & Company, P.A. The goal of the independent auditor was to provide reasonable assurance that the financial statements for fiscal year ending September 30, 2005, are free of material misstatements. 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 auditors, based on their audit, rendered an unqualified opinion that the financial statements for the fiscal year ended September 30, 2005, 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.

In addition to the standard independent audit of the City's financial statements, this audit was performed as part of a broader, federally and state mandated "Single Audit", which is designed to meet the special needs of the federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are included in the single Audit Report section of this CAFR.

Financial Reporting Format

The City has prepared its CAFR using the financial reporting requirements as prescribed by Government Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments (GASB 34). This GASB Statement requires that Management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion & Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Introduction to the Report

The Comprehensive Annual Financial Report is divided into three sections:

- **The Introductory Section** contains this letter of transmittal, the Certificate for Excellence in Financial reporting for the September 30, 2004 CAFR, a list of principal officials as of September 30, 2005, and the City organizational chart.
- **The Financial Section** includes the Independent Auditor's Report, Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the City's financial position and operating results, the Combining Statements of non-major funds and other schedules that provide detailed information relative to the Basic Financial Statements.
- **The Statistical Section** presents tables containing historical financial data, debt statistics, and miscellaneous social and economic data of the City that is of interest to potential bond investors and other readers. This data is generally presented on a multi-year basis.

Profile of the Government

The City of Lauderhill was incorporated in 1959 and is governed by an elected mayor and four-member City Commission. The Mayor and Commissioners are elected city-wide and serve four-year terms. The City is administered under a commission-manager form of government whereby the Mayor and Commission hire a City Manager for administrative duties. The Commission is responsible for passing resolutions, which generally confirm or direct specific actions; and ordinances, which generally amend the City's permanent Code of Ordinances, for approving the annual budget and setting tax and assessment rates, for approving capital expenditures and all debt issued by the City, for appointing citizen boards that assist and advise the Commission, and other related legislative duties. The City Manager is responsible for enacting the policies and actions approved by the Commission, for overseeing the daily operations of the City, and for appointing Department Directors and approving their staffing selections.

The City provides a full range of municipal services, including police and fire protection; parks and recreational programs such as swimming, youth sports, and tennis; cultural events and art instruction; a senior citizen community center and sponsored trips; water distribution and sewer and storm water collection; street and bridge repair, maintenance, and lighting; public record maintenance; building inspection, business licensing, zoning regulation, and code enforcement; and, grant programs for housing purchase and repairs.

The annual budget is the cornerstone of the City's financial planning and control. The Commission holds public hearings in **February** and **March** of each year to gather resident input for new projects and initiatives for the upcoming budget. Given general direction from the Commission following these meetings, Department Directors submit proposed departmental budgets to the City Manager in **May**. The City Manager reviews each proposal with the Directors and assembles a proposed budget that is delivered to the Commission by **July 1**.

The Commission holds public workshops in July to discuss and amend the Manager's proposed budget. The final version of the proposed budget, including the proposed millage rate, is voted on in two public commission meetings in September. The budget goes into effect October 1 and covers the fiscal year, which ends the following September 30th. During the fiscal year, the City Manager may approve transfers of funds among line items within a department, with the exception that the **Commission must approve reductions in capital outlay line items**. The Commission must also approve transfers between departments or supplemental appropriations that increase expenditures.

Economic Conditions and Outlook

Lauderhill is a mature community of 64,000 year-round residents according to the 2000 Census. That number increases to over 72,000 in the winter season, from December through March, as "snowbirds," primarily retirees from the northeastern United States and Canada, flock to their second homes in Lauderhill. Lauderhill's year-round residents include approximately 12,000 retirees, who live predominantly in condominiums located throughout the City.

Working residents hold a range of jobs typical of those in the South Florida economy. These include positions in retail sales and other services, especially in the medical and tourism sectors, communications, municipal and county government, construction, and financial services. The broad base of Lauderhill's economy is representative of Western Broward County, which is less dependent on tourism than the beach areas to the east.

Lauderhill's property tax base is primarily residential. Lauderhill has an industrial park with many small firms operating in warehouses under 10,000 square feet but no large firms that comprise a significant portion of the tax base. Lauderhill's residential tax base is rather evenly divided between single-family homes and multi-family condominiums and apartments. As shown in the Statistical Section of this CAFR, five of the ten largest property taxpayers in Lauderhill are apartment complexes.

Lauderhill has experienced a resurgence in development activity during the past four years. Over 400 new housing units, two new shopping centers and a successful food market have been built during this time. Despite the City being over 95% built out, plans have been submitted to the City's Planning Department for up to 700 additional housing units over the

next three years. As a means of squaring off our borders, Lauderhill, during FY 2004, extended an invitation to three (3) neighboring communities to be annexed into our City. As of September 15, 2005, two communities (West Ken Lark and St. George) voted in the affirmative to join our City; and the third community, Broward Estates, will be incorporated in the City on September 15, 2006 based on the election results conducted on March 14, 2006. The inclusion of the two new communities adds an additional 850 homes and 5,000 individuals to the City while Broward Estate will add 900 homes and 8,000 individuals starting September 2006. In addition, Broward County is building a major regional park in Lauderhill that will include a stadium for international cricket tournaments and related events.

The local economy continues to be stable. Property values in the tri-county area continue to increase an average of 10 percent a year. The City of Lauderhill has enjoyed an increase in property values in the range of twenty percent (20 %) during fiscal year 2005. Over the past three years, the City has experienced a planned spend-down of its fund balance to complete needed capital projects from its Five-Year Capital Improvement Plan. However, as a result of implementing a prudent financial plan, our fund balance has reversed its prior years trend and has seen a substantial increase this fiscal year. Additionally, there is more diversification in the makeup of the business community both in Lauderhill and in surrounding areas.

Major Initiatives and Capital Projects

The City successfully presented a plan and program to the residents of Lauderhill for the approval of its first general obligation bond, affectionately known as "The Great Neighborhoods Bond." The plan consisted of eight (8) community meetings and two (2) commission workshops. At the direction of the community, the amount of the bond was raised from \$20 million to \$35 million. The question was presented on the November 2004 ballot and was approved by a 2 to 1 margin. Major projects included funds for the construction of privacy walls throughout the city (\$8 million), streetscape and park improvements (\$6 million), the construction of two new community centers and major renovations to the existing senior community center (\$3.5 million). The plan also includes the development of linear parks and greenways to connect all areas of the city, traffic calming devices and major roadway resurfacing and widening, median construction, and landscape improvements on various major thoroughfares throughout the city.

In addition, the City plans to capitalize on the development opportunities afforded by the new Broward County Regional Park. The City has purchased two land parcels, one adjacent to the park, and one across the street on State Road 7. The first parcel is slated for mixed-use development, including a hotel, along with commercial and office space that can benefit from direct proximity to the park and the cricket stadium, and for 300 townhouses and retail space on the second property. The City had an option and development agreement on both properties and finalized the sale of these properties during the second quarter of Fiscal Year 2006. These two developments are integral to a larger plan, developed by a planning and engineering consultant, and approved by the Commission, for redevelopment of the State Road 7 commercial corridor and establishment of a commercial redevelopment agency. As part of the Great Neighborhoods Bond, the City has earmarked \$5 million to be used in conjunction with funds from Broward County to build a state of the art performing arts complex.

Debt Administration

During fiscal year 2005 The City issued a \$4,645,000 Sales Tax Revenue Bond to refund the outstanding 1996 issue; further The City also issued a \$5 million dollar Water and Sewer Bond to pay for the completion of capital projects. Concurrently in the fiscal year 2005; a \$3,850,000 Water and Sewer bond was issued to refund the outstanding 1995 issue, and a 5 million dollar Stormwater Bond for the completion of capital projects. Last but certainly not least, the city issued a \$35 million dollar General Obligation bond to pay the cost of the acquisition, construction, equipping and installation of all or a portion of various capital projects within the City. As a result, the City has outstanding; four sales tax revenue bonds, five water and sewer revenue bonds, one Stormwater revenue bond, and a General Obligation bond. All of these bonds have been issued between 1998 and 2005 to pay for capital projects or to refund earlier bond issues in an effort to take advantage of reduced interest rates. The total outstanding principal as of September 30, 2005 is \$18,305,000 for the sales tax bonds, \$19,415,000 for the water and sewer revenue bonds, \$5 million for the Stormwater bonds, and \$35 million for the General Obligation Bonds.

All of the bond issues are rated AAA by Standard and Poor's and Moody's, and are insured by Financial Guaranty Insurance Company, the Municipal Bond Insurance Association, or by AMBAC Indemnity Corporation. The outstanding debt is further detailed in Note to the Financial Statements. The debt service coverage required by the bond covenants is displayed in the Statistical Section of these statements.

In addition to these bonds, the City has \$7,584,000 in loans due to the State of Florida Department of Environmental Protection for storm water improvements. These loans are awarded to municipalities by the State under a competitive program and carry a subsidized below-market interest rate.

Cash Management

All monies received are deposited daily. Short-term funds are invested in the Florida State Board of Administration's pooled cash fund. Excess funds are invested in United States Treasury and agency notes purchased via competitive bidding. Investment earnings are allocated and credited to individual funds. The average portfolio of approximately \$14,026,220 generated \$452,883 in income for a total return of 3.20%. These earnings exceeded those available on short-term investments because The City uses a combination of investment maturities to improve and smooth out earnings. The City's guiding investment policy emphasizes safety of principal and liquidity over yield.

Risk Management

Lauderhill has maintained a Protected Self Insurance Risk Management Program since Fiscal Year 1990 with the goals of spending less for insurance, controlling the frequency and severity of losses, and affording more comprehensive coverage. The City engages a professional claims administrator to evaluate claims and to assist in record keeping. Lauderhill's insurance program has excess coverage as well as limited liability under State law so that the amount for a single or combined peril loss chargeable to the fund is capped. Therefore, no single loss could liquidate the insurance fund. Included in the program is coverage for Workers' Compensation, Property Damage, General and Specific Liabilities, Boiler and Machinery losses, Fidelity Bonds for financial matters and Sports Accident Insurance for youth sports.

The charges to various departments under the insurance program during Fiscal Year 2005, were based on actual claims paid in cash, and an estimate of current and future claims and losses, using actual prior year results and a loss-growth factor provided by the claims administrator and an actuarial firm. The City establishes loss reserves for each fiscal year based on trend and case development information. The case and claims information is provided by the administrator and confirmed by an actuarial evaluation. The risk management program is on pages 97 through 98 of these financial statements.

Awards and Acknowledgements

The Government Finance Officers' Association (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lauderhill for its Comprehensive Annual Financial Report (CAFR) for fiscal years ended September 30, 2004. This is the 17th consecutive year (fiscal year ended September 30, 1988-2004) that the City has achieved this prestigious national award. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. These reports satisfied both generally accepted accounting principles in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and the City is submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of Karen Pottinger, Accounting Manger, Sean Henderson, Finance Manager and Julie Bowers, Administrative Manager, as well as the entire staff of the Finance and Support Services Department. Karen Pottinger has the primary responsibility for maintaining the integrity of the accounting records during the year and overseeing the preparation of this Annual Report. The Finance staff also recognizes the City Commission and the City Manager for their interest in and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Kennie Hobbs, Jr.

Kennie Hobbs, Jr.

Director of Finance and Support Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lauderhill,
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



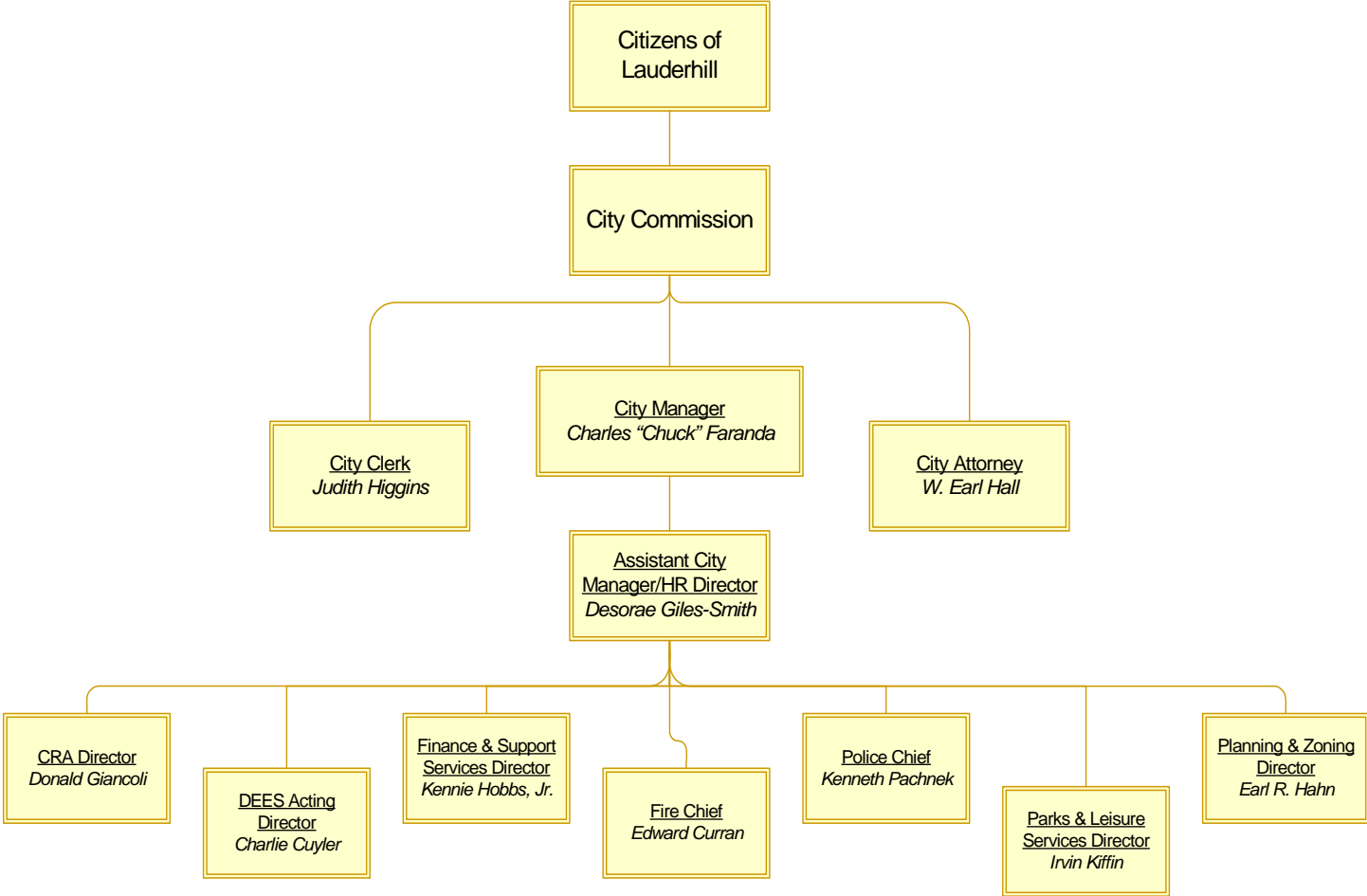
Carla E. Perry

President

Jeffrey R. Enos

Executive Director

The City of Lauderhill



City of Lauderhill

Commission/Manager Form of Government



Mayor
Richard J. Kaplan

Vice Mayor - Howard Berger
Deputy Vice Mayor – Dale V.C. Holness
Commissioner – Leanna “Lee” Mirsky
Commissioner – M. Margaret Bates

City of Lauderdale
Appointed City Officials

City Manager	<i>Charles Faranda</i>
Assistant City Manager	<i>Desorae Giles-Smith</i>
City Attorney	<i>W. Earl Hall</i>
City Clerk	<i>Judith Higgins</i>
Community Redevelopment Agency Director	<i>Donald Giancoli</i>
Department of Environmental & Engineering Services Acting Director	<i>Charlie Cuyler</i>
Finance & Support Services Director	<i>Kennie Hobbs, Jr.</i>
Fire Chief	<i>Edward Curran</i>
Human Resources Director	<i>Desorae Giles-Smith</i>
Parks & Leisure Services Director	<i>Irvin Kiffin</i>
Planning & Zoning Director	<i>Earl R. Hahn</i>
Police Chief	<i>Kenneth Pachnek</i>

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF LAUDERHILL, FLORIDA

We, the management of the City of Lauderhill, offer readers of the City's financial statement a narrative representation of the City's financial performance for fiscal year ending September 30, 2005. This discussion and analysis will provide an overview of the City's financial activities when read in conjunction with the transmittal letter on pages 1 through 6 and the City's financial statements, which begin on page 25. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- The assets of the City of Lauderhill exceeded its liabilities at the close of the most recent fiscal year by \$62,794 (net assets). Of this amount, \$8,813 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- During fiscal year 2005, the government's total net assets decreased by \$832 to \$62,794. Governmental net assets decreased by \$2,245 or (5.6 percent), while business-type activity net assets increased by \$ 1,413 or (6 percent).
- On September 30, 2005, revenues of all Governmental Funds totaled \$40,876 while expenditures (net of other financing sources and uses) totaled \$43,537. As a result, Governmental Revenues were \$2,661 less than Governmental Fund Expenditures; however, the City did realize an increase in total Governmental Funds Fund Balance of \$32,222 during fiscal year 2005.
- Business-type activities yielded a net operating gain of \$1,441 while non-operating activities yielded a loss of (\$28). During fiscal year 2005, operating revenues increase by \$999 over fiscal year 2004. Moreover, on September 30, 2005, operating revenues totaled \$14,452 compared to \$13,453 on September 30, 2004. The increase in operating revenues is primarily due to an increase in the monthly minimum charges for providing water utility service to our residents. The City continues to demonstrate strong revenues and earnings potential, which will allow for the issuance of additional debt to maintain and improve the current utility system while still maintaining sufficient funds for continued operations.
- The total cost for general government and enterprise fund services amounted to \$56,548 or \$346 (0.6 percent) more than fiscal year 2004. On September 15, 2005, the City completed the annexation of 8,000 new residents from unincorporated Broward County. As a result, the cost of providing police and fire services increased nearly \$1,700 due to the need to hire additional staff and to provide for overtime pay during a transitional period. Also, during fiscal year 2005, the City successfully issued \$35,000 in General Obligation Bonds to fund a significant

number of projects that are part of the City's Capital Improvement Program. Even though during fiscal year 2005 the City completed several capital projects, such as the community wall project and the acquisition and improvement of additional park land, spending on capital projects decreased by \$ 3,475 from the prior year. In addition, some departments had small decreases in spending, which further reduced the overall impact of the cost of providing additional services.

- As of the close of the current fiscal year, the General Fund reported an operating surplus of \$2,982 before operating transfers out of \$1,404 for debt service. As the city continues to move forward with its renaissance, we continue to enjoy double digit percentage increases in property values. As a result, a slight increase in the ad-valorem tax rate coupled with property value increases resulted in additional property tax revenue of \$1,327 or 14.7 percent over fiscal year 2004.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial Statements. This annual report presents a series of financial statements: (1) governmental-wide financial statements (2) fund financial statements (3) notes to the financial statements. In addition, this report also contains other supplementary information to the basic financial statements.

Government-wide financial statements - The government-wide financial statements are designed to provide information about the activities of the City as a whole, in a manner similar to a private-sector business. Both long-term and short-term information regarding the City's finances are presented.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Overtime, increases or decreases in net assets may serve as useful indicators of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business activities). The governmental activities of the City include general government, public safety, public works, culture and recreation, and economic and community development. The business-type activities of the City include Water and Sewer and Stormwater operations.

The government-wide financial statements can be found on pages 25-26 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: governmental funds, proprietary funds, and fiduciary 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 a government’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 government’s near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate comparison between *governmental funds* and *governmental activities*.

The City maintains nine (9) 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 fund, community redevelopment agency fund and capital projects fund, which are considered to be major funds. Data from the other six (6) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 27-30 of this report.

Proprietary funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer and Stormwater operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the Water and Sewer and Stormwater operations, both of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 31-33 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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 program. 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 34-35 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36-68 of this report.

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

Required supplementary information can be found on pages 69-71 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 beginning on page 72 of this report.

Our analysis of the financial statements of the City begins below. The Statement of Net Assets and the Statement of Activities report information about the City's activities that will help answer questions about the financial position of the City. Both fiscal years 2005 and 2004 are presented for comparison purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

Net assets, over time, serve as a useful indicator of a government's financial position. The table below summarizes City of Lauderhill's net assets for fiscal years 2005 and 2004:

City of Lauderhill Net Assets (In Thousands)						
	Governmental Activities		Business-type Activities		Total Government	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current and other assets	\$42,843	\$ 11,895	\$ 16,348	\$ 7,637	\$ 59,191	\$ 19,532
Capital assets	<u>53,675</u>	<u>52,355</u>	<u>41,330</u>	<u>39,110</u>	<u>95,005</u>	<u>91,465</u>
Total assets	<u>96,518</u>	<u>64,250</u>	<u>57,678</u>	<u>46,747</u>	<u>154,196</u>	<u>110,997</u>
Long-term debt outstanding	54,991	19,506	32,286	22,638	87,277	42,144
Other liabilities	<u>3,598</u>	<u>4,570</u>	<u>527</u>	<u>657</u>	<u>4,125</u>	<u>5,227</u>
Total liabilities	<u>58,589</u>	<u>24,076</u>	<u>32,813</u>	<u>23,295</u>	<u>91,402</u>	<u>47,371</u>
Net assets:	<u>37,929</u>	<u>40,174</u>	<u>24,865</u>	<u>23,452</u>	<u>62,794</u>	<u>63,626</u>
Invested in capital assets, net of debt	31,458	33,750	15,313	16,603	46,771	50,353
Restricted	4,644	5,101	2,566	1,826	7,210	6,927
Unrestricted	<u>1,827</u>	<u>1,323</u>	<u>6,986</u>	<u>5,023</u>	<u>8,813</u>	<u>6,346</u>
Total net assets	<u>\$ 37,929</u>	<u>\$ 40,174</u>	<u>\$ 24,865</u>	<u>\$ 23,452</u>	<u>\$ 62,794</u>	<u>\$ 63,626</u>

The City's assets exceeded liabilities by \$62,794 at the close of the most recent fiscal year.

Investment in capital assets (such as land, buildings, and equipment) is a significant portion of the net assets (74 percent). The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Additional portion the City's net assets (11 percent) represent resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$8,813) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The City had similar positive balances at the end of fiscal year 2004.

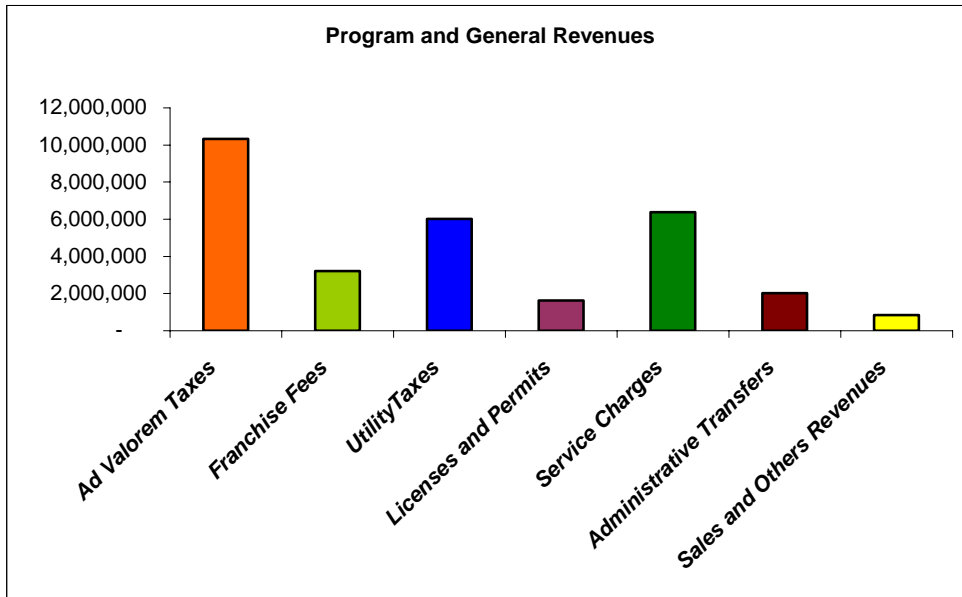
There was an increase of \$740 in restricted net assets reported in connection with the City's business-type activities mainly due to additional reserve account requirements of the new bonds issued in 2005.

The City's net assets decreased by \$832 during the current fiscal year contributed mainly by the City's governmental activities with \$2,245 decrease in net assets in 2005 due to excess of expenditures over revenues of \$1,147 and decline in net realizable value of land investment amounting to \$1,098. This significant decrease in net assets of the governmental activities was offset by the City's business-type activities generating an increase in net assets of \$1,413 due to continuing growth of revenue in water and sewer operations.

Statement of Activities

Key elements of the changes in net assets table below are described in the following section.

City of Lauderhill						
Changes in Net Assets						
(In Thousands)						
	Governmental		Business-type		Total	
	Activities		Activities		Government	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues:						
Program revenues:						
Charges for services	\$ 10,520	\$ 6,788	\$ 14,452	\$ 13,453	\$ 24,972	\$ 20,241
Operating grant	2,794	3,004	75	-	2,869	3,004
Capital grants and contributions	668	2,835	1,167	633	1,835	3,468
General revenues:						
Property taxes	10,327	9,000	-	-	10,327	9,000
Other taxes	9,232	7,818	-	-	9,232	7,818
Other	<u>7,215</u>	<u>8,512</u>	<u>142</u>	<u>139</u>	<u>7,357</u>	<u>8,651</u>
Total revenues	<u>40,756</u>	<u>37,957</u>	<u>15,836</u>	<u>14,225</u>	<u>56,592</u>	<u>52,182</u>
Expenses:						
General government	7,825	7,189	-	-	7,825	7,189
Public safety	21,043	19,319	-	-	21,043	19,319
Public works	3,540	3,143	-	-	3,540	3,143
Recreation and social services	8,341	5,485	-	-	8,341	5,485
Economic and community development	41	1,389	-	-	41	1,389
Interest on long-term debt	1,113	786	-	-	1,113	786
Water and sewer	-	-	11,855	10,793	11,855	10,793
Stormwater	<u>-</u>	<u>-</u>	<u>2,568</u>	<u>1,695</u>	<u>2,568</u>	<u>1,695</u>
Total expenses	<u>41,903</u>	<u>37,311</u>	<u>14,423</u>	<u>12,488</u>	<u>56,326</u>	<u>49,799</u>
Excess (Deficiency) of Revenue Over Expenses	<u>(1,147)</u>	<u>646</u>	<u>1,413</u>	<u>1,737</u>	<u>266</u>	<u>2,383</u>
Increase (decrease) in net assets before special item	(1,147)	646	1,413	1,737	266	2,383
Special Item:						
Decline in net realizable value of land investment	<u>(1,098)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,098)</u>	<u>-</u>
Increase (decrease) in net assets	(2,245)	646	1,413	1,737	(832)	2,383
Net assets, October 1	<u>40,174</u>	<u>39,528</u>	<u>23,452</u>	<u>21,715</u>	<u>63,626</u>	<u>61,243</u>
Net assets, September 30	<u>\$ 37,929</u>	<u>\$ 40,174</u>	<u>\$ 24,865</u>	<u>\$ 23,452</u>	<u>\$ 62,794</u>	<u>\$ 63,626</u>



- Property taxes increased in the general fund by \$1.629 million (18.1 percent) during fiscal year 2005 over fiscal year 2004. A \$0.20 increase in the millage rate, from \$5.82/\$1,000 in taxable value in 2004 to \$6.02/\$1,000 in taxable value in 2005; attributed to a portion of the

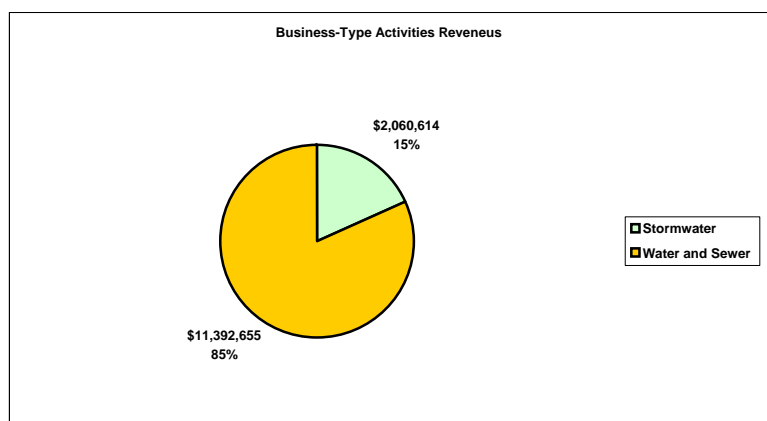
over all increase. In addition, the increase in tax collections was also due to an increase in taxable property value of \$464 million, primarily related to increasing values for existing housing and real estate. Effective October 1, 2004, the City implemented a 10 percent water tax on all users, which generated \$1.088 million in new revenue. Other revenues were generally stable between 2005 and 2004.

- Expenses increased most significantly in general government and public safety, each increasing by over \$1 million. The increases were primarily due to additional staff being hired in anticipation of the annexation of 8,000 new residents on October 1, 2005. In addition, the cost of hiring temporary staff and overtime for public safety staffing at City sponsored special events directly impact the additional expenditures.

Business-type Activities

Business-type activities for the year resulted in an increase in net assets of \$1.412 million. Key elements of this change are as follows:

- The Stormwater Utility net assets increased by \$326, as operating revenues exceeded operating expenses by \$752 or 32 percent. The Stormwater Utility has completed a major upgrade of the City's Stormwater collection infrastructure. Therefore, going forward, debt service payments and depreciation associated with these projects will reduce the excess of revenues.



- The Water and Sewer Utility increased net assets by \$1,087. In an effort to provide funding for continual infrastructure improvements; adjustments were made to the water and sewer rate structure. Consequently, fixed charges were increased an average of 10 percent during fiscal year 2005. In addition, the City issued \$5 million in new revenue budgets to complete on-going infrastructure improvements. A portion of the increase in net assets, \$1,166, was attributable to the receipt of local grant funding to install a force main in the City's Industrial Park.

Financial Analysis of the Governmental Funds

The City of Lauderhill uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The table below summarizes the changes in the fund balances of the City's governmental funds.

Governmental Funds (In thousand)				
	<u>General</u>	<u>Capital Project</u>	<u>Other</u>	<u>Total Governmental</u>
Fund balance, October 1	\$ 2,179	\$ 1,998	\$ 3,103	\$ 7,280
Revenues	37,919	760	2,197	40,876
Expenditures	(34,937)	(5,028)	(3,572)	(43,537)
Other financing sources (uses)	<u>(1,405)</u>	<u>34,882</u>	<u>1,405</u>	<u>34,882</u>
Fund balance, September 30	<u>\$ 3,756</u>	<u>\$ 32,612</u>	<u>\$ 3,133</u>	<u>\$ 39,501</u>

Governmental Funds

The purpose of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources relative to the City's funding requirements. Unreserved fund balances serve as the most useful measure of the City's net resources available for spending at the end of the fiscal year.

As the City completed the year, its governmental funds reported a combined fund balance of \$39,501, with general fund representing \$3,756. Of the \$3,756 in the general fund, \$92 is reserved, leaving a \$3,665 unreserved fund balance at year-end. The increase in the general fund balance was primarily contributed to the City collecting \$1.3 million in additional ad valerom taxes due to increased property values.

The capital project funds had a combined fund balance of \$32,612 at year-end, up from \$1,998 in fiscal year 2004. A major contributor to the sizeable increase is the issuance of the City's first general obligation bond for \$35 million. The fund balance in the capital project funds is directly affected by the pace at which capital projects are completed. Funding comes from the issuance of debt and is budgeted, sometimes over multiple fiscal years, for the construction of specific projects.

The Special Revenue Fund Community Development Agency ("CRA") created to account for the resources accumulated for the improvement and rehabilitation of deteriorated

areas in the city. There were no revenues or expenditures during the year and the only significant transactions were land held for investment purposes and due to other funds.

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 assets of Water and Sewer at the end of the year amounted to \$7,560 and those for the Stormwater operation reported a \$(574) deficit in unrestricted net assets. The total growth in net assets for both funds was \$1,087 and \$326, respectively. Other factors concerning the finances of these two funds have already been addressed of the City's business-type activities.

Budget Information

The City Commission approves the original budget (Adopted Budget) in September prior to the beginning of the fiscal year. The final budget (Amended Budget) reflects divisional changes made administratively and approved by the City Manager and departmental changes and supplemental appropriations approved by the City Commission during the year.

Differences between the original budget and the final amended budget resulted in an overall increase in appropriations of \$407. The most significant differences between the Adopted Budget and the Amended Budget are as follows:

- \$134 in additional appropriations in the Police Department primarily related to hiring costs of 10 additional police officers, and related equipment and vehicles, in anticipation of the annexation of St. George and West Ken Lark communities. Also, overtime related to special events such as Unite-a-Fest which has grown to over 20,000 attendees over a three day period, Blazz Fest, and the Dr. Martin Luther King Jr. Day program; special investigations, increased security concerns and increased insurance claims.
- \$109 in additional appropriations in the Fire Rescue Department related primarily to overtime to provide required coverage in anticipation of the annexation of two new communities; also, to provide coverage for various special events.
- \$167 in additional appropriations in the Recreation and Social Services Department to hire additional staff in anticipation of the annexation of St. George and West Ken Lark from Broward County.
- An increase of \$120 and \$318 in budgeted Licenses and Permits revenues respectively, primarily as a result of increased collections of licenses for individual rental properties because of improved enforcement and because of permit fees from the continued strong building activity in the City of Lauderhill.

The total expenditure budget additions of \$407 were funded from additional projected revenues. Actual revenues for the year were approximately \$719 more than originally budgeted.

The major revenue variances between the final budget and actual budget in the general fund are in business licenses and intergovernmental revenues. The City continues to generate additional business licenses revenue because of increased identification of unlicensed residential rental properties.

The major expenditure variances between the final budget and actual budget in the general fund are attributed to the reallocation of our insurance service fund into the general fund. As a result, departments are now being charged directly for all related insurance expenditures based on actual experience. In addition, during fiscal year 2005, the City experienced three major hurricanes, which resulted in unexpected overtime and clean-up expenditures.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2005 amounts to \$95,005 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water distribution and sewer collection, storm drainage systems, parks, equipment, and street improvements, which are detailed (net of accumulated depreciation) as follows:

City of Lauderdale						
Capital Assets (net of depreciation)						
(In Thousands)						
	Governmental Activities		Business-type Activities		Total Government	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land	\$ 25,850	\$ 25,531	\$ 349	\$ 349	\$ 26,199	\$ 25,880
Building and structures	10,686	10,389	16,714	17,265	27,400	27,654
Equipment	2,824	3,250	842	855	3,666	4,105
Permanent improvements	6,565	6,847	7,834	8,144	14,399	14,991
Infrastructure	4,794	4,719	13,396	10,779	18,190	15,498
In-progress	<u>2,956</u>	<u>1,619</u>	<u>2,195</u>	<u>1,718</u>	<u>5,151</u>	<u>3,337</u>
	<u>\$ 53,675</u>	<u>\$ 52,355</u>	<u>\$ 41,330</u>	<u>\$ 39,110</u>	<u>\$ 95,005</u>	<u>\$ 91,465</u>

The City has developed various capital improvement programs to improve the quality of life of its residents. Major projects included wastewater and storm water improvements, street repaving and landscaping renovations, improvements to parks, the completion of a new police station, community library and the renovation of the old police station into an expanded fire station.

Additional information on the City's capital assets can be found in the notes to the financial statements on page 56 through 58

Long-term Debt

At the end of the current fiscal year, the City has a total long-term debt outstanding of \$85,034. This debt was increased by \$44,147 (107.3 percent) during the year. This increase came from the \$35 million general obligation and \$10 million new revenue bonds issued in 2005 primarily to finance the completion of numerous capital projects of the City.

City of Lauderhill Outstanding Debt (In Thousands)						
	Governmental Activities		Business-type Activities		Total Government	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
General Obligation Bonds	\$35,000	\$ -	\$ -	\$ -	\$35,000	\$ -
Revenue Bonds	18,305	18,650	24,415	15,025	42,720	33,675
State Revolving Fund	-	-	7,584	7,482	7,584	7,482
	<u>\$53,305</u>	<u>\$18,650</u>	<u>\$31,999</u>	<u>\$22,507</u>	<u>\$85,304</u>	<u>\$41,157</u>

Additional information on the City's long-term debt can be found in the notes to the financial statements on pages 59 through 63.

Requests for Information

This financial report is designed to provide a general overview of the City of Lauderhill's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Lauderhill, Finance Department, 3800 Inverrary Boulevard, Suite 209 Lauderhill, Florida, 33319.

GOVERNMENT- WIDE FINANCIAL STATEMENTS

**CITY OF LAUDERHILL, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2005**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Cash and equity in pooled cash and investments	\$ 34,397,972	\$ 8,183,078	\$ 42,581,050
Accounts receivable - net	302,905	2,602,148	2,905,053
Due from other governments	1,478,945	75,000	1,553,945
Internal balances	(2,910,995)	2,910,995	-
Inventories	91,597	28,479	120,076
Restricted assets:			
Investments	2,078,095	2,365,696	4,443,791
Land held for investment	5,900,000	-	5,900,000
Notes receivable	122,259	-	122,259
Other assets	541,278	-	541,278
Unamortized costs/expenses	841,356	182,703	1,024,059
Capital assets:			
Land	25,850,373	349,010	26,199,383
Construction in progress	2,955,913	2,194,486	5,150,399
Building	14,462,226	26,922,050	41,384,276
Equipment	11,775,593	4,894,361	16,669,954
Improvements other than building	13,899,332	10,983,331	24,882,663
Infrastructure	<u>12,987,153</u>	<u>19,822,481</u>	<u>32,809,634</u>
Total Capital assets	81,930,590	65,165,719	147,096,309
Less accumulated depreciation	<u>(28,255,605)</u>	<u>(23,835,673)</u>	<u>(52,091,278)</u>
Total Capital assets - net	<u>53,674,985</u>	<u>41,330,046</u>	<u>95,005,031</u>
 Total Assets	 <u>\$ 96,518,397</u>	 <u>\$ 57,678,145</u>	 <u>\$ 154,196,542</u>
LIABILITIES			
Accounts payable	\$ 772,424	\$ 444,128	\$ 1,216,552
Accrued payroll	523,904	66,096	590,000
Customer deposits	187,356	16,500	203,856
Unearned revenue	1,024,238	-	1,024,238
Insurance claim reserves	1,090,029	-	1,090,029
Noncurrent liabilities:			
The amount due in one year	2,643,971	1,305,524	3,949,495
The amount due in more than one year	<u>52,347,351</u>	<u>30,980,688</u>	<u>83,328,039</u>
Total Liabilities	<u>58,589,273</u>	<u>32,812,936</u>	<u>91,402,209</u>
NET ASSETS			
Invested in capital assets, net of related debt	31,458,503	15,313,066	46,771,569
Restricted for:			
Renewal and replacement	-	200,000	200,000
Social services	1,080,900	-	1,080,900
Law Enforcement	275,955	-	275,955
Debt service	1,763,918	2,365,696	4,129,614
Capital projects	1,523,196	-	1,523,196
Unrestricted	<u>1,826,652</u>	<u>6,986,447</u>	<u>8,813,099</u>
Total Net Assets	<u>\$ 37,929,124</u>	<u>\$ 24,865,209</u>	<u>\$ 62,794,333</u>

The notes to the financial statements are integral part of this statement

**CITY OF LAUDERHILL, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>PROGRAM REVENUES</u>				<u>NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS</u>		
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Functions/programs							
Primary Government:							
Governmental activities:							
General government	\$ 7,825,228	\$ 3,782,796	\$ 674,315	\$ 528,784	\$ (2,839,333)		\$ (2,839,333)
Public safety	21,043,096	6,370,334	95,250	139,779	(14,437,733)		(14,437,733)
Public works	3,539,765	-	-	-	(3,539,765)		(3,539,765)
Recreation and social services	8,341,193	366,858	2,024,873	-	(5,949,462)		(5,949,462)
Economic and community development	41,624	-	-	-	(41,624)		(41,624)
Interest on long-term debt	<u>1,112,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,112,503)</u>		<u>(1,112,503)</u>
Total governmental activities	<u>41,903,409</u>	<u>10,519,988</u>	<u>2,794,438</u>	<u>668,563</u>	<u>(27,920,420)</u>		<u>(27,920,420)</u>
Business-type activities:							
Water & Sewer	11,855,081	11,626,887	55,000	1,166,970	-	993,776	993,776
Stormwater	<u>2,567,637</u>	<u>2,825,060</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>277,423</u>	<u>277,423</u>
Total business-type activities	<u>14,422,718</u>	<u>14,451,947</u>	<u>75,000</u>	<u>1,166,970</u>	<u>-</u>	<u>1,271,199</u>	<u>1,271,199</u>
Total primary government	<u>\$ 56,326,127</u>	<u>\$ 24,971,935</u>	<u>\$ 2,869,438</u>	<u>\$ 1,835,533</u>	<u>(27,920,420)</u>	<u>1,271,199</u>	<u>(26,649,221)</u>
GENERAL REVENUES:							
Property taxes, levied for general purpose					10,326,553	-	10,326,553
Franchise taxes					4,306,142	-	4,306,142
Public service taxes					4,925,453	-	4,925,453
Intergovernmental not restricted to specific programs					6,721,676	-	6,721,676
Investment Income					311,228	141,655	452,883
Miscellaneous					274,628	-	274,628
Loss on sale of capital assets					(92,736)	-	(92,736)
Special item:							
Decline in net realizable value of land investment					<u>(1,097,785)</u>	<u>-</u>	<u>(1,097,785)</u>
Total general revenues and special item					<u>25,675,159</u>	<u>141,655</u>	<u>25,816,814</u>
Change in net assets					(2,245,261)	1,412,854	(832,407)
Net assets, October 1,					<u>40,174,385</u>	<u>23,452,355</u>	<u>63,626,740</u>
Net assets, September 30					<u>\$ 37,929,124</u>	<u>\$ 24,865,209</u>	<u>\$ 62,794,333</u>

The notes to the financial statements are integral part of this statement

FUND FINANCIAL STATEMENTS

**CITY OF LAUDERHILL, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2005**

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	General	Special Revenue		Other Governmental Funds	
		Community Redevelopment Agency	Capital Projects		
ASSETS					
Equity in pooled cash and investments	\$ 2,137,667	\$ -	\$ 31,088,518	\$ 1,171,787	\$ 34,397,972
Accounts receivable - net	302,905	-	-	-	302,905
Due from other funds	3,086,332	109,012	1,795,872	13,408	5,004,624
Due from other governments	513,348	-	50,763	914,834	1,478,945
Inventories	91,597	-	-	-	91,597
Restricted assets:					
Equity in pooled cash and investments	-	180,000	-	1,898,095	2,078,095
Land held for investment	-	6,997,785	-	-	6,997,785
Notes receivable	-	-	-	122,259	122,259
Other assets	541,278	-	-	-	541,278
Total Assets	\$ 6,673,127	\$ 7,286,797	\$ 32,935,153	\$ 4,120,383	\$ 51,015,460
LIABILITIES AND FUND BALANCE					
Accounts payable	\$ 367,226	\$ 109,012	\$ 296,186	\$ -	\$ 772,424
Accrued payroll	517,693	-	-	6,211	523,904
Due to other funds	34,884	6,997,785	27,253	855,697	7,915,619
Customer deposits	7,356	180,000	-	-	187,356
Unearned revenues	899,238	-	-	125,000	1,024,238
Insurance claim reserves	1,090,029	-	-	-	1,090,029
Total Liabilities	2,916,426	7,286,797	323,439	986,908	11,513,570
FUND BALANCES					
Reserved for:					
Social services	-	-	-	1,093,602	1,093,602
Law enforcement	-	-	-	275,955	275,955
Debt service	-	-	-	1,763,918	1,763,918
Capital projects	-	-	32,611,714	-	32,611,714
Inventories	91,597	-	-	-	91,597
Unreserved reported in:					
General Fund	3,665,104	-	-	-	3,665,104
Total Fund Balances	3,756,701	-	32,611,714	3,133,475	39,501,890
Total Liabilities and Fund balances	\$ 6,673,127	\$ 7,286,797	\$ 32,935,153	\$ 4,120,383	\$ 51,015,460

The notes to the financial statements are an integral part of this statement

CITY OF LAUDERHILL, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2005

Fund balances - total government funds	\$ 39,501,890
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	81,930,590
Less accumulated depreciation	(28,255,605)

Deferred charges for issuance cost	841,356
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Decline in net realizable value of land investment	(1,097,785)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

1998 Sales Tax Bonds	(4,180,000)	
2001 Sales Tax Bonds	(4,740,000)	
2003 Sales Tax Bonds	(5,000,000)	
2005 Sales Tax Bonds	(4,385,000)	
2005 General Obligation Bonds	(35,000,000)	
Compensated absences	(1,686,322)	<u>(54,991,322)</u>

Net assets of governmental activities	\$ <u>37,929,124</u>
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CITY OF LAUDERHILL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	General	Special Revenue		Other Governmental Funds	
		Community Redevelopment Agency	Capital Projects		
REVENUES					
Taxes	\$ 10,326,553	\$ -	-	-	\$ 10,326,553
Franchise taxes	4,306,142	-	-	-	4,306,142
Public service taxes	4,925,453	-	-	-	4,925,453
Charges for services	6,534,347	-	-	-	6,534,347
Administrative charges	2,005,000	-	-	-	2,005,000
Intergovernmental	7,491,241	-	668,563	2,024,873	10,184,677
Licenses and permits	1,617,864	-	-	-	1,617,864
Fines and forfeitures	237,218	-	-	125,559	362,777
Investment Income	173,064	-	91,872	46,292	311,228
Rental income	256,389	-	-	-	256,389
Miscellaneous	45,970	-	-	-	45,970
Total Revenues	37,919,241	-	760,435	2,196,724	40,876,400
EXPENDITURES					
Current:					
General government	6,697,406	-	-	-	6,697,406
Public safety	19,908,284	-	-	88,195	19,996,479
Public works	2,933,244	-	-	-	2,933,244
Recreation and social services	5,356,641	-	-	1,971,473	7,328,114
Economic and community development	41,624	-	-	-	41,624
Debt service:					
Principal retirement	-	-	-	630,000	630,000
Interest and issuance cost	-	-	724,527	848,708	1,573,235
Capital Outlay:					
Land	-	-	430,933	-	430,933
Buildings	-	-	654,278	-	654,278
Improvements	-	-	1,287,322	-	1,287,322
Infrastructure	-	-	881,048	-	881,048
Equipment	-	-	1,050,350	32,824	1,083,174
Total Expenditures	34,937,199	-	5,028,458	3,571,200	43,536,857
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,982,042	-	(4,268,023)	(1,374,476)	(2,660,457)
OTHER FINANCING SOURCES (USES)					
Transfer In	-	-	-	1,404,792	1,404,792
Transfers out	(1,404,792)	-	-	-	(1,404,792)
Discount on general obligation debt	-	-	(237,826)	-	(237,826)
Refunding bond issued	-	-	4,645,000	-	4,645,000
Payment to refunded bond escrow agent	-	-	(4,525,086)	-	(4,525,086)
Proceeds from issuance of bonds	-	-	35,000,000	-	35,000,000
Total Other Financing Sources (Uses)	(1,404,792)	-	34,882,088	1,404,792	34,882,088
NET CHANGE IN FUND BALANCES	1,577,250	-	30,614,065	30,316	32,221,631
FUND BALANCES - BEGINNING	2,179,451	-	1,997,649	3,103,159	7,280,259
FUND BALANCES - ENDING	<u>\$ 3,756,701</u>	<u>\$ -</u>	<u>\$ 32,611,714</u>	<u>\$ 3,133,475</u>	<u>\$ 39,501,890</u>

The notes to the financial statements are an integral part of this statement

CITY OF LAUDERHILL, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2005

Changes in fund balances - total government funds

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

Net change in fund balances	\$ 32,221,631
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital outlays	4,609,802	
Less current year depreciation	(3,168,908)	1,440,894

The net effect of various miscellaneous transactions including capital assets (i.e. sales and donation) is to increase net assets	(120,458)
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The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued	
Issuance of general obligation bonds	(35,000,000)
Issuance of refunding revenue bonds	(4,645,000)
Principal repayments	630,000
Payment to escrow agent for refunding	4,525,086
Issuance cost	630,375 (33,859,539)

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.

Decline in net realizable value of land investment	(1,097,785)
Compensated absences	<u>(830,004)</u>

Change in net assets of governmental activities	<u>\$ (2,245,261)</u>
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CITY OF LAUDERHILL, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2005

ASSETS	BUSINESS TYPE ACTIVITIES-ENTERPRISE FUNDS		
	Water & Sewer	Stormwater	Total
Current assets:			
Cash and equity in pooled cash and investments	\$ 4,646,923	\$ 3,536,155	\$ 8,183,078
Accounts receivable - net	2,602,148	-	2,602,148
Due from other funds	2,957,870	-	2,957,870
Due from other government	55,000	20,000	75,000
Inventories	28,479	-	28,479
Total Current assets	10,290,420	3,556,155	13,846,575
Non-current assets:			
Restricted Assets:			
Equity in pooled cash and investments	1,442,647	923,049	2,365,696
Unamortized costs/expenses	182,703	-	182,703
Capital assets:			
Land	349,010	-	349,010
Construction in progress	423,724	1,770,762	2,194,486
Building	26,922,050	-	26,922,050
Equipment	4,096,495	797,866	4,894,361
Improvements other than building	3,989,165	6,994,166	10,983,331
Infrastructure	12,401,111	7,421,370	19,822,481
Total Capital assets	48,181,555	16,984,164	65,165,719
Less accumulated depreciation	(20,895,242)	(2,940,431)	(23,835,673)
Total Capital assets - net	27,286,313	14,043,733	41,330,046
Total non-current assets	28,911,663	14,966,782	43,878,445
Total Assets	\$ 39,202,083	\$ 18,522,937	\$ 57,725,020
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 429,312	\$ 14,816	\$ 444,128
Accrued payroll	51,482	14,614	66,096
Due to other funds	46,875	-	46,875
Current portion of bonds payable	800,000	321,602	1,121,602
Customer deposits	16,500	-	16,500
Compensated absences	132,755	51,167	183,922
Total current liabilities	1,476,924	402,199	1,879,123
Non-current liabilities:			
Bonds Payable	18,615,000	12,262,283	30,877,283
Compensated absences-noncurrent	77,363	26,042	103,405
Total noncurrent liabilities	18,692,363	12,288,325	30,980,688
Total Liabilities	20,169,287	12,690,524	32,859,811
NET ASSETS			
Invested in capital assets, net of related debt	9,829,585	5,483,481	15,313,066
Restricted for:			
Renewal and Replacement	200,000	-	200,000
Debt service	1,442,647	923,049	2,365,696
Unrestricted (deficit)	7,560,564	(574,117)	6,986,447
Total Net Assets	\$ 19,032,796	\$ 5,832,413	\$ 24,865,209

The notes to the financial statements are an integral part of this statement

CITY OF LAUDERHILL, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

BUSINESS TYPE ACTIVITIES-ENTERPRISE FUNDS

	Water & Sewer	Stormwater	Total
OPERATING REVENUES			
Charges for services	\$ 11,556,119	\$ 2,825,060	\$ 14,381,179
Connection fees	55,151	-	55,151
Other income	15,617	-	15,617
Total Operating Revenues	11,626,887	2,825,060	14,451,947
OPERATING EXPENSES			
Personal services	2,505,275	1,130,840	3,636,115
Administrative expenses	2,132,256	131,462	2,263,718
Contractual services	3,338,090	37,499	3,375,589
Utilities	493,405	1,692	495,097
Repairs and maintenance	160,566	30,352	190,918
Materials and supplies	436,351	213,751	650,102
Insurance claims and expenses	470,000	131,439	601,439
Depreciation and amortization	1,402,596	395,865	1,798,461
Total Operating Expenses	10,938,539	2,072,900	13,011,439
Operating income	688,348	752,160	1,440,508
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	1,221,970	20,000	1,241,970
Investment income	92,835	48,820	141,655
Interest expense and fees	(916,542)	(494,737)	(1,411,279)
Total Nonoperating Revenues (Expenses)	398,263	(425,917)	(27,654)
Change in net assets	1,086,611	326,243	1,412,854
TOTAL NET ASSETS, OCTOBER 1	17,946,185	5,506,170	23,452,355
TOTAL NET ASSETS, SEPTEMBER 30	\$ 19,032,796	\$ 5,832,413	\$ 24,865,209

The notes to the financial statements are an integral part of this statement

CITY OF LAUDERHILL, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	BUSINESS TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	Water & Sewer	Stormwater	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers, other government and users	\$ 11,368,321	\$ 2,805,060	\$ 14,173,381
Payments for Interfund activities	(1,359,687)	(950,906)	(2,310,593)
Cash paid to suppliers	(4,928,391)	(474,032)	(5,402,423)
Cash paid to employees	(2,429,731)	(1,084,609)	(3,514,340)
Net Cash Provided by Operating Activities	2,650,512	295,513	2,946,025
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Subsidy from federal grant	1,221,970	20,000	1,241,970
Net Cash Provided by capital and related financing activities	1,221,970	20,000	1,241,970
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(3,041,728)	(976,367)	(4,018,095)
Proceeds from capital debt	8,850,000	5,330,026	14,180,026
Principal retirements of long-term debt	(4,460,000)	(228,320)	(4,688,320)
Interest paid on long-term debt	(885,941)	(494,737)	(1,380,678)
Net Cash Provided by Capital and Related Financing Activities	462,331	3,630,602	4,092,933
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	92,835	48,820	141,655
Net Cash Provided by Investing Activities	92,835	48,820	141,655
NET INCREASE IN POOLED CASH AND CASH EQUIVALENTS	4,427,648	3,994,935	8,422,583
POOLED CASH AND CASH EQUIVALENTS, OCTOBER 1	1,661,922	464,269	2,126,191
POOLED CASH AND CASH EQUIVALENTS, SEPTEMBER 30	\$ 6,089,570	\$ 4,459,204	\$ 10,548,774
POOLED CASH AND CASH EQUIVALENTS PER STATEMENT OF NET ASSETS			
Unrestricted	\$ 4,646,923	\$ 3,536,155	\$ 8,183,078
Restricted	1,442,647	923,049	2,365,696
TOTAL, SEPTEMBER 30	\$ 6,089,570	\$ 4,459,204	\$ 10,548,774
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating Income	\$ 688,348	\$ 752,160	\$ 1,440,508
Adjustments to Reconcile Operating Income to Net Cash provided by Operating Activities:			
Depreciation and amortization	1,402,596	395,865	1,798,461
Change in Assets and Liabilities:			
(Increase) in accounts receivable	(249,691)	-	(249,691)
Decrease (increase) in due from other funds and governments	717,569	(20,000)	697,569
Decrease in inventories	5,049	-	5,049
(Decrease) in accounts payable	(35,028)	(59,299)	(94,327)
(Decrease) in accrued payroll	(24,222)	(10,544)	(34,766)
Increase in compensated absences	99,766	56,775	156,541
(Decrease) in customer deposits	(750)	-	(750)
Increase (Decrease) in due to other funds and governments	46,875	(819,444)	(772,569)
Total adjustments	1,962,164	(456,647)	1,505,517
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 2,650,512	\$ 295,513	\$ 2,946,025
Noncash investing, capital and financing activities:			
Exchange of land investment for a promissory note issued by CRA	\$ 2,910,995	-	\$ 2,910,995

The notes to the financial statements are an integral part of this statement

CITY OF LAUDERHILL, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2005

ASSETS	Retirement Funds
Equity in pooled cash and investments	\$ 3,153,281
Receivables:	
Interest and Dividends	155,520
Contributions Receivable	538,171
Total Receivables	693,691
Investments, at Fair Value	
U.S. Treasury bonds and notes	1,978,222
U.S. Government securities	8,169,256
Corporate bonds and notes	5,885,158
Mutual funds	7,770,152
Common stocks	27,901,699
Total Investments, at Fair Value	51,704,487
Total Assets	55,551,459
LIABILITIES	
Accounts payable	84,410
Deferred revenues/future benefits	1,464,182
Total Liabilities	1,548,592
NET ASSETS	
Held in Trust for Pension Benefits	54,002,867
Total Net Assets	\$ 54,002,867

The notes to the financial statements are an integral part of this statement

CITY OF LAUDERHILL, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended September 30, 2005

	Retirement Funds
ADDITIONS	
Contributions:	
City	\$ 3,169,420
Plan Members	2,066,895
State Revenue	737,562
Total contributions	5,973,877
Investment income:	
Net appreciation in fair value of investments	4,976,749
Interest and dividend income	1,223,390
Total investment income	6,200,139
Less: investment expenses	263,596
Net investment income	5,936,543
Total additions	11,910,420
DEDUCTIONS	
Benefits paid	1,775,305
Administrative expenses	336,106
Refunds of contributions	285,218
Total deductions	2,396,629
CHANGE IN NET ASSETS	9,513,791
NET ASSETS, OCTOBER 1	44,489,076
NET ASSETS, SEPTEMBER 30	\$ 54,002,867

The notes to the financial statements are an integral part of this statement

NOTES TO THE FINANCIAL STATEMENTS

**CITY OF LAUDERHILL
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Lauderhill, Florida (City), located in Broward County, is a municipal corporation that was incorporated pursuant to the Laws of Florida 59-1487 in 1959. The City is governed by a five-member commission with an elected Mayor. The City Commission is responsible for the appointment of the City Manager, who is charged with overseeing the operations of the City. The City provides the following services pursuant to the City Charter: general government, public safety, public works, parks and recreation, social services, and community development. The accompanying financial statements present the City for the fiscal year ended September 30, 2005.

The financial statements were prepared in accordance with GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 39, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other 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.

B. Blended Component Units

The City is financially accountable for a component unit if it appoints a voting majority of the organization's board and it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits, or impose specific financial burdens on the City. Blended component units, although legally separate entities, are, in substance, part of the government's operations. As of September 30, 2005, the City had two entities that met the requirements as described above.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting entity (Continued)

Lauderhill Community Redevelopment Agency

In 2005, the Lauderhill Community Redevelopment Agency (CRA) was created for the purpose of revitalizing and enhancing the City of Lauderhill, through infrastructure improvements and targeted acquisition and rehabilitation of deteriorated properties. The Mayor and City Commissioners are all members of the CRA Board and responsible for approving the budget. Therefore, the City is financially accountable for the CRA. The financial activities of the CRA are reported in the City's financial statements as *Special Revenue Fund*. Separate financial statements are prepared for the CRA, and may be obtained at 2000 City Hall Drive, Lauderhill, FL 33313.

Lauderhill Housing Authority

In October 2004, the Lauderhill Housing Authority (LHA) was formed pursuant to Florida Statute 421.05. It is an independent public entity with an appointed board, which consists of 4 commissioners. The mission of the housing authority is to assist residents in obtaining affordable housing; to promote homeownership; and to be stewards of public funds and trust, by maximizing resources and developing partnerships within the public and private sector. The LHA has no financial activities during the year ended September 30, 2005 therefore, was not included in the City's financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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 charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and, grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. *General revenues* consist of taxes and other items, not included among program revenues.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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

C. Measurement focus, basis of accounting, and financial statement presentation

The city-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The proprietary fund and fiduciary fund financial statements are reported in the same manner. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 funding agency 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 receivables collected within 60 days after year-end to be available and recognizes them as revenues of the current year. 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, claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

The *Special Revenue Fund – Community Redevelopment Agency (CRA)* is a component unit blended in the City financial statements. It accounts for the resources accumulated for infrastructure improvement and rehabilitation of deteriorated properties within the City boundary.

The *Capital Projects Fund* accounts for the resources accumulated for the completion of the five-year capital budget.

The City reports the following major proprietary funds:

The *Water and Sewer Fund* accounts for the provision of potable water to residents and the corresponding sewage disposal, which is processed by Broward County. The City operates the water treatment facility, water distribution system, sewage transportation pipelines, and sewage pumping stations.

The *Stormwater Fund* accounts for the infrastructure and operations of stormwater transportation, which is funded through user charges.

Additionally, the City reports the *Pension Trust Funds* account for the activities of the General Employee Retirement System, the Firefighter Retirement System, the Police Retirement System, and the Confidential and Managerial Retirement System. These funds accumulate resources for pension benefit payments to qualified employees.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

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 Water and Sewer fund, of the Stormwater enterprise fund, and of the City's internal service fund are charges to customers for sales and services.

The water and sewer fund also recognizes as operating revenue, the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. New Pronouncements

Effective October 1, 2004, the City adopted GASB Statement No. 40 ("GASB 40"), *Deposit and Investment Risk Disclosures*, which amended GASB 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*. The adoption of GASB 40 resulted in changes to the form and content of the Notes to Financial Statements only, and did not have an impact on the government-wide and fund financial statements.

E. Assets, liabilities and net assets or equity

1. Cash and investments

The City's equity in pooled cash and cash equivalents includes cash on hand, demand deposits, investments with the State Board of Administration (SBA) and short-term investments with original maturities of three months or less from the date of acquisition.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, liabilities and net assets or equity (Continued)

1. Cash and investments (Continued)

Resources of all funds, with the exception of the pension trust funds, and certain other cash and investment accounts, have been combined into a pooled cash and investment system for the purpose of maximizing earnings. Interest earned on pooled cash and investments is allocated monthly based upon equity of the respective funds.

For the purpose of the statement of cash flows for the proprietary fund types, cash and cash equivalent mean short term, highly liquid investments with an original maturity of three months or less.

State statutes authorize the City to establish its own investment policy by ordinance. The investment ordinance allows up to 100% investment in the following instruments, subject to maturity limitations: local government surplus trust fund (SBA), Securities and Exchange Commission (S.E.C.) registered money market funds with the highest quality rating from a nationally recognized rating company, savings accounts and certificates of deposit in state-certified qualified public depositories, direct obligations of the U.S. Treasury, and securities issued by federal agencies and instrumentalities. Up to 10% may be invested in common stocks, subject to quality restrictions.

All investments are reported at fair value. Fair value is determined by quoted market prices. SBA operates in accordance with appropriate state laws and regulations. The reported value of SBA is the same as fair value of the pool shares.

2. 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 "due to/from other funds" (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."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Accounts receivable allowances are based on historical trends.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, liabilities and net assets or equity (Continued)

3. Property Taxes

Property values are assessed as of January 1, of each year, at which time taxes becomes an enforceable lien on property. Tax bills are mailed for the City, by Broward County, on or about October 1 of each year, and are payable with discounts of up to 4% offered for early payment. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by seizure of the personal property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes.

Assessed values are established by the Broward County Property Appraiser. In November 1992, a Florida constitutional amendment was approved by the voters which provides for limiting the increases in homestead property valuation for ad Valorem tax purposes to a maximum of 3% annually and also provides for reassessment of market values upon changes in ownership. The County bills and collects all property taxes and remits them to the City. Procedures for the collection of delinquent taxes by Broward County are provided for in the Laws of Florida. There were no material delinquent property taxes at September 30, 2005.

State statutes permit municipalities to levy property taxes at a rate up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The tax levy of the City is established by the City Commission and the Broward County Property Appraiser incorporated the City's millage into the total tax levy, which includes the County and the County School Board tax requirements. The millage rate assessed by the City for the year ended September 30, 2005 was 6.02 mills (\$6.02 per \$1,000 of taxable assessed valuation).

4. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, liabilities and net assets or equity (Continued)

5. Restricted assets

Certain proceeds from revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in a separate investment accounts and their use is limited by applicable bond covenants. The “bond reserve account” is a separate brokerage account where securities have been purchased in lieu of surety bonds to subsidize potential deficiencies of revenues pledged for debt service. The “revenue bond renewal and replacement” account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The various reserve accounts have been recorded on the balance sheets of the applicable funds.

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

6. Capital assets

Capital assets - property, plant, 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. The City defines capital assets as assets with an initial, individual cost of more than \$750 and an estimated useful life in excess of one year. Purchased or constructed assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized.

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	40
Improvements	20
Public domain infrastructure	40
System infrastructure	40
Vehicles	5
Office equipment	5
Computer equipment	5

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, liabilities and net assets or equity (Continued)

7. Unearned revenue

Unearned revenue are recorded for governmental fund receivables that are not both measurable and available. In addition, inflows that do not meet the criteria for revenue recognition, such as occupational licenses collected in advance, are recorded as unearned revenue in the government-wide and the fund statements.

8. Compensated absences

It is City policy to permit employees to accumulate earned but unused vacation and sick pay benefits. An employee may, on an annual basis, or upon termination, cash in a portion of these unused benefits at a discount. Vacation and sick pay benefits are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example , as a result of employee resignation and retirements.

9. 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 assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

10. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, liabilities and net assets or equity (Continued)

11. Net assets

Net assets of the government-wide and proprietary funds are categorized as invested in capital assets net of related debt, restricted or unrestricted. The first category represents net assets related to capital assets net of any outstanding debt associated with the capital assets.

In the government-wide and proprietary fund financial statements, restricted net assets are used to indicate the segregation of a portion of net assets equal to certain assets that are restricted by requirements of revenue bonds and other externally imposed constraints or by legislation in excess of the related liabilities payable from restricted assets.

12. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Although these 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.

3. DEPOSITS AND INVESTMENTS

The City, for accounting and investment purposes, maintains a cash and investment pool for use by all City funds. This gives the City the ability to invest large amount of idle cash for short periods of time and to maximize earning potential. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and equity in pooled cash and investments. Income earned on pooled cash and investments is allocated to the respective funds based on average daily balances.

Cash Deposits

The carrying amounts of the City's cash deposits were \$2,850,487 including petty cash on hand of \$ 3,610 as of September 30, 2005. Bank balance before reconciling items were \$ 1,859,840 at that date, the total of which is collateralized or insured with securities held by the City or by its agent in the name of the City as discussed below.

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. All of the City's deposits are entirely insured by federal depository insurance or collateralized by the multiple financial institution collateral pool pursuant to Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act". Under this Act, all qualified public depositories are required to pledge eligible collateral. Public deposits are protected by deposit insurance, sale of securities pledged as collateral, and assessments made to other public depositories when needed to guarantee no loss will be incurred by the public depositor.

Investments

Under the provisions of the City's investment policy, and in accordance with Florida Statutes, the following investments were authorized:

	<u>Maximum % Portfolio</u>
State Board of Administration	100%
Money Market Funds	100%
Certificate of Deposits	100%
U.S. Treasury Securities	100%
U.S. Government Obligations and Instrumentalities	100%
Lauderhill Loan Consortium	\$60,000
Commercial Papers by any US Corporation	10%
Option Contracts	10%

As of September 30, 2005, the City had the following investments and maturities:

	<u>Credit Quality Ratings</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
SBA	Not Rated	\$ 2,232,985	-
US Treasury Securities	N/A	1,500,000	0.14
Callable US Government Securities	Aaa/AAA	4,504,462	0.34
US Government Securities	Aaa/AAA	35,936,907	2.45
		<u>44,174,354</u>	<u>2.93</u>

Interest rate risk. In accordance with its investment policy, the City manages its exposure to decline in fair value by limiting its investment portfolio to less than four (4) years.

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State limits investments in commercial papers and corporate bonds to the highest credit rating from a nationally recognized rating agency. It is the City's policy to keep ninety (90) percent of the total portfolio in low risk investments such as US Treasury obligations that are diversified by purchase date and maturity dates while remaining ten (10) percent may be invested to high risk investments such as common stocks rated in one (1) of the top three (3) investment categories by major rating service.

Concentration of Credit Risk. The investment policy of the City contains no limitation on the amount that can be invested in any one issuer beyond that stated above. Investments in any one issuer that represents 5% or more of the total City investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>%</u>
FHLB	Federal Agency Securities	\$ 29,242,259	66%
FHLMC	Federal Agency Securities	5,718,482	13%
FNMA	Federal Agency Securities	2,775,010	6%

Custodial Credit Risk. Custodial credit risk for investment is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investment policy provided that securities may be held in street name in an account under the name of the City at the primary dealer where the securities was purchased provided that the total value of the account is insured and a monthly account statement evidencing all holdings is sent to the City by the dealer.

3. DEPOSITS AND INVESTMENTS (CONTINUED)

The Employee Pension Plan investments are held separately from those of other City funds. As described by the plan documents, the plan administrator is authorized to invest plan assets in obligations of the U.S. Government and various mutual and money market funds, which are held by the plan administrators and not in the City's name. The plan investments are held by AmSouth Bank which consisted of the following:

<u>Investment type</u>	Amounts in Thousands			
	<u>General Employees Retirement System</u>	<u>Firefighter Retirement System</u>	<u>Police Officer Retirement System</u>	<u>Confidential and Managerial Retirement Plan</u>
US Treasury bonds and notes	\$ 1,431	\$ 399	\$ 1,114	\$ 547
US Government securities	1,547	3,271	1,054	784
Corporate bonds and notes	1,198	3,213	769	706
Mutual funds	2,230	5,497	-	-
International equities	-	-	42	-
Common stocks	4,280	16,044	4,611	2,966
	<u>\$ 10,686</u>	<u>\$ 28,424</u>	<u>\$ 7,590</u>	<u>\$ 5,003</u>

General Employee Retirement System (GERS)

The Board of Trustees has developed certain investment guidelines and has retained investment managers. The investment managers are expected to maximize return on the investment portfolio and may make transactions consistent with that expectation within the Board's guidelines. The investment managers are compensated based on a percentage of their portfolio's market value.

<u>Investment type</u>	Amounts in Thousands				
	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			<u>More than 10 Years</u>
		<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	
U.S. Treasury bonds and notes	\$ 1,431	\$ 1,197	\$ -	\$ -	\$ 234
U.S. Government securities	1,547	407	-	-	1,140
Corporate bonds and notes	<u>1,198</u>	<u>72</u>	<u>311</u>	<u>452</u>	<u>363</u>
Sub-total	<u>4,176</u>	<u>1,676</u>	<u>311</u>	<u>452</u>	<u>1,737</u>
Common stocks	4,280				
Mutual funds	<u>2,230</u>				
	<u>\$ 10,686</u>				

Interest rate risk. As a mean of limiting its exposure to fair value losses arising from rising interest rates, the plan's investment policy limits the duration of its fixed income portfolio to less than 135% of the duration of the market index. The market index is defined as the Merrill Lynch Master Bond Index. As of September 30, 2005, the fixed income portfolio's weighted average was 3.9 years.

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit risk. The plan limits its credit risk by establishing the following investment guidelines:

	<u>Credit Risk Rating</u>
Cash equivalent Securities	A-1/P-1
Fixed income securities	Aaa/AAA

As of September 30, 2005, the plan was in compliance with the established guidelines.

Concentration of credit risk. The plan's investment policy places investment limitations and provides target allocations to its investment managers to limit credit risk due to concentration. The following are the established target allocations for the plan:

	<u>Target Allocation</u>
Domestic equity securities	50%
Foreign equity securities	15%
Fixed income securities	35%

Equity and fixed income securities are also limited to no more than 5% in one single issuer. There were no single investments greater than 5% of net assets as of September 30, 2005.

Firefighter Retirement System (FRS)

The plan's investment as determined by the Board of Trustees provided for the following guidelines: (a) investment in all equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 85% of the Plan's total asset value, (b) no more than 5% of the portfolio may be invested in the shares of a single corporate issuer at cost, (c) the target allocation for investment in stocks of foreign companies is 10% of the value of the portfolio, (d) fixed income portfolio shall be comprised of securities rated not less than "A" rating by a major rating service and limited to no more than 40% of the Plan's total asset value, and (e) in the event that there is a downgrade in the quality below the "BAA" rating, the security must be liquidated immediately or in a manner not to be detrimental to the performance of the plan.

Interest rate risk. As a mean of limiting its exposure to interest rate risk, the plan diversifies its investment with any one issuer with various durations of maturities.

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Information about the sensitivity of the fair value of the Plan's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the plan's investment by maturity as of September 30, 2005:

Investment type	Amounts in Thousands				
	Investment Maturities (in Years)				
	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. Treasury bonds and notes	\$ 399	\$ -	\$ -	\$ -	\$ 399
U.S. Government securities	3,271	-	491	105	2,675
Corporate bonds and notes	3,213	-	370	1,330	1,513
Total	<u>\$ 6,883</u>	<u>\$ -</u>	<u>\$ 861</u>	<u>\$ 1,435</u>	<u>\$ 4,587</u>

Credit risk. The plan's investment policy utilizes portfolio diversification in order to control this risk. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization.

The following table discloses credit ratings by investment type, at September 30, 2005, as applicable:

	In Thousands Fair Value	Percentage of Portfolio
US Government guaranteed*	<u>\$ 3,670</u>	<u>53.32%</u>
Quality rating of credit risk debt securities		
AAA	1,140	16.56%
AA	60	0.86%
AA-	228	3.31%
A+	515	7.48%
A	727	10.56%
A-	466	6.78%
BBB+	24	0.36%
BBBB	53	<u>0.77%</u>
Total credit risk debt securities	<u>3,213</u>	<u>46.68%</u>
Total fixed income securities	<u>\$ 6,883</u>	<u>100.00%</u>

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

Concentration of credit risk. The investment policy of the plan contains limitation on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of combined plan net assets at September 30, 2005.

Custodial credit risk. Consistent with the plan's investment policy, the investments are held by plan's custodial bank and registered in the plan's name.

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Police Retirement System (PRS)

The Plan's investment policy is determined by the Board of Trustees. The investment policy provided for the following guidelines: (a) investment in all equity securities shall be limited to those listed on a major US stock exchange and limited to no more than 65% (at market) of the Plan's total asset value. No more than 5% of the portfolio may be invested in the shares of a single corporate issuer at cost. Investment in stocks of foreign companies shall be limited to 10% of the value of the portfolio at cost; (b) the corporate fixed income portfolio shall be comprised of securities rated not less than "BBB" or "Baa" by a major rating service with no more than 40% of the Plan's total asset value. In the event that there is a downgrade in the quality below the "BBB" rating, the security must be sold at the earliest beneficial opportunity; (c) investment in collateralized mortgage obligation should be limited to 15% of the market value of the portfolio and limited to rating of "AAA".

Interest rate risk. As a mean of limiting its exposure to interest rate risk, the Plan diversifies its investment by security type and institution, and limits holdings in anyone type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of the Plan's investment to market interest rate fluctuations is provided by the following table that shows the distribution of the plan's investment by maturity at September 30, 2005:

Investment type	Amounts in Thousands				
	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. Treasury bonds and notes	\$ 1,114	\$ 953	\$ -	\$ -	\$ 161
U.S. Government securities	1,054	-	-	282	772
Corporate bonds and notes	769	45	93	375	256
Total	<u>\$ 2,937</u>	<u>\$ 998</u>	<u>\$ 93</u>	<u>\$ 657</u>	<u>\$ 1,189</u>

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit risk. The Plan's investment policy utilizes diversification in order to control this risk. The following table discloses credit ratings by investment type at September 30, 2005 as applicable:

	In Thousands <u>Fair Value</u>	Percentage of <u>Portfolio</u>
US Government guaranteed*	\$ 2,168	73.83%
Quality rating of credit risk		
debt securities		
AA+	47	1.59%
A+	249	8.48%
A	127	4.35%
BBB+	233	7.94%
BBBB	112	3.81%
Total credit risk debt securities	<u>768</u>	<u>26.17%</u>
Total fixed income securities	<u>\$ 2,936</u>	<u>100.00%</u>

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

Concentration of credit risk. The investment policy of the plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of combined plan net assts at September 30, 2005.

Custodial credit risk. Consistent with the plan's investment policy, the investment are held by plan's custodial bank and registered in the plan's name.

Confidential and Managerial Employee Retirement Plan

The Plan maintains a Master Custodial Agreement, whereby the investment securities are held in the Plan's name by a financial institution acting as the Plan's agent. Included in investments are money market mutual funds, which are classified as short-term investments.

3. DEPOSITS AND INVESTMENTS (CONTINUED)

As of September 30, 2005, the Plan had the following investment and maturities in its portfolio:

Investment type	Amounts in Thousands				
	Fair Value	Investment Maturities (in Years)			More than 10 Years
		Less than 1 Year	1-5 Years	6-10 Years	
U.S. Treasury bonds and notes	\$ 547	\$ 424	\$ -	\$ -	\$ 123
U.S. Government securities	785	-	-	196	589
Corporate bonds and notes	706	57	280	172	197
Total	<u>\$ 2,038</u>	<u>\$ 481</u>	<u>\$ 280</u>	<u>\$ 368</u>	<u>\$ 909</u>

Interest rate risk. The Plan does not have a formal investment policy that limits investment maturities as a mean of managing its exposure to market value losses arising from increasing interest rates.

Credit risk. State law and Plan's investment policy limits investments in bonds, stocks, or other evidence of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided the corporation is listed on any one or more of the recognized national stock exchange or on the National Market System of the NASDAQ Stock Market and in the case of bonds only, holds a rating in one of the three highest classifications by a major rating service. The Plan's investment policy limits fixed income investments to a rating no lower than Standard & Poor's BBB or Moody's Baa. The Plan's corporate bonds and agency bonds were all ranked "Baa" or better under Moody's ratings.

Concentration of credit risk. The Plan's investment policy stipulates various investment restrictions for equity and fixed income securities of any one issuing company or agency. As of September 30, 2005, the value of each position held by the Plan portfolio comprised less than 5% of the Plan assets.

4. RECEIVABLES AND PAYABLES

Receivables as of year-end for the City's individual major funds and non-major funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectibles accounts are as follows:

	<u>Accounts</u>	<u>Due from other government</u>	<u>Others</u>	<u>Allowance for Uncollectibles</u>	<u>Net</u>
Governmental activities					
General	\$ 350,337	\$ 513,348	\$ -	\$ (47,432)	\$ 816,253
Capital Project	-	50,763	-	-	50,763
SHIP	-	38,754	-	-	38,754
CDBG	-	626,080	-	-	626,080
Home Grant	-	250,000	-	-	250,000
	<u>350,337</u>	<u>1,478,945</u>	<u>-</u>	<u>(47,432)</u>	<u>1,781,850</u>
Business-type activities					
Water and Sewer	2,634,699	55,000	1,677	(34,228)	2,657,148
Stormwater	-	20,000	-	-	20,000
	<u>2,634,699</u>	<u>75,000</u>	<u>1,677</u>	<u>(34,228)</u>	<u>2,677,148</u>
Pension trust funds					
General employees	33,304	-	35,901	-	69,205
Firefigther	333,526	-	65,490	-	399,016
Police officers	-	-	31,458	-	31,458
Confidential and managerial	171,341	-	22,671	-	194,012
	<u>538,171</u>	<u>-</u>	<u>155,520</u>	<u>-</u>	<u>693,691</u>
TOTAL	<u>\$ 3,523,207</u>	<u>\$ 1,553,945</u>	<u>\$ 157,197</u>	<u>\$ (81,660)</u>	<u>\$ 5,152,689</u>

Governmental funds report *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition on revenues received but not yet earned. On September 30, 2005, *unearned revenue* in the governmental funds amounted to \$1,024,238.

4. RECEIVABLES AND PAYABLES (CONTINUED)

Payables at September 30, 2005 were as follows:

	<u>Vendor</u>	<u>Due to other Government</u>	<u>Other</u>	<u>Total</u>
Governmental activities:				
General	\$ 365,242	\$ 1,984	\$ -	\$ 367,226
CRA	109,012	-	-	109,012
Capital Project	110,516	-	185,670	296,186
	<u>584,770</u>	<u>1,984</u>	<u>185,670</u>	<u>772,424</u>
Business-type activities:				
Water and sewer	429,312	-	-	429,312
Stormwater	14,816	-	-	14,816
	<u>444,128</u>	<u>-</u>	<u>-</u>	<u>444,128</u>
Pension trust funds:				
General employees	4,142	-	-	4,142
Firefighter	48,307	-	1,298,124	1,346,431
Police officers	6,312	-	166,058	172,370
Confidential and managerial	25,649	-	-	25,649
	<u>84,410</u>	<u>-</u>	<u>1,464,182</u>	<u>1,548,592</u>
Total	<u>\$ 1,113,308</u>	<u>\$ 1,984</u>	<u>\$ 1,649,852</u>	<u>\$ 2,765,144</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2005 was as follows:

	<u>Amounts in Thousands</u>			<u>Ending Balance</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 25,531	\$ 430	\$ (111)	\$ 25,850
Construction in progress	<u>1,619</u>	<u>1,337</u>	<u>-</u>	<u>2,956</u>
Total capital assets not being depreciated	<u>27,150</u>	<u>1,767</u>	<u>(111)</u>	<u>28,806</u>
Capital assets being depreciated:				
Building	13,828	654	(20)	14,462
Improvements (other than building)	13,533	366	-	13,899
Machinery and equipment	10,879	1,083	(186)	11,776
Infrastructure	<u>12,249</u>	<u>738</u>	<u>-</u>	<u>12,987</u>
Total capital assets being depreciated	<u>50,489</u>	<u>2,841</u>	<u>(206)</u>	<u>53,124</u>
Less: accumulated depreciation for:				
Building	(3,439)	(353)	16	(3,776)
Improvements (other than building)	(6,686)	(648)	-	(7,334)
Machinery and equipment	(7,629)	(1,505)	182	(8,952)
Infrastructure	<u>(7,530)</u>	<u>(663)</u>	<u>-</u>	<u>(8,193)</u>
Total accumulated depreciation	<u>(25,284)</u>	<u>(3,169)</u>	<u>198</u>	<u>(28,255)</u>
Total capital assets, being depreciated, net	<u>25,205</u>	<u>(328)</u>	<u>(8)</u>	<u>24,869</u>
Governmental activities capital assets, net	<u>\$ 52,355</u>	<u>\$ 1,439</u>	<u>\$ (119)</u>	<u>\$ 53,675</u>

5. CAPITAL ASSETS (CONTINUED)

Business-type activities:

Capital assets, not being depreciated:

Land	\$ 349	\$ -	\$ -	\$ 349
Construction in progress	1,719	476	-	2,195
Total capital assets not being depreciated	<u>2,068</u>	<u>476</u>	<u>-</u>	<u>2,544</u>

Capital assets being depreciated:

Building	26,807	115	-	26,922
Improvements (other than building)	10,983	-	-	10,983
Machinery and equipment	4,522	372	-	4,894
Infrastructure	16,768	3,055	-	19,823
Total capital assets being depreciated	<u>59,080</u>	<u>3,542</u>	<u>-</u>	<u>62,622</u>

Less: accumulated depreciation for:

Building	(9,542)	(666)	-	(10,208)
Improvements (other than building)	(2,839)	(310)	-	(3,149)
Machinery and equipment	(3,667)	(385)	-	(4,052)
Infrastructure	(5,990)	(437)	-	(6,427)
Total accumulated depreciation	<u>(22,038)</u>	<u>(1,798)</u>	<u>-</u>	<u>(23,836)</u>

Total capital assets, being depreciated, net 37,042 1,744 - 38,786

Business-type activities capital assets, net \$ 39,110 \$ 2,220 \$ - \$ 41,330

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

	<u>In Thousands</u>
<u>Governmental activities</u>	
General government	\$ 978
Public safety	485
Public works	752
Recreation and social services	954
Total depreciation expense - governmental activities	<u>\$ 3,169</u>
<u>Business-type activities</u>	
Water and sewer	\$ 1,402
Stormwater	396
Total depreciation expense - business-type activities	<u>\$ 1,798</u>

5. CAPITAL ASSETS (CONTINUED)

Construction commitments

The City of Lauderhill has active construction projects as of September 30, 2005.

<u>Project Title</u>	<u>In Thousands</u>	
	<u>Construction Cost-to- Date</u>	<u>Remaining Commitment</u>
Sewer line and inflow mitigation	\$ 7,650	\$ 250
Culvert repair	257	666
Roadway improvements	745	75
Privacy walls	484	3,432
Regional park and cultural center	104	4,896
Total	<u>\$ 9,240</u>	<u>\$ 9,319</u>

The commitment for sewer line and inflow mitigation and culvert repair are being financed by water and sewer revenue bonds. The commitment for roadway improvements, privacy walls and Regional Park and cultural center are being financed by the resources from the proceeds of general obligation bonds.

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2005, is as follows:

Due to / from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Debt service	\$ 134,177
	CDBG	448,387
	Home Grant	259,725
	Community Redevelopment Agency	2,244,043
	General Fund	34,884
Community Redevelopment Agency	Capital Project	27,253
	Water and sewer	46,875
Capital Project	Community Redevelopment Agency	1,795,872
Federal forfeiture	Law enforcement	13,408
Water and sewer	Community Redevelopment Agency	<u>2,957,870</u>
		<u>\$7,962,493</u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

The outstanding balances between funds mainly resulted from time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made.

These balances also include the amount of promissory note issued by CRA on transfer of land investment held by the general, capital project and water and sewer funds with aggregate amount of approximately \$7 million that is expected to be collected in the subsequent year.

Interfund transfers:

<u>Transfer out</u>	<u>Transfer in</u>	<u>Amount</u>
General	Debt Service	<u>\$ 1,404,792</u>

Transfers were used to move revenues from the fund with collection authorization, to the debt service fund, as debt service principal and interest payment became due.

7. LONG-TERM DEBTS

A. Revenue Bonds

The City issues bonds where it pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds have been issued for both the governmental and business-type activities. The original amount of revenue bonds issued in prior years was \$27,835,000 and during the year, revenue bonds totaling \$18,235,000 were issued to finance various capital projects and to refund previously issued revenue bonds.

7. LONG-TERM DEBTS (CONTINUED)

Revenue bonds outstanding as at September 30, 2005 were as follows:

	<u>Interest Rates</u>	<u>Maturity</u>	<u>Average Semi-annual Payment</u>	<u>Amounts in Thousands</u>	
				<u>Original Amount</u>	<u>Outstanding Balance</u>
Governmental activities:					
1998 Half-cent sales tax	3.80% - 4.30%	2018	212	\$ 5,000	\$ 4,180
2001 Half-cent sales tax	4.25% - 4.95%	2023	204	5,000	4,740
2003 Half-cent sales tax	4.00% - 4.25%	2025	193	5,000	5,000
2005 Half-cent sales tax - refunding	2.50% - 4.15%	2017	229	4,385	4,385
					<u>18,305</u>
Business-type activities:					
Water and Sewer					
1999 Water and sewer	4.40% - 5.10%	2020	207	5,000	4,250
2000 Water and sewer	4.88% - 5.50%	2022	217	4,800	4,600
2001 Water and sewer - refunding	3.25% - 4.00%	2011	182	3,035	1,920
2005A Water and sewer	3.00% - 4.50%	2026	196	5,000	5,000
2005B Water and sewer - refunding	2.50% - 4.13%	2016	212	3,850	3,645
2004 Stormwater	4.00% - 5.00%	2028	185	5,000	5,000
					<u>24,415</u>
Total Revenue Bonds					<u>\$ 42,720</u>

Each bond was issued for \$5 million and smaller issuer exemption provides relief from arbitrage requirement.

B. General obligation

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital projects. No amounts outstanding at the end of the current fiscal year related to general obligation bonds issued in prior years. During the year, the City issued \$35 million general obligation bond to finance their five (5) year Capital Project Plan.

General obligation bonds are direct obligations and pledge of full faith and credit of the government, General obligation bonds outstanding at year-end are as follows:

	<u>Interest Rates</u>	<u>Maturity</u>	<u>Payment</u>	<u>Amount</u>
2005 General Obligation	3.00% - 4.50%	2030	1,147	35,000

The \$35 million general obligation bonds were issued during the current year and could be subject to federal arbitrage regulation in the future.

7. LONG-TERM DEBTS (CONTINUED)

C. State revolving fund loan

The City entered into State Revolving Loan Funding Agreement with the Florida Department of Environmental Protection (DEP) to finance various projects for stormwater improvements. The loans were made available on a reimbursement basis at below market interest rates. The total funding from this agreement aggregated to \$8,384,100 and approximately \$7,584,000 is outstanding as of September 30, 2005. This loan requires annual payment of approximately \$320,000 and interest rate ranging from 2.86% to 3.52%.

D. Debt service requirements

Debt service requirements (in thousands) for these revenue and general obligations and state revolving fund loan are listed below:

Year Ending September 30	<u>Governmental activities</u>				<u>Business-type activities</u>				<u>Total</u>	
	<u>Revenue</u>		<u>General Obligation</u>		<u>Water and Sewer</u>		<u>Stormwater</u>		<u>Principal</u>	<u>Interest</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>		
2006	\$ 850	\$ 750	\$ 1,040	\$ 1,207	\$ 800	\$ 868	\$ 322	\$ 450	\$ 3,012	\$ 3,275
2007	870	722	890	1,360	830	840	442	440	3,032	3,362
2008	900	691	920	1,331	855	810	453	426	3,128	3,258
2008	925	659	950	1,301	980	778	463	410	3,318	3,148
2009	955	625	980	1,269	1,010	742	484	395	3,429	3,031
2010-2014	5,280	2,550	5,445	5,798	5,575	3,042	2,661	1,720	18,961	13,110
2015-2019	5,055	1,408	6,595	4,646	5,905	1,696	3,146	1,247	20,701	8,997
2020-2024	3,470	427	8,110	3,135	2,990	468	3,252	675	17,822	4,705
2025-2030	-	-	10,070	1,169	470	21	1,361	136	11,901	1,326
	<u>\$ 18,305</u>	<u>\$ 7,832</u>	<u>\$ 35,000</u>	<u>\$ 21,216</u>	<u>\$ 19,415</u>	<u>\$ 9,265</u>	<u>\$ 12,584</u>	<u>\$ 5,899</u>	<u>\$ 85,304</u>	<u>\$ 44,212</u>

7. LONG-TERM DEBTS (CONTINUED)

E. Changes in long-term liabilities

Long-term liability activity (in thousands) for the year ended September 30, 2005 is listed below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
Bonds payable					
Revenue bonds	\$ 18,650	\$ 4,645	\$ (4,990)	\$ 18,305	\$ 840
General obligation bonds	-	35,000	-	35,000	1,040
Total bonds payable	<u>18,650</u>	<u>39,645</u>	<u>(4,990)</u>	<u>53,305</u>	<u>1,880</u>
Compensated absences	<u>1,542</u>	<u>378</u>	<u>(234)</u>	<u>1,686</u>	<u>764</u>
Governmental activity					
Long-term liabilities	<u>\$ 20,192</u>	<u>\$ 40,023</u>	<u>\$ (5,224)</u>	<u>\$ 54,991</u>	<u>\$ 2,644</u>
Business-type activities					
Bonds payable					
Revenue bonds	\$ 15,025	\$ 13,850	\$ (4,460)	\$ 24,415	\$ 800
State revolving fund loan	7,482	330	(228)	7,584	322
Compensated absences	<u>131</u>	<u>212</u>	<u>(56)</u>	<u>287</u>	<u>184</u>
Business-type activity					
Long-term liabilities	<u>\$ 22,638</u>	<u>\$ 14,392</u>	<u>\$ (4,744)</u>	<u>\$ 32,286</u>	<u>\$ 1,306</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

F. Advance refunding

During the year, the City issued \$3.85 million Water and Sewer Refunding Revenue Bonds, Series 2005B to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$3.71 million Water and Sewer Revenue Fund, Series 1995. As a result, the refunded bonds are considered defeased and the liability has been removed from the business-type statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$41,030. This amount is amortized over the remaining life of the refunded debt, whichever is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payment over the next 12 years by \$238,407 and resulted in an economic gain of approximately \$200,000.

7. LONG-TERM DEBTS (CONTINUED)

F. Advance refunding (Continued)

Also in 2005, the City issued \$4.645 million of Hal-Cent Sales Tax Refunding Revenue Bonds to provide resources for the future debt service payments of \$4.36 million Series 1996, Half-Cent Sales Tax Revenue Bonds. The proceeds of the refunding bonds were placed in an irrevocable trust under an escrow agreement. As a result, the refunded bonds are considered defeased and liability has been removed from the governmental activities column of the statement of assets. The reacquisition price exceeds the carrying amount of the old debt by \$165,086. This amount is being amortized over the remaining life of the refunded debt, whichever is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payment over the next 13 years by \$238,607 and resulted in an economic gain of approximately \$202,000.

8. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to tort, theft, and destruction of assets, error and omission, injury to employees, and disasters. The Self-Insurance Program is accounted for in the General Fund. Under this Program, individual claims up to \$75,000 are paid. Commercial insurance is purchased for individual claims in excess of \$75,000, and for total claims that exceed \$1,000,000 in a single year. Specialized insurance is purchased for boiler and machinery, sports accident, and fidelity bonds. Claims did not exceed the excess coverage of \$1,500,000 per claim for property and liability, or \$1,000,000 per claim for workers compensation in any of the past three years.

The City reviews and submits all claims to a claims administration firm. The firm reviews the claims and investigates as needed. A recommendation is then made for the City to pay the claim or to negotiate or litigate. The General and Proprietary Funds participate in the Program and pay their fair share based on submitted claims. An actuarial report provided claims liability of \$1,308,953 for the fiscal year ended September 30, 2003. This independent actuarial report is performed every three years. GASB 10 further requires a liability for claims to be reported if information prior to the issuance of the financial statements indicates probability that a liability that was incurred at the date of the financial statements can be reasonably estimated. Current year claims are based on estimates from a third party administrator. Changes to claims liability balances during the past two years are:

8. OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

	<u>Year ended 9/30/05</u>	<u>Year ended 9/30/04</u>
Unpaid claims, beginning	\$ 709,876	\$ 1,308,953
New claims	686,718	208,643
Claim payments	<u>(306,565)</u>	<u>(807,720)</u>
Unpaid claims, ending	<u>\$ 1,090,029</u>	<u>\$ 709,876</u>

B. Subsequent events

In October 2005, the City experienced substantial damage from Hurricane Wilma. The estimated cost for overtime, debris removal and other cost associated with the hurricane are projected to reach \$10 million and as a result, the City secured \$10 million credit line with Sun Trust Bank to fund various rehabilitation and clean-up activities. The City has received funding agreement for Hurricane Wilma from the State of Florida Department of Community Affairs, which guarantees grant funds from FEMA and the state to reimburse the City's qualified costs. The City has filed reimbursement claims with FEMA of approximately \$7 million and believes that they will be able to obtain reimbursement of this Hurricane Wilma related expenditures.

In January 2006 and in April 2006, the City sold the land investments known as K-mart and McArthur Dairy sites for \$3 million and \$2.9 million, respectively. These land investment were transferred to the Community Redevelopment Agency (CRA) in 2005 for a promissory note of approximately \$7 million which is equivalent to the original cost of the land. The land sale agreements provided for the construction of buildings and improvement consistent with the Economic Development Plan of the City. K-mart site will be converted into a business center and hotel while McArthur Dairy site will house approximately 300 new market rate town homes. The City estimated about \$100 million investments by the developers for these sites' development and improvements. The difference between the land cost and the selling price was reported as a special item (decline in the net realizable value of land investment) on the government-wide financial statements.

C. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

8. OTHER INFORMATION (CONTINUED)

C. Contingent liabilities (Continued)

The City is a defendant in various lawsuits. The outcome of these lawsuits cannot presently be determined. In the opinion of the City Attorney, the resolution of these matters will not have a material adverse impact to the financial condition of the City.

D. Deficit fund equity

The Stormwater and Home Grant Special Revenue Fund experienced a deficit of \$574,117 and \$9,725, respectively due to expenditures exceeding revenue during the year for Home grant and in prior year for Stormwater operation. The fund will finance this deficit through current operations in FY2005-2006.

E. On behalf payment of fringe benefits and salaries

In 2005, the City's financial statements include revenue and expenditures from contributions received from State Department of Revenues and Division of Retirement on behalf of its Firefighter and Police Officers Retirement Systems amounting to \$244,943 and \$492,619, respectively. The monies were deposited within 5 days from their receipt in accordance with the provisions of the law.

F. Restricted assets

The balance of the restricted asset accounts in the enterprise funds are as follows:

Revenue bond reserve	\$ 2,365,696
Renewal and replacement	<u>200,000</u>
Total restricted assets	<u>\$ 2,565,696</u>

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

The City maintains four separate single-employer, defined benefit pension plans – The General Employee Retirement System, The Firefighter Retirement System, The Police Retirement System, and the Confidential and Managerial Retirement System. All employees are eligible to make voluntary contributions to a 457 defined benefit plan (457 plan). Some managerial employees participate in a previously available 401- (A) money purchase plan. All full-time employees hired after September 30, 2002 are required to participate in one of the defined benefit pension plans based on their job classification.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Summary of significant accounting policies

Basis of accounting:

All four defined benefit plans present their financial statements using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due, and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Valuation of investments

All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the balance sheet date. Securities without an established market are reported at estimated fair value.

Plan descriptions

A separate five-member board of trustees administers each plan. All full-time employees are covered by one of the aforementioned plans. The plans provide retirement, disability, and death benefits to plan members and their beneficiaries. Plan provisions are amended through the collective bargaining process and must be approved by the City of Lauderdale, City Commission. A separately issued financial report, that includes the applicable financial statements and required supplementary information for each plan, may be obtained from the Plan Administrator in City Hall.

A. General Employees Retirement System (GERS)

Annual Pension Cost. For 2005, the City's annual pension cost of \$583,904 equaled its required and actual contribution. The required contribution was determined by the September 30, 2004 actuarial valuation using the entry age normal actuarial cost method. Actuarial assumptions are 8% investment return and 7% projected salary increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. GERS unfunded actuarial accrued liability is being amortized on a closed level dollar basis. Eight years remained in the amortization period at September 30, 2005.

Three-Year Trend Information for GERS

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2005	\$ 583,904	100%	N/A
September 30, 2004	516,862	100%	N/A
September 30, 2003	282,890	100%	N/A

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

B. Firefighter Retirement System (FRS)

Annual Pension Cost. For 2005, the City's annual pension cost of \$1,537,942 equaled its required and actual contribution. The required contribution was determined by the October 1, 2004 actuarial valuation using the entry age normal actuarial cost method. Actuarial assumptions are 8% investment return and 7% projected salary increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. FRS unfunded actuarial accrued liability is being amortized on a closed level dollar basis. Thirty years remained in the amortization period at September 30, 2005.

Three-Year Trend Information for FRS

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2005	\$ 1,537,942	100%	N/A
September 30, 2004	1,088,023	100%	N/A
September 30, 2003	1,044,691	100%	N/A

C. Police Retirement System (PRS)

Annual Pension Cost. For 2005, the City's annual pension cost of \$1,151,914 equaled its required and actual contribution. The required contribution of 9% was determined by the October 1, 2004 actuarial valuation, using the entry age normal actuarial cost method. Actuarial assumptions are 8% investment return and 7% projected salary increases. The actuarial value of assets was determined using the market value of investments. PRS unfunded actuarial accrued liability is being amortized on a closed level dollar basis. Thirty years remained in the amortization period at September 30, 2005.

Three-Year Trend Information for PRS

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2005	\$ 1,151,914	100%	N/A
September 30, 2004	883,082	100%	N/A
September 30, 2003	636,674	100%	N/A

9. **EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

D. Confidential and Managerial Retirement System (CMRS)

Annual Pension Cost. For 2005, the City's annual pension cost of \$548,459 equaled its required and actual contribution. The required contribution of 10% in 2003, and 8% in 2004 and 2005 was determined by the actuarial valuation using the entry age normal actuarial cost method. Actuarial assumptions are 8% investment return and 7% projected salary increases. The actuarial value of assets was determined using the market value of investments. CRMS unfunded actuarial accrued liability is being amortized on a closed level dollar basis. Thirty years remained in the amortization period at September 30, 2005.

Trend Information for CMRS (This is the third year of the plan)

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2005	\$ 548,459	100%	N/A
September 30, 2004	385,955	100%	N/A
September 30, 2003	231,534	100%	N/A

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**CITY OF LAUDERHILL, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Positive (Negative)</u>
Revenues				
Taxes	\$ 10,149,019	\$ 10,119,019	\$ 10,326,553	\$ 207,534
Franchise tax	3,196,600	3,196,600	3,217,682	21,082
Public service tax	6,168,672	6,168,672	6,013,913	(154,759)
Administrative charges	2,025,000	2,025,000	2,025,000	-
Charges for services	5,909,674	5,909,674	6,388,017	478,343
Intergovernmental	7,229,029	7,546,479	7,516,349	(30,130)
Licenses and permits	1,230,227	1,350,227	1,617,864	267,637
Fines and forfeitures	366,300	366,300	357,769	(8,531)
Investment income	104,000	104,000	102,236	(1,764)
Miscellaneous	413,900	413,900	353,858	(60,042)
Total Revenues	<u>36,792,421</u>	<u>37,199,871</u>	<u>37,919,241</u>	<u>719,370</u>
Expenditures				
General government:				
City clerk	463,010	476,745	465,005	11,740
Debt service	2,845,822	2,845,822	1,404,792	1,441,030
Commission	425,740	496,401	470,267	26,134
Administration	2,050,051	2,426,424	2,403,205	23,219
Finance	1,217,790	1,355,103	1,295,418	59,685
Legal	620,500	620,500	508,870	111,630
Human resources	1,556,036	1,617,422	1,263,080	354,342
Planning and zoning	541,088	526,696	463,378	63,318
Total general government	<u>9,720,037</u>	<u>10,365,113</u>	<u>8,274,015</u>	<u>2,091,098</u>
Public safety:				
Police	9,651,705	9,785,867	10,468,525	(682,658)
Fire and rescue	8,910,926	8,816,131	8,935,303	(119,172)
Inspection	469,603	455,454	504,456	(49,002)
Total public safety	<u>19,032,234</u>	<u>19,057,452</u>	<u>19,908,284</u>	<u>(850,832)</u>
Public works:				
Fleet maintenance	1,322,173	1,322,173	1,301,255	20,918
Facility maintenance	848,646	893,836	903,262	(9,426)
Infrastructure maintenance	786,392	645,133	735,159	(90,026)
Total public works	<u>2,957,211</u>	<u>2,861,142</u>	<u>2,939,676</u>	<u>(78,534)</u>
Parks and leisure services				
Recreation and social services	4,811,518	4,687,313	4,979,053	(291,740)
Golf and turf	271,421	228,851	240,963	(12,112)
Total parks and leisure services	<u>5,082,939</u>	<u>4,916,164</u>	<u>5,220,016</u>	<u>(303,852)</u>
Total Expenditures	<u>36,792,421</u>	<u>37,199,871</u>	<u>36,341,991</u>	<u>857,880</u>
Change in fund balance	-	-	1,577,250	(138,510)
TOTAL FUND BALANCE, OCTOBER 1	<u>2,179,451</u>	<u>2,179,451</u>	<u>2,179,451</u>	-
TOTAL FUND BALANCE, SEPTEMBER 30	<u>\$ 2,179,451</u>	<u>\$ 2,179,451</u>	<u>\$ 3,756,701</u>	<u>\$ (138,510)</u>

See notes to budgetary comparison schedule

CITY OF LAUDERHILL, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULE
SEPTEMBER 30, 2005

Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Annual appropriations lapse at fiscal year end.

The City follows Chapter 80-274 of the state of Florida Statutes and its charter in establishing the budgetary data reflected in the financial statements. The budget process is as follows:

1. Prior to August 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an appropriation ordinance.
4. The appropriated budget is prepared and adopted by fund, function, and department. Budgets are monitored within each department at the account level by the respective department head and the Finance Director. The City's department heads may make transfers of appropriations within a department with approval of the City Manager and Finance Director. Transfers of appropriations between departments require the additional approval of the Commission. The legal level of budgetary control (i.e. the level at which expenditures may not exceed appropriations) is the department level. The Commission made several supplemental budgetary appropriations throughout the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

There was no budget appropriated for the Community Redevelopment in 2005 since it was incorporated towards the end the fiscal year and management did not expect that any expenditure will be incurred.

Excess of expenditures over appropriations

For the year ended September 30, 2005 expenditures exceeded appropriations in the following departments:

Department	Excess Expenditures over Budget
Infrastructure Maintenance	\$ 90,026
Police	682,658
Facility Maintenance	9,426
Fire	119,172
Parks and Leisure Services	303,852
Inspection	49,002

These over expenditures were funded by a combination of greater than anticipated revenues and available fund balance.

**Required Supplementary Information
Lauderhill Retirement Systems
Schedule of Funding Progress**

GERS

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded Actuarial Accrued Liability (UAAL) (3)-(2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as % of Covered Payroll (4)/(6)
10/1/2004	\$ 9,398,949	\$ 12,219,387	\$ 2,820,438	76.90%	\$ 4,414,988	63.9%
10/2/2003	8,731,913	11,221,964	2,490,051	77.80%	4,155,150	59.9%
10/3/2002	8,443,506	8,868,615	425,109	95.20%	3,868,245	11.0%

Note: CMRS was segregated from GERS 10/01/02.

FRS

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded Actuarial Accrued Liability (UAAL) (3)-(2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as % of Covered Payroll (4)/(6)
10/1/2004	\$ 23,574,022	\$ 33,495,730	\$ 9,921,708	70.40%	\$ 4,910,632	202.0%
10/2/2003	22,091,745	29,107,455	7,015,710	75.90%	4,670,981	150.2%
10/3/2002	20,396,846	27,145,456	6,746,610	75.10%	4,299,106	157.0%

PRS

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded Actuarial Accrued Liability (UAAL) (3)-(2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as % of Covered Payroll (4)/(6)
10/1/2004	\$ 6,462,440	\$ 8,816,205	\$ 2,353,765	73.30%	\$ 5,255,882	44.8%
10/2/2003	4,989,614	6,124,343	1,134,529	81.50%	4,998,258	22.7%
10/3/2002	3,899,411	4,934,074	1,034,683	79.00%	4,211,573	24.6%

CMRS

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded Actuarial Accrued Liability (UAAL) (3)-(2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as % of Covered Payroll (4)/(6)
10/1/2004	\$ 5,181,931	\$ 8,740,367	\$ 3,558,436	59.28%	\$ 2,870,584	124.0%
10/2/2003	4,050,310	6,021,151	1,970,841	67.26%	2,470,529	79.8%

COMBINING STATEMENTS

NONMAJOR FUNDS

CITY OF LAUDERHILL, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2005

Special Revenue

	Special Revenue						Total
	Debt Service	SHIP	Law Enforcement	Federal Forfeiture	CDBG	Home Grant	
ASSETS							
Cash and equity in pooled cash and investments	\$ -	\$ 895,832	\$ 43,726	\$ 232,229	\$ -	\$ -	\$ 1,171,787
Restricted assets:							
Investments	1,898,095	-	-	-	-	-	1,898,095
Notes receivable	-	122,259	-	-	-	-	122,259
Due from other funds	-	-	-	13,408	-	-	13,408
Due from other governments	-	38,754	-	-	626,080	250,000	914,834
Total assets	\$ 1,898,095	\$ 1,056,845	\$ 43,726	\$ 245,637	\$ 626,080	\$ 250,000	\$ 4,120,383
LIABILITIES							
Accrued payroll	\$ -	\$ 784	\$ -	\$ -	\$ 5,427	\$ -	\$ 6,211
Due to other funds	134,177	-	13,408	-	448,387	259,725	855,697
Unearned revenues	-	125,000	-	-	-	-	125,000
Total liabilities	134,177	125,784	13,408	-	453,814	259,725	986,908
FUND BALANCES							
Reserved for:							
Debt service	1,763,918	-	-	-	-	-	1,763,918
Social services	-	931,061	-	-	172,266	(9,725)	1,093,602
Law enforcement	-	-	30,318	245,637	-	-	275,955
Total fund balances	1,763,918	931,061	30,318	245,637	172,266	(9,725)	3,133,475
Total liabilities and fund balances	\$ 1,898,095	\$ 1,056,845	\$ 43,726	\$ 245,637	\$ 626,080	\$ 250,000	\$ 4,120,383

CITY OF LAUDERHILL, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	<u>Special Revenue</u>						<u>Total</u>
	<u>Debt Service</u>	<u>SHIP</u>	<u>Law Enforcement</u>	<u>Federal Forfeiture</u>	<u>CDBG</u>	<u>Home Grant</u>	
REVENUES							
Intergovernmental	\$ -	\$ 655,309	\$ -	\$ -	\$ 1,119,564	\$ 250,000	\$ 2,024,873
Fines and forfeitures	-	-	12,876	112,683	-	-	125,559
Investment Income	11,704	28,131	1,247	5,210	-	-	46,292
Total Revenues	<u>11,704</u>	<u>683,440</u>	<u>14,123</u>	<u>117,893</u>	<u>1,119,564</u>	<u>250,000</u>	<u>2,196,724</u>
EXPENDITURES							
Current:							
Public safety	-	-	30,381	57,814	-	-	88,195
Social services	-	597,742	-	-	1,114,006	259,725	1,971,473
Debt Service:							
Principal retirement	630,000	-	-	-	-	-	630,000
Interest and issuance cost	848,708	-	-	-	-	-	848,708
Capital Outlay:							
Equipment	-	-	-	-	32,824	-	32,824
Total Expenditures	<u>1,478,708</u>	<u>597,742</u>	<u>30,381</u>	<u>57,814</u>	<u>1,146,830</u>	<u>259,725</u>	<u>3,571,200</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,467,004)</u>	<u>85,698</u>	<u>(16,258)</u>	<u>60,079</u>	<u>(27,266)</u>	<u>(9,725)</u>	<u>(1,374,476)</u>
OTHER FINANCING SOURCES							
Transfers in	1,404,792	-	-	-	-	-	1,404,792
Total Other Financing Sources	<u>1,404,792</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,404,792</u>
Net change in fund balances	(62,212)	85,698	(16,258)	60,079	(27,266)	(9,725)	30,316
FUND BALANCES - BEGINNING	<u>1,826,130</u>	<u>845,363</u>	<u>46,576</u>	<u>185,558</u>	<u>199,532</u>	<u>-</u>	<u>3,103,159</u>
FUND BALANCES - ENDING	<u>\$ 1,763,918</u>	<u>\$ 931,061</u>	<u>\$ 30,318</u>	<u>\$ 245,637</u>	<u>\$ 172,266</u>	<u>\$ (9,725)</u>	<u>\$ 3,133,475</u>

CITY OF LAUDERHILL, FLORIDA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECT
For The Year Ended September 30, 2005

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNT</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>BUDGETARY</u>	<u>FINAL BUDGET</u>
			<u>BASIS</u>	<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
Revenues				
Intergovernmental	\$ -	\$ -	\$ 668,563	\$ (668,563)
Investment Income	200,000	200,000	91,872	108,128
	<u>200,000</u>	<u>200,000</u>	<u>760,435</u>	<u>(560,435)</u>
Expenditures				
Capital outlay:				
Land	-	-	430,933	(430,933)
Building	-	-	654,278	(654,278)
Improvements	-	-	1,287,322	(1,287,322)
Infrastructure	-	-	881,048	(881,048)
Equipment	11,881,328	11,881,328	1,050,350	10,830,978
Interest Expense fees	-	-	724,527	(724,527)
Total expenditure	<u>11,881,328</u>	<u>11,881,328</u>	<u>5,028,458</u>	<u>6,852,870</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(11,681,328)</u>	<u>(11,681,328)</u>	<u>(4,268,023)</u>	<u>(7,413,305)</u>
Other Financing Sources (Uses)				
Operating transfers (in)	1,748,495	1,748,495	-	1,748,495
Discount on general obligation debt	-	-	(237,826)	237,826
Refunding Bond issued	-	-	4,645,000	(4,645,000)
Payment to refunded bond escrow agent	-	-	(4,525,086)	4,525,086
Proceeds from issuance of bonds	9,932,833	9,932,833	35,000,000	(25,067,167)
Total other financing (uses)	<u>11,681,328</u>	<u>11,681,328</u>	<u>34,882,088</u>	<u>(23,200,760)</u>
Change in fund balance	-	-	30,614,065	(30,614,065)
TOTAL FUND BALANCE, OCTOBER 1	<u>1,997,649</u>	<u>1,997,649</u>	<u>1,997,649</u>	<u>-</u>
TOTAL FUND BALANCE, SEPTEMBER 30	<u>\$ 1,997,649</u>	<u>\$ 1,997,649</u>	<u>\$ 32,611,714</u>	<u>\$ (30,614,065)</u>

CITY OF LAUDERHILL, FLORIDA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For The Year Ended September 30, 2005

	<u>BUDGETED AMOUNTS</u>		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET POSITIVE (NEGATIVE)
Revenues				
Interest revenue	\$ 5,000	\$ 5,000	\$ 11,704	\$ 6,704
Transfer from General Fund	<u>1,404,792</u>	<u>1,404,792</u>	<u>1,404,792</u>	<u>-</u>
	<u>1,409,792</u>	<u>1,409,792</u>	<u>1,416,496</u>	<u>6,704</u>
Expenditures				
Debt Service:				
Principal payments	535,000	535,000	630,000	95,000
Interest payments	864,792	864,792	847,333	(17,459)
Paying aging fees	<u>10,000</u>	<u>10,000</u>	<u>1,375</u>	<u>(8,625)</u>
Total expenditure	<u>1,409,792</u>	<u>1,409,792</u>	<u>1,478,708</u>	<u>68,916</u>
Change in fund balance	-	-	(62,212)	(62,212)
TOTAL FUND BALANCE, OCTOBER 1	<u>1,826,130</u>	<u>1,826,130</u>	<u>1,826,130</u>	<u>-</u>
TOTAL FUND BALANCE, SEPTEMBER 30	<u>\$ 1,826,130</u>	<u>\$ 1,826,130</u>	<u>\$ 1,763,918</u>	<u>\$ (62,212)</u>

CITY OF LAUDERHILL, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - STATE HOUSING INITIATIVE PROGRAM (SHIP)
For The Year Ended September 30, 2005

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET POSITIVE (NEGATIVE)
Revenues				
Intergovernmental	\$ 435,000	\$ 870,000	\$ 655,309	\$ (214,691)
Investment Income	<u>500</u>	<u>500</u>	<u>28,131</u>	<u>27,631</u>
	<u>435,500</u>	<u>870,500</u>	<u>683,440</u>	<u>(187,060)</u>
Expenditures				
Recreation and social services	<u>435,500</u>	<u>870,500</u>	<u>597,742</u>	<u>272,758</u>
Total expenditure	<u>435,500</u>	<u>870,500</u>	<u>597,742</u>	<u>272,758</u>
Change in fund balance	-	-	85,698	(85,698)
TOTAL FUND BALANCE, OCTOBER 1	<u>845,363</u>	<u>845,363</u>	<u>845,363</u>	<u>-</u>
TOTAL FUND BALANCE, SEPTEMBER 30	<u>\$ 845,363</u>	<u>\$ 845,363</u>	<u>\$ 931,061</u>	<u>\$ (85,698)</u>

CITY OF LAUDERHILL, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - LAW ENFORCEMENT
For The Year Ended September 30, 2005

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET POSITIVE (NEGATIVE)
Revenues				
Fines and forfeitures	\$ 18,410	\$ 18,410	\$ 12,876	\$ (5,534)
Investment Income	-	-	1,247	1,247
	<u>18,410</u>	<u>18,410</u>	<u>14,123</u>	<u>(4,287)</u>
Expenditures				
Public Safety	18,410	18,410	30,381	(11,971)
Total expenditure	<u>18,410</u>	<u>18,410</u>	<u>30,381</u>	<u>(11,971)</u>
Change in fund balance	-	-	(16,258)	16,258
TOTAL FUND BALANCE, OCTOBER 1	<u>46,576</u>	<u>46,576</u>	<u>46,576</u>	<u>-</u>
TOTAL FUND BALANCE, SEPTEMBER 30	<u>\$ 46,576</u>	<u>\$ 46,576</u>	<u>\$ 30,318</u>	<u>\$ 16,258</u>

CITY OF LAUDERHILL, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - FEDERAL FORFEITURES
For The Year Ended September 30, 2005

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET POSITIVE (NEGATIVE)
Revenues				
Fines and forfeitures	\$ 56,970	\$ 56,970	\$ 112,683	\$ 55,713
Investment Income	-	-	5,210	5,210
	<u>56,970</u>	<u>56,970</u>	<u>117,893</u>	<u>60,923</u>
Expenditures				
Public Safety	<u>56,970</u>	<u>56,970</u>	<u>57,814</u>	<u>(844)</u>
Total expenditure	<u>56,970</u>	<u>56,970</u>	<u>57,814</u>	<u>(844)</u>
Change in fund balance	-	-	60,079	(60,079)
TOTAL FUND BALANCE, OCTOBER 1	<u>185,558</u>	<u>185,558</u>	<u>185,558</u>	<u>-</u>
TOTAL FUND BALANCE, SEPTEMBER 30	<u>\$ 185,558</u>	<u>\$ 185,558</u>	<u>\$ 245,637</u>	<u>\$ (60,079)</u>

CITY OF LAUDERHILL, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - COMMUNITY BLOCK DEVELOPMENT GRANT (CDBG)
For The Year Ended September 30, 2005

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>BUDGETARY</u> <u>BASIS</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
Revenues				
Intergovernmental	\$ 990,000	\$ 1,388,583	\$ 1,119,564	\$ (269,019)
	<u>990,000</u>	<u>1,388,583</u>	<u>1,119,564</u>	<u>(269,019)</u>
Expenditures				
Recreation and social services	<u>990,000</u>	<u>1,388,583</u>	<u>1,146,830</u>	<u>241,753</u>
Total expenditure	<u>990,000</u>	<u>1,388,583</u>	<u>1,146,830</u>	<u>241,753</u>
Change in fund balance	-	-	(27,266)	27,266
TOTAL FUND BALANCE, OCTOBER 1	<u>199,532</u>	<u>199,532</u>	<u>199,532</u>	<u>-</u>
TOTAL FUND BALANCE, SEPTEMBER 30	<u>\$ 199,532</u>	<u>\$ 199,532</u>	<u>\$ 172,266</u>	<u>\$ 27,266</u>

CITY OF LAUDERHILL, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - Home Grant
For The Year Ended September 30, 2005

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>BUDGETARY</u> <u>BASIS</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
Revenues				
Intergovernmental	\$ 330,500	\$ 330,500	\$ 250,000	\$ (80,500)
	<u>330,500</u>	<u>330,500</u>	<u>250,000</u>	<u>(80,500)</u>
Expenditures				
Recreation and social services	<u>330,500</u>	<u>330,500</u>	<u>259,725</u>	<u>70,775</u>
Total expenditure	<u>330,500</u>	<u>330,500</u>	<u>259,725</u>	<u>70,775</u>
Change in fund balance	-	-	(9,725)	9,725
TOTAL FUND BALANCE, OCTOBER 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE, SEPTEMBER 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,725)</u>	<u>\$ 9,725</u>

FIDUCIARY FUNDS

CITY OF LAUDERHILL, FLORIDA
COMBINING STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
September 30, 2005

	PENSION TRUST FUNDS				TOTAL
	General Employees Retirement	Firefighter Retirement	Police Officers Retirement	Confidential and Managerial	
ASSETS					
Equity in pooled cash and investments	\$ 818,293	\$ 393,071	\$ 1,183,745	\$ 758,172	\$ 3,153,281
Receivables:					
Interest and dividends	35,901	65,490	31,458	22,671	155,520
Contributions receivable	33,304	333,526	-	171,341	538,171
Total Receivables	69,205	399,016	31,458	194,012	693,691
Investments, at Fair Value					
U.S. Treasur bonds and notes	1,431,251	-	-	546,971	1,978,222
U.S. Government securities	1,546,464	3,670,032	2,168,142	784,618	8,169,256
Corporate bonds and notes	1,198,205	3,212,662	768,562	705,729	5,885,158
Mutual funds	2,230,341	5,497,315	42,496	-	7,770,152
Common stocks	4,280,307	16,043,847	4,611,433	2,966,112	27,901,699
Investments, at Fair Value	10,686,568	28,423,856	7,590,633	5,003,430	51,704,487
Total Assets	11,574,066	29,215,943	8,805,836	5,955,614	55,551,459
LIABILITIES					
Accounts payable	4,142	48,307	6,312	25,649	84,410
Deferred revenues/future benefits	-	1,298,124	166,058	-	1,464,182
Total Liabilities	4,142	1,346,431	172,370	25,649	1,548,592
NET ASSETS					
Held in Trust for Pension Benefits	11,569,924	27,869,512	8,633,466	5,929,965	54,002,867
Total Net Assets	\$ 11,569,924	\$ 27,869,512	\$ 8,633,466	\$ 5,929,965	\$ 54,002,867

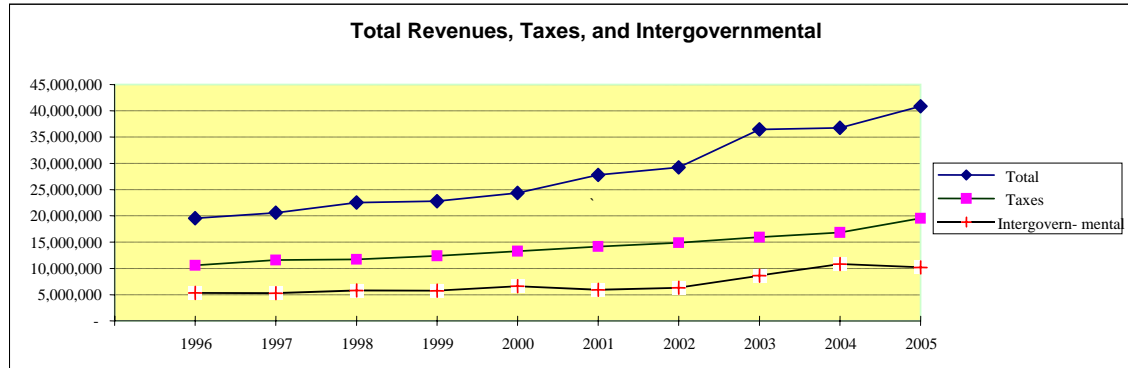
CITY OF LAUDERHILL, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended September 30, 2005

	PENSION TRUST FUNDS				
	<u>General Employees Retirement</u>	<u>Firefighter Retirement</u>	<u>Police Officers Retirement</u>	<u>Confidential and Managerial</u>	<u>TOTAL</u>
ADDITIONS					
Contributions:					
City	\$ 555,946	\$ 1,370,581	\$ 659,295	\$ 583,598	\$ 3,169,420
Plan members	303,776	623,228	784,618	355,273	2,066,895
State revenue	-	244,943	492,619	-	737,562
Total contributions	<u>859,722</u>	<u>2,238,752</u>	<u>1,936,532</u>	<u>938,871</u>	<u>5,973,877</u>
Investment income:					
Net appreciation in fair value of investments	1,015,469	2,924,529	485,247	551,504	4,976,749
Interest and dividend income	<u>315,716</u>	<u>656,972</u>	<u>218,690</u>	<u>32,012</u>	<u>1,223,390</u>
Total investment income	1,331,185	3,581,501	703,937	583,516	6,200,139
Less: investment expenses	<u>52,437</u>	<u>145,188</u>	<u>31,696</u>	<u>34,275</u>	<u>263,596</u>
Net investment income	<u>1,278,748</u>	<u>3,436,313</u>	<u>672,241</u>	<u>549,241</u>	<u>5,936,543</u>
Total additions	<u>2,138,470</u>	<u>5,675,065</u>	<u>2,608,773</u>	<u>1,488,112</u>	<u>11,910,420</u>
DEDUCTIONS					
Benefits paid	357,238	1,196,692	73,081	148,294	1,775,305
Administrative expenses	54,287	101,575	110,341	69,903	336,106
Refunds of contributions	<u>83,308</u>	<u>95,558</u>	<u>74,397</u>	<u>31,955</u>	<u>285,218</u>
Total deductions	<u>494,833</u>	<u>1,393,825</u>	<u>257,819</u>	<u>250,152</u>	<u>2,396,629</u>
CHANGE IN NET ASSETS	1,643,637	4,281,240	2,350,954	1,237,960	9,513,791
NET ASSETS, OCTOBER 1	<u>9,926,287</u>	<u>23,588,272</u>	<u>6,282,512</u>	<u>4,692,005</u>	<u>44,489,076</u>
NET ASSETS, SEPTEMBER 30	<u>\$ 11,569,924</u>	<u>\$ 27,869,512</u>	<u>\$ 8,633,466</u>	<u>\$ 5,929,965</u>	<u>\$ 54,002,867</u>

STATISTICAL SECTION

City of Lauderdale, Florida - Financial Statistics
General Governmental Revenues and Other Financing Sources by Source
Last Ten Fiscal Years

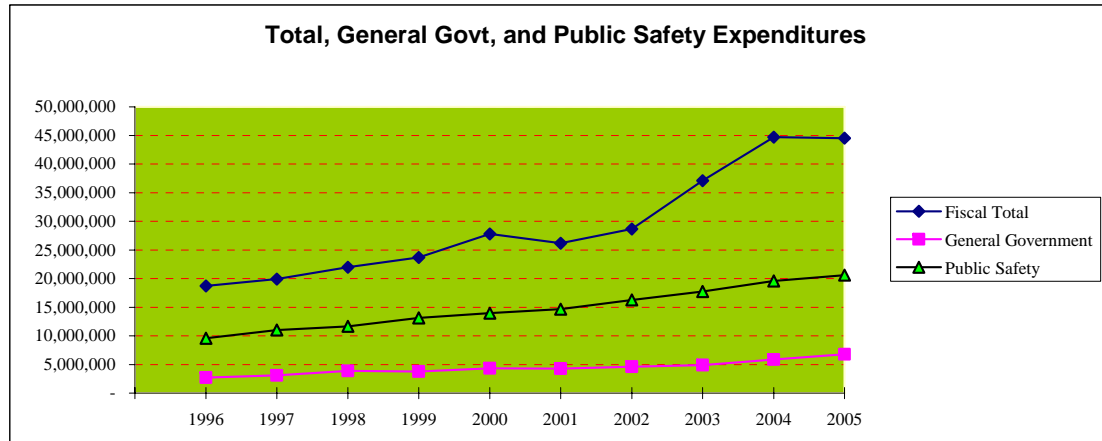
Fiscal Year	Total	Taxes	Intergovernmental	Licenses and Permits	Charges for Services	Administrative Fee	Fines and Forfeitures	Interest and Change in Fair Value of Investments	Other
1996	19,525,075	10,574,618	5,326,744	966,059	973,225	550,000	166,598	263,425	704,406
1997	20,604,316	11,578,000	5,307,331	1,004,013	1,474,201	550,000	236,435	354,367	99,969
1998	22,550,756	11,734,552	5,780,071	1,112,465	1,689,182	1,200,000	284,868	571,409	178,209
1999	22,798,030	12,389,799	5,746,872	979,227	1,762,993	1,200,425	383,770	184,705	150,239
2000	24,360,850	13,280,998	6,584,201	1,075,743	1,423,603	1,201,625	340,621	269,877	184,182
2001	27,804,074	14,182,559	5,923,610	1,488,847	4,203,687	1,304,775	260,552	391,880	48,164
2002	29,217,279	14,867,795	6,282,393	1,519,903	4,331,731	1,500,000	277,978	324,737	112,742
2003	36,446,221	15,944,080	8,628,123	1,335,454	4,590,000	1,599,900	405,533	273,982	3,669,149
2004	36,739,786	16,817,589	10,832,411	1,511,768	4,857,986	1,850,000	418,392	172,533	279,107
2005	40,876,350	19,558,148	10,184,677	1,617,864	6,534,347	2,005,000	362,777	311,227	302,359



Footnote: Includes General Fund only for years prior to 2004

City of Lauderdale, Florida - Financial Statistics
General Governmental Expenditures and Other Financing Uses by Function
Last Ten Fiscal Years

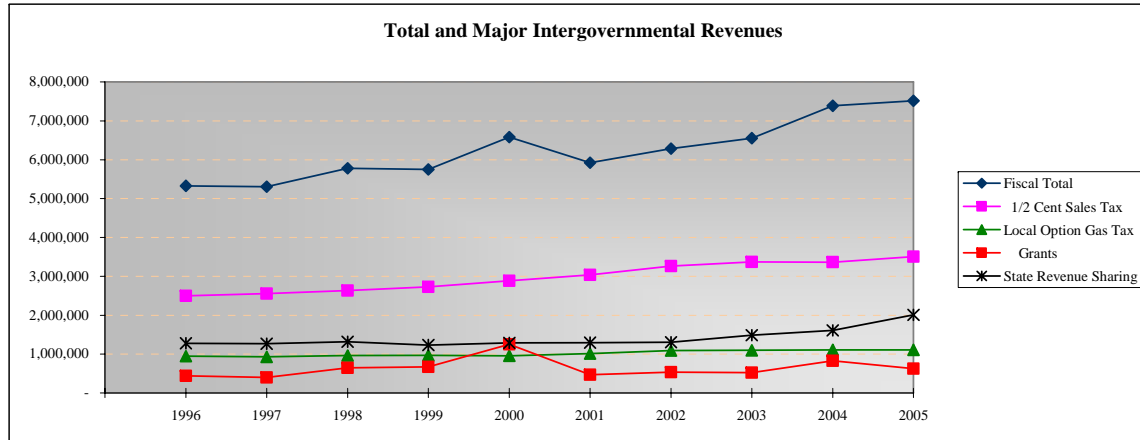
Fiscal Year	Total	General Government	Public Safety	Public Works	Parks and Recreation	Economic and Community Development	Capital Outlay	Transfers and Debt Service
1996	18,690,872	2,733,236	9,596,162	1,510,321	3,168,022	-	638,138	1,044,993
1997	19,907,481	3,105,347	11,003,603	1,338,695	3,139,524	-	604,937	715,375
1998	21,968,858	3,891,166	11,644,246	1,043,943	3,158,320	-	1,143,933	1,087,250
1999	23,698,283	3,793,696	13,143,104	1,178,452	3,267,359	-	1,063,244	1,252,428
2000	27,766,350	4,331,477	13,946,803	1,237,511	3,514,510	-	1,964,449	2,771,600
2001	26,154,772	4,284,148	14,632,990	1,232,154	3,782,589	-	1,322,891	900,000
2002	28,662,030	4,596,602	16,277,070	1,242,756	4,364,084	-	489,760	1,691,758
2003	37,096,784	4,894,085	17,738,335	2,450,599	5,058,841	1,013,257	4,835,525	1,106,142
2004	44,688,636	5,834,909	19,571,142	2,517,134	5,160,267	1,390,506	8,837,988	1,376,690
2005	44,538,654	6,790,734	20,599,328	2,942,429	7,386,723	41,624	4,336,755	2,441,061



Footnote: Includes General Fund only prior to 2003

City of Lauderdale, Florida - Financial Statistics
Intergovernmental Revenues by Source
Last Ten Fiscal Years

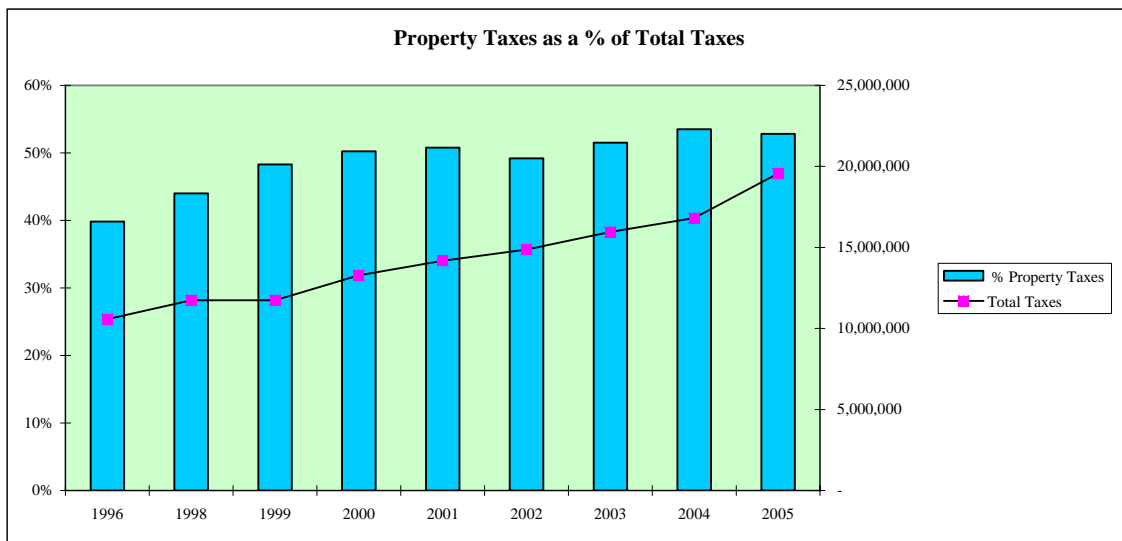
Fiscal Year	Total	1/2 Cent Sales Tax	Local Option Gas Tax	Grants	State Revenue Sharing	Cigarette Tax *	Alcoholic Beverage Licenses	Fuel Tax Rebate	County Licenses	Other
1996	5,326,744	2,499,766	943,589	438,387	1,277,262	65,093	16,165	20,301	42,797	23,384
1997	5,307,331	2,553,267	929,726	397,960	1,263,146	68,594	10,811	6,778	64,174	12,875
1998	5,780,071	2,632,057	960,939	646,245	1,314,745	67,023	12,044	26,068	105,517	15,433
1999	5,746,872	2,729,888	967,221	667,676	1,234,428	62,665	14,096	17,263	41,924	11,711
2000	6,584,201	2,885,090	955,659	1,250,442	1,290,850	52,258	12,503	20,272	79,498	37,629
2001	5,923,610	3,039,058	1,013,268	467,653	1,292,567	-	12,237	26,565	54,193	18,069
2002	6,282,393	3,261,040	1,090,598	536,021	1,304,307	-	13,962	17,239	40,828	18,398
2003	6,555,062	3,368,877	1,098,300	523,733	1,487,282	-	12,511	26,291	38,068	-
2004	7,387,416	3,366,665	1,109,684	829,668	1,611,512	-	13,005	30,079	80,336	346,467
2005	7,516,349	3,503,740	1,107,285	624,988	2,006,824	-	13,499	30,436	59,853	169,725



* Cigarette Tax merged into State Revenue Sharing during FY 2000

City of Lauderhill, Florida - Financial Statistics
Tax Revenue by Source
Last Ten Fiscal Years

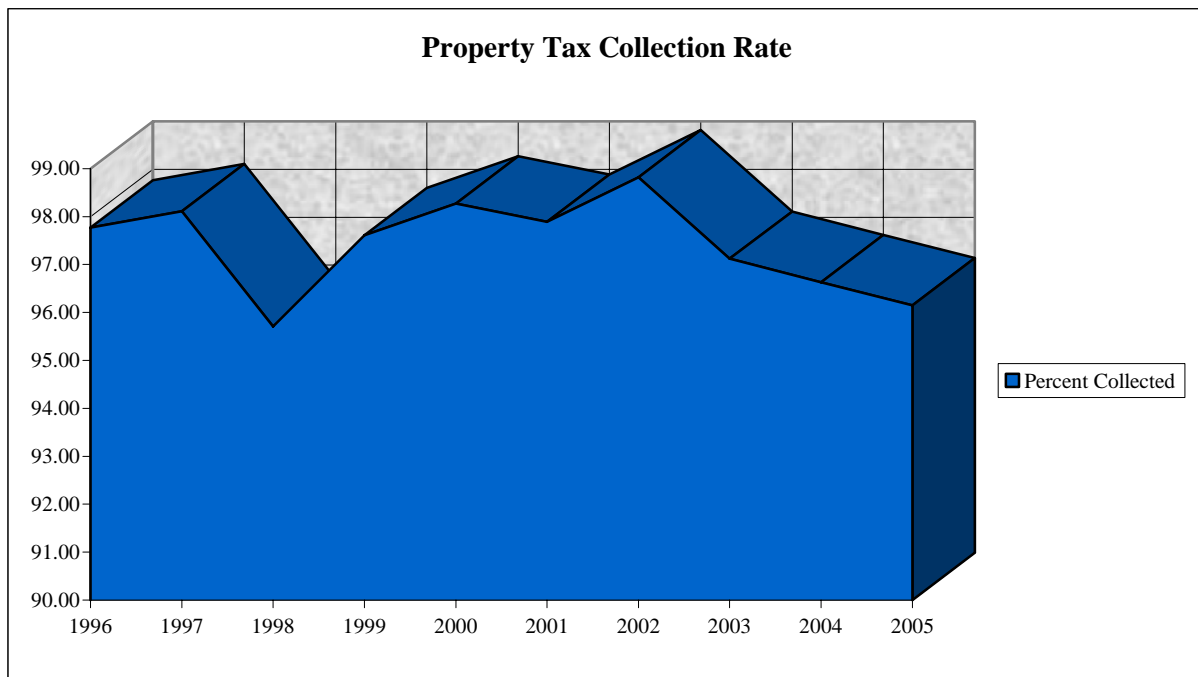
Fiscal Year	Total Taxes	Property Taxes			Water Tax	Electric Utility Taxes	Other Utility Taxes	Electric Franchise Fees	Other Franchise Fees
		Operations	Debt Service	Total					
1996	10,574,618	4,210,491	-	4,210,491		2,478,923	891,966	1,920,168	1,073,070
1997	11,578,000	4,613,784	-	4,613,784		2,432,320	1,020,044	2,011,495	1,500,357
1998	11,734,552	5,164,218	-	5,164,218		2,455,029	1,067,288	1,912,026	1,135,991
1999	12,389,799	5,664,670	-	5,664,670		2,362,669	1,267,946	1,871,979	1,222,535
2000	13,280,998	6,673,691	-	6,673,691		2,207,875	1,516,356	1,758,411	1,124,665
2001	14,182,559	7,200,386	-	7,200,386		2,162,942	1,616,907	2,004,481	1,197,843
2002	14,867,795	7,312,101	-	7,312,101		2,221,166	2,415,965	1,939,010	979,553
2003	15,944,080	8,211,732	-	8,211,732		2,403,661	2,078,713	2,283,489	966,553
2004	16,892,000	8,999,663	-	8,999,663		2,583,914	2,163,404	2,181,699	888,908
2005	19,558,148	10,326,553	-	10,326,553	1,088,461	2,629,595	2,295,858	2,282,241	935,440



City of Lauderdale, Florida - Financial Statistics
Tax Levies and Tax Collections
Last Ten Fiscal Years

Fiscal Year	Gross Total Tax Levied	Gross Current Collections	Percent Collected	Delinquent Collections and Insolvencies	Outstanding Delinquent Taxes
1996	4,446,181	4,342,412	97.77	99,081	88,412
1997	4,856,685	4,765,084	98.11	4,603	175,410
1998	5,523,199	5,274,489	95.71	245,721	178,399
1999	5,935,538	5,793,742	97.61	94,018	226,177
2000	6,952,125	6,831,741	98.27	53,515	293,046
2001	7,285,452	7,131,866	97.89	324,560	122,072
2002	7,621,600	7,531,582	98.82	28,404	183,686
2003	8,433,180	8,190,378	97.12	21,354	405,134
2004	9,313,729	8,999,663	96.63	9,221	709,979
2005	10,740,102	10,326,553	96.15	22,831	1,100,697

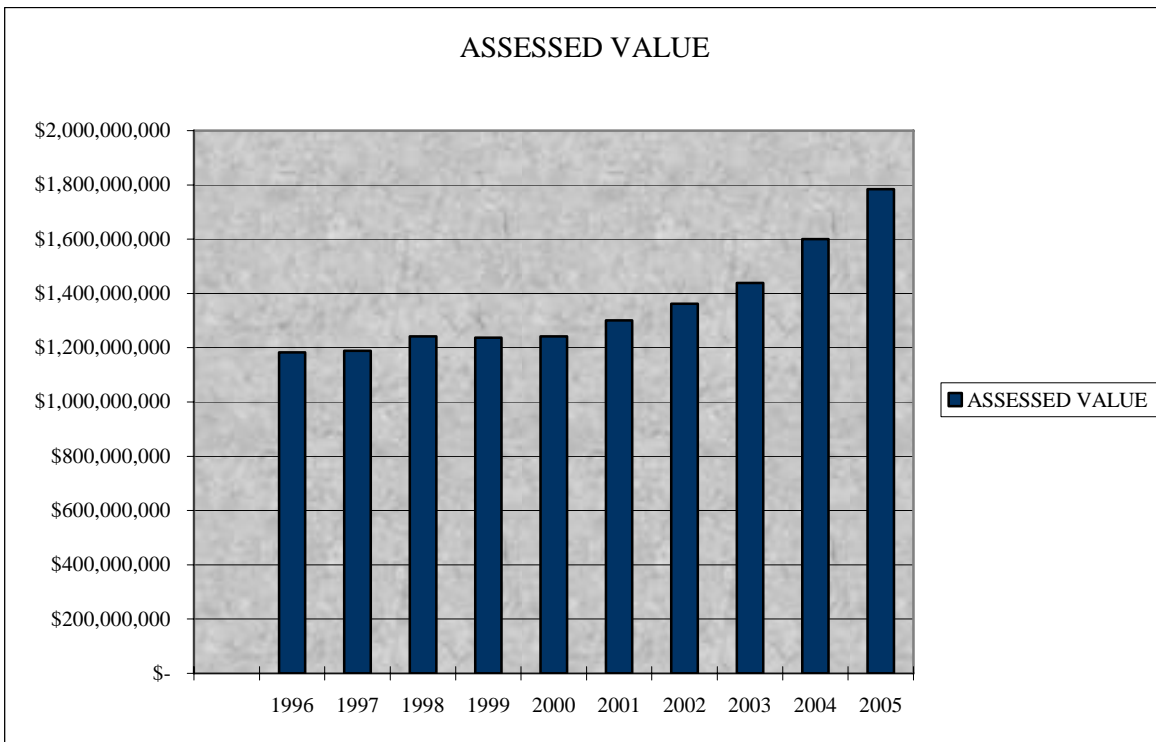
Source: Office of Broward County Revenue Collections



City of Lauderdale, Florida - Financial Statistics
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

FISCAL YEAR	ASSESSED VALUE	ESTIMATED ACTUAL VALUE
1996	1,182,469,500	1,257,946,277
1997	1,188,852,071	1,264,736,246
1998	1,241,168,217	1,320,391,720
1999	1,236,570,453	1,315,500,482
2000	1,241,450,957	1,320,692,507
2001	1,300,973,651	1,384,014,522
2002	1,361,486,792	1,448,390,204
2003	1,439,220,784	1,531,085,940
2004	1,600,297,110	1,702,443,734
2005	1,784,070,221	1,897,947,044

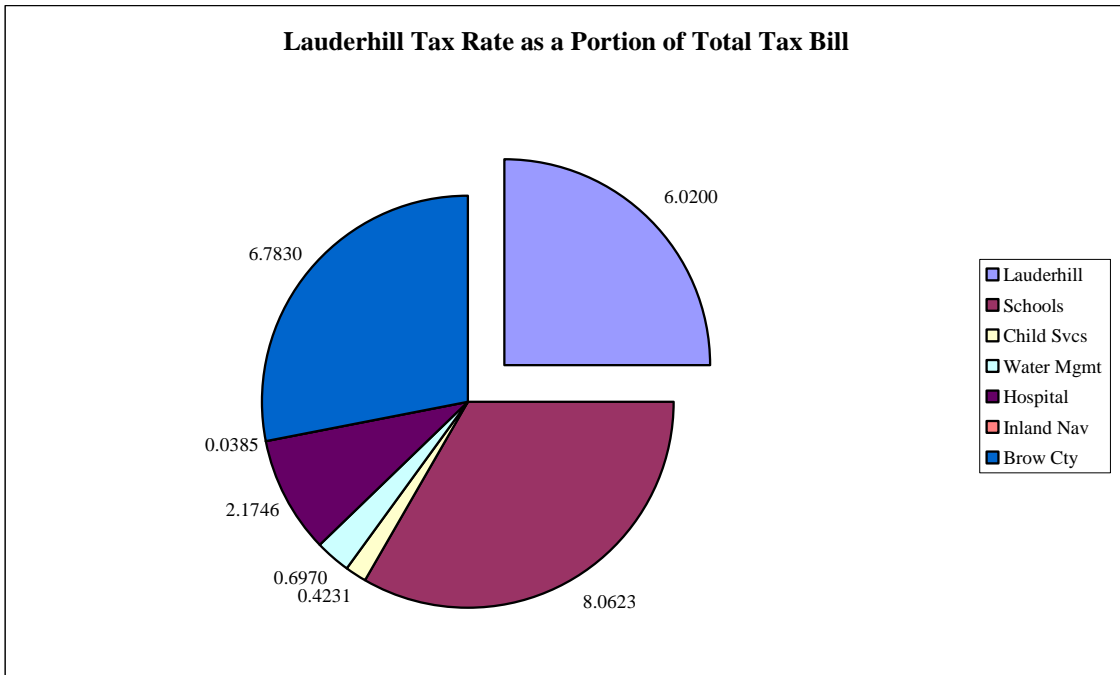
Source: Certificate of Taxable Value, issued by the
 Broward County Tax Appraiser's Office.



City of Lauderhill, Florida - Financial Statistics
Property Tax Rates - Direct and Overlapping Governments
(Per \$1000 of Assessed Value)
Last Ten Fiscal Years

Fiscal Year	City of Lauderhill	Broward County			So. Florida Water Management District	Florida Inland Navigational District	North Broward Hospital District	Total Tax Rate
		Government	Schools	Childrens Services				
1996	3.7500	8.0343	10.0259	-	0.6470	0.0400	2.4327	24.9299
1997	4.1000	8.1165	10.0366	-	0.6720	0.0380	2.4200	25.3831
1998	4.4500	7.7524	9.9400	-	0.6970	0.5000	2.4087	25.7481
1999	4.8000	7.8380	9.9745	-	0.6970	0.0470	2.5000	25.8565
2000	5.6000	7.5710	9.7256	-	0.6970	0.0410	2.4803	26.1149
2001	5.6000	7.5710	8.9553	-	0.6970	0.0385	2.4803	25.3421
2002	5.6000	7.4005	8.7541	-	0.6970	0.0385	2.4803	24.9704
2003	5.8200	7.1880	8.4176	0.3920	0.6970	0.0385	2.5000	25.0531
2004	5.8200	7.0230	8.2695	0.4231	0.6970	0.0385	2.4803	24.7514
2005	6.0200	6.7830	8.0623	0.4231	0.6970	0.0385	2.1746	24.1985

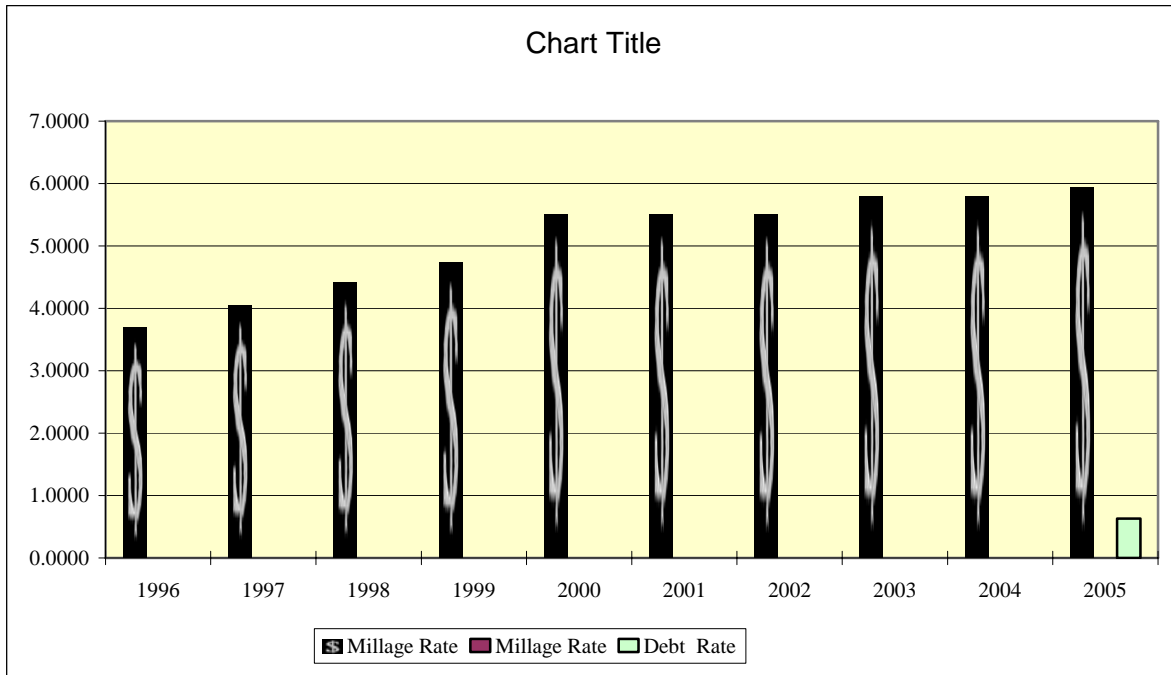
Source: Broward County Revenue Collector



City of Lauderdale, Florida - Financial Statistics

*Property Tax Rates
Last Ten Fiscal Years*

Fiscal Year	Millage Rate	Debt Rate
1996	3.7500	
1997	4.1000	
1998	4.4500	
1999	4.8000	
2000	5.6000	
2001	5.6000	
2002	5.6000	
2003	5.8200	
2004	5.8200	
2005	6.0200	0.6300

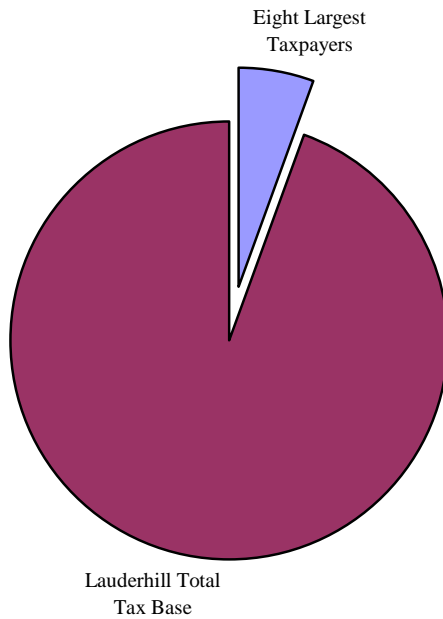


City of Lauderdale, Florida - Financial Statistics

Major Taxpayers
September 30, 2005

Property Owner	Assessed Valuation	Percent of Lauderdale Tax Base
Landings of Inverrary (Apartments)	\$ 19,140,720	1.3%
CSC Inverrary Gardens (Apartments)	17,157,660	1.2%
Target Corporation (Shopping Center)	17,157,660	1.2%
Westbrooke of Inverrary (Retirement Home)	15,081,890	1.0%
Kimco Development (Shopping Center)	12,168,860	0.8%
Rossland Real Estate (Lauderhill Mall)	12,027,410	0.8%
Inverrary 441 Trust (Apartments)	8,502,940	0.6%
Inverrary Apartments LLC (Apartments)	6,025,620	0.4%

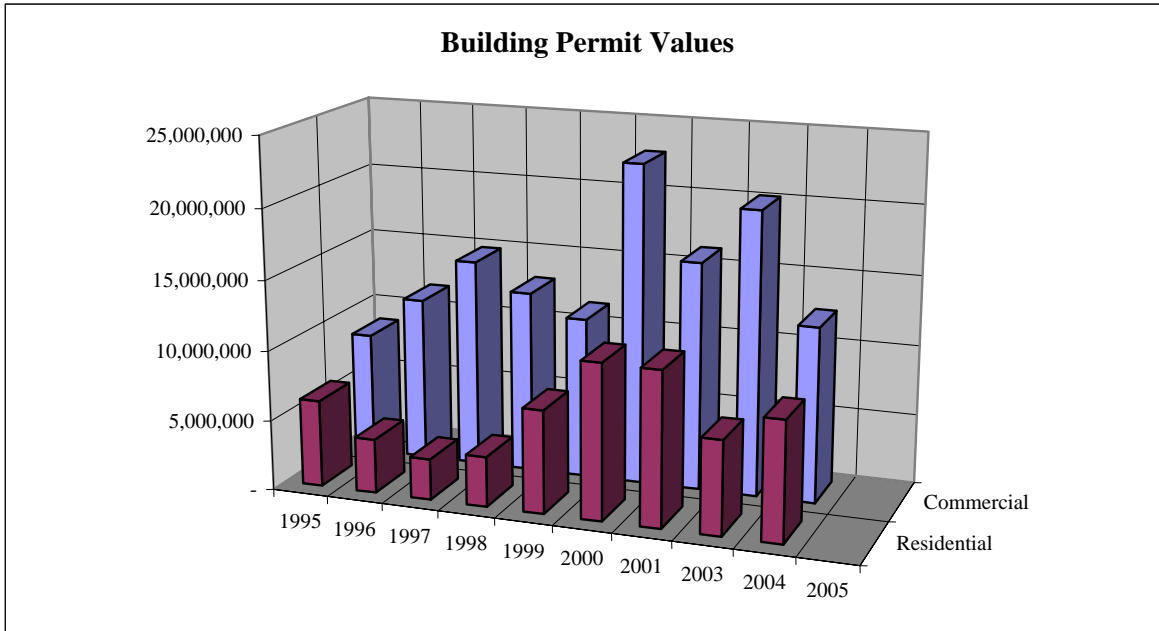
Major Taxpayers as a % of Total Tax Base



City of Lauderdale, Florida - Financial Statistics
Total Assessed Property Value and New Construction

Fiscal Year	Total Assessed Property Value	Building Permit Value	
		Residential	Commercial
1996	1,182,469,500	6,198,891	8,711,680
1997	1,188,852,071	3,851,972	11,690,340
1998	1,241,168,217	2,914,925	14,871,275
1999	1,236,570,453	3,550,410	12,968,445
2000	1,241,450,957	7,325,327	11,466,681
2001	1,300,973,651	11,049,000	22,766,000
2002	1,361,486,792	10,981,036	16,211,550
2003	1,439,220,784	6,669,000	20,189,000
2004	1,600,297,110	8,524,772	12,469,833
2005	1,784,070,221	14,830,137	6,095,271

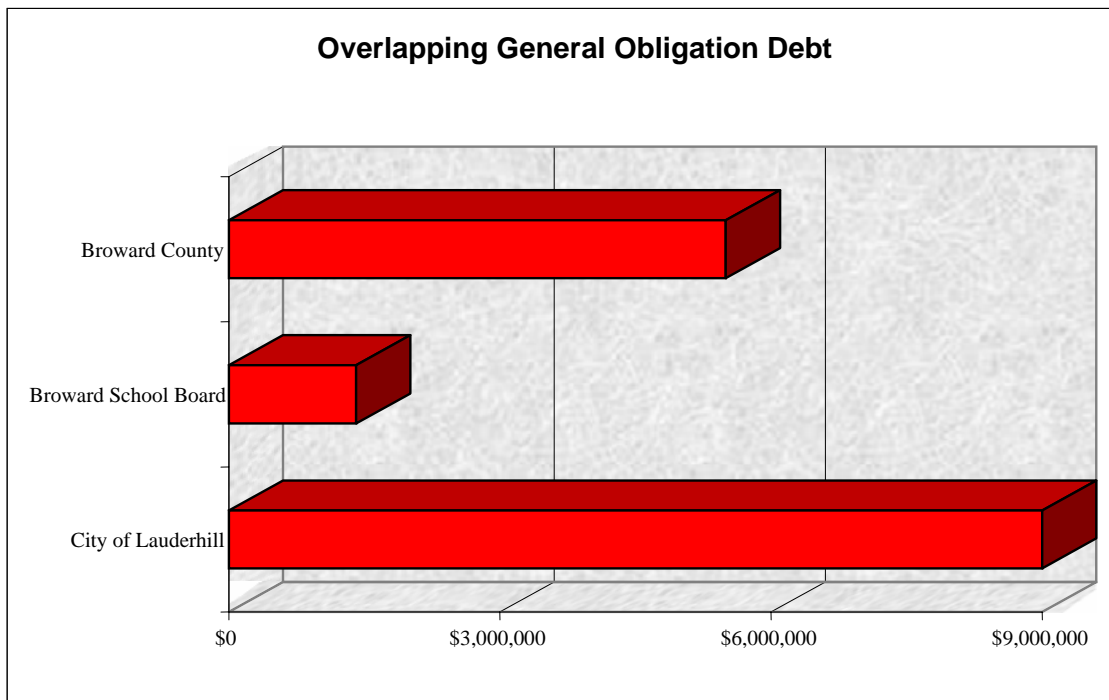
Source: Lauderdale Building Permit Division



City of Lauderhill, Florida - Financial Statistics
Computation of Direct and Overlapping General Obligation Debt
September 30, 2005

	General Obligation Debt	Percent Applicable *	Net Overlapping GO Debt
City of Lauderhill	\$ 35,000,000	100.00%	\$ 35,000,000
Broward County School Board	79,088,000	1.78%	1,409,350
Broward County Commission	308,594,916	1.78%	<u>5,499,167</u>
Total Direct and Overlapping GO Debt			<u>\$ 41,908,517</u>

* Estimated based on relative assessed property values of Lauderhill and Broward County



City of Lauderhill, Florida - Financial Statistics

Revenue Bond Coverages

Last Ten Fiscal Years

Water and Sewer Revenue Bond Issues

Fiscal Year	Operating Income Before Depreciation and Amortization Plus Interest Income	Debt Service	Times Coverage
1996	3,305,634	440,288	7.51
1997	2,947,777	806,458	3.66
1998	1,781,726	803,553	2.22
1999	2,484,329	892,109	2.78
2000	3,783,693	1,157,328	3.27
2001	4,488,444	1,244,180	3.61
2002	4,204,998	1,452,166	2.90
2003	4,098,741	1,486,369	2.76
2004	2,904,567	1,479,750	1.96
2005	2,235,606	1,758,189	1.27

Capital Improvement Revenue Bond Issues

Fiscal Year	1/2 Cent Sales Tax Revenues	Debt Service	Times Coverage
1997	2,553,267	271,290	9.41
1998	2,632,057	271,290	9.70
1999	2,729,888	464,041	5.88
2000	2,885,090	475,703	6.06
2001	3,039,058	573,144	5.30
2002	3,261,040	1,095,618	2.98
2003	3,368,877	1,106,142	3.05
2004	3,366,665	1,376,690	2.45
2005	3,503,740	1,645,000	2.13

All outstanding city revenue bond issues require a minimum of 1.20 times coverage (revenue divided by debt service).

City of Lauderhill, Florida - Financial Statistics
**Net Bonded Debt Per Capita and Ratio of Net General
 Bonded Debt to Taxable Assessed Value
 Last Ten Fiscal Years**

Fiscal Year	Population	Taxable Assessed Value	Net General Bonded Debt	Net General Bonded Debt Per Capita	Net General Bonded Debt Per Taxable Assessed Value
1995	53,004	1,181,602,508	-	-	-
1996	53,799	1,182,469,500	-	-	-
1997	54,606	1,188,852,071	-	-	-
1998	55,425	1,241,168,217	-	-	-
1999	56,256	1,236,570,453	-	-	-
2000	57,003	1,241,450,957	-	-	-
2001	57,858	1,300,973,651	-	-	-
2002	58,726	1,361,486,792	-	-	-
2003	59,607	1,439,220,784	-	-	-
2004	60,501	1,600,297,110	-	-	-
2005	61,409	1,784,070,221	35,000,000	570	0.01962

Source: City of Lauderhill Community Development Department
 (Population estimated based on extrapolation of 1990 and 2000 - US Census)

Legal Debt Margin

2005

Assessed Valuation, 9/30/05	\$ 1,784,070,221
Bonded Debt Limit *	1,784,070,221
City of Lauderhill General Bonded Debt	<u>35,000,000</u>
Legal Debt Margin	<u><u>*</u></u>

* Lauderhill's City Charter does not set a legal limit on General Bonded Debt but refers to State Statutes. The Charter also requires that all General Bonded Debt be submitted to referendum except when the City Commission declares an emergency, or for refunding of an existing General Bonded Debt.

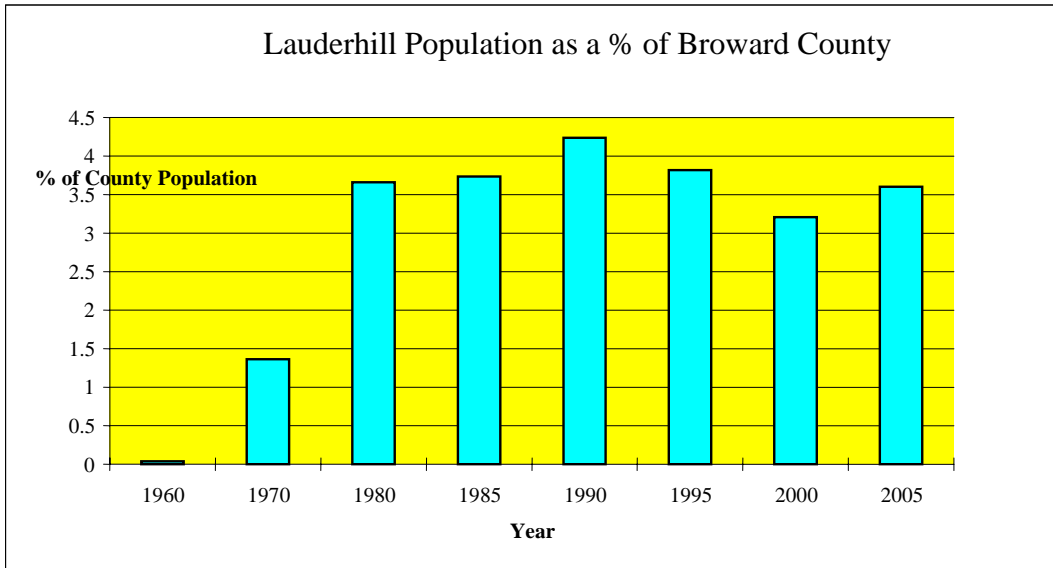
City of Lauderhill, Florida - Financial Statistics
Demographic Information
City of Lauderhill and Broward County, Florida

Year	City of Lauderhill Population	Avg Annual Percentage Increase	Broward County Population	Avg Annual Percentage Increase
1960	132	0.0%	333,946	0.0%
1970	8,465	51.6%	620,100	8.6%
1980	37,271	16.0%	1,018,257	6.4%
1985	41,998	2.4%	1,124,136	2.1%
1990	50,052	2.4%	1,180,700	2.5%
1995	53,004	1.5%	1,388,804	3.3%
2000	57,003	7.5%	1,777,638	2.8%
2005	* 64,000	12.3%	1,777,638	0.0%

Sources:

U.S. Department of Commerce, Bureau of the Census for 1960-2000
 City of Lauderhill Community Development Department for 1985, 1995

* Estimate based on annexation of un-incorporated area's



Insurance Coverage

October 1, 2004-2005

The following information is presented in accordance with the City of Lauderhill’s Bond Resolutions:

Comprehensive Protected Self-Insurance Program period October 1, 2004, September 30, 2005. General Liability, Auto Liability, Public Officials/Employment Practices Liability, Police Professional Liability, Workers’ Compensation, Property, and Flood are included.

Self-Insured Retentions (SIR):

Property	\$125,000
General and Auto Liability	\$125,000
Workers’ Compensation	\$125,000
Public Officials	\$125,000

United National Custom Package Policy Number CP0065471 1. Loss fund of \$2,115,000 excess Loss Fund protection - \$500,000 annual aggregate. Property limits of \$1,500,000 per occurrence and \$1,500,000 annual aggregate for flood/quake losses except \$500,000 Flood Zone A. Third party liability/Public Officials Liability/Employee Benefits Liability limit of 1,000,000, with \$1,000,000 annual aggregate for Public Officials Liability and \$2,000,000 annual aggregate for Employee Benefits Liability. Worker’s Compensation and Employer’s Liability at a limit of \$400,000. All limits inclusive of \$125,000 Self Insured Retention. Policy Premium \$ 865,606.

AXIS Insurance Company Excess Property Policy Number EAF700829 \$48,152,059 excess of \$1,500,000 Primary per occurrence. Sub limit of \$8,500,000 aggregate Earthquake and \$8,500,000 aggregate Flood excluding flood zone V. Policy Premium \$203,504.

Safety National Casualty Corporation Excess Workers’ Compensation and Employers’ Liability Policy # SP7354-FL. Coverage A Statutory and Coverage B \$1,000,000 with a Self Insured Retention of \$400,000 (limit in the underlying). Policy Premium - \$194,375.

United National Insurance Company - Excess Third Party Liability Policy Number XT10000087

Excess General Liability, Automobile Liability, and Law Enforcement Liability. \$2,000,000, excess of \$1,000,000, per occurrence for a total limit of \$3,000,000 per occurrence. Public Officials Liability including Sexual Harassment \$1,000,000, excess of \$1,000,000, for a total limit of \$2,000,000 per occurrence/subject to annual aggregate. Policy Premium - \$64,800.

Lexington Insurance Company. Misconduct Liability Policy Number 4695139 Each Insured Event Limit and annual aggregate of \$1,000,000 subject to \$50,000 Self-Insured retention. Policy premium - \$60,000.

The Hartford Steam Boiler Inspection and Insurance Company Policy Number FBP4909870 \$50,000,000 Equipment Breakdown Limit/\$1,000,000 Computer Equipment and Demolition and ICC Limit/\$2,000,000 Hazardous Substances Limit/\$10,000,000 Newly Acquired Locations.\$1,000 Deductible. Policy Premium -\$ 9,006.

American International Group, Inc. Policy #GTS9083144, \$500,000 Accidental Medical Expense Maximum per accident/\$10,000 Accidental Dismemberment Benefit/\$5,000 Accidental Death Benefit. Full Excess Coverage with Policy Deductible of \$100. Policy Premium - \$7,383

The Hartford Fire Insurance Company, Crime Policy #21BPEAG555, \$50,000 Employee Dishonesty, \$50,000 Depositors Forgery and Alterations, \$25,000 Theft and Disappearance, \$1,000 deductible. Policy premium - \$1,488

The Hartford Insurance Company, Public Official Bond #21 BSBAN3817. Policy Premium - \$200.

City of Lauderhill, Florida – Financial Statistics

Miscellaneous Statistics

September 30, 2005

Date of Incorporation	June 20, 1959
Form of Government	City Manager-Mayor-Commission
Area	Seven Square Miles
Miles of Streets	54.7
Number of Vehicular Bridges	8
Culverts	24
Fire Protection :	
Number of Fire/EMS Stations	3
Number of Firefighter/Paramedics	84
Police Protection:	
Number of Police Stations/Sub-Stations	4
Number of Police Officers	105
City Employees:	
Management	54
Career Service	369
Part Time/Temporary	80
	503
Recreation and Culture:	
Number of Parks	13
Number of Libraries	2
Education (County):	
Elementary Schools	138
Middle Schools	41
High Schools	31
Adult/Vocational/Exceptional Student Schools	16
Charter Schools	38
Student Population	270,935
Public Utilities Department:	
Number of Retail Water Customers	10,000
Average Daily Retail Water Consumption	7.5 million gallons
Miles of Water Mains	140.5
Miles of Sanitary Sewer Lines	116.5
Acres of Drainage Canals	239

COMPLIANCE SECTION

THE CITY OF LAUDERHILL, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

Federal or State Grantor/ Pass-through Grantor/ Program Title	Federal/State CFDA/CSFA Number	Agency or Pass- through Number	Disbursements/ Expenditures	Loan Value/ Balance
<u>U.S. Department of Housing and Urban Development</u>				
Community Development Block Grant	14.218	B-04-MC-12-0042	\$ 1,165,142	
Housing Investment Partnership	14.239		<u>259,725</u>	
			<u>1,424,867</u>	
<u>Department of Environmental Protection</u>				
State Revolving Fund Loan	66.458	89402S	-	\$ 1,822,237
State Revolving Fund Loan	66.458	89404S	236,071	1,488,615
State Revolving Fund Loan	66.458	89405S	93,955	2,472,975
State Revolving Fund Loan	66.458	894010	-	<u>1,800,058</u>
			<u>330,026</u>	<u>7,583,885</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>				
Public Assistance Program	97.036	011-39550-00	308,823	
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Local Law Block Grant 2004	16.592	2004LBBX0278	41,389	
Universal Hiring Program	Not available	FL00618	101,326	
Department of Legal Affairs/ Victims of Crime Act - 2005	16.575	V4088	<u>31,822</u>	
TOTAL OTHER FEDERAL EXPENDITURES			<u>483,360</u>	
TOTAL FEDERAL EXPENDITURES			<u>\$ 2,238,253</u>	<u>\$ 7,583,885</u>

See accompanying notes to the Schedule of Federal Awards and State Financial Assistance Project

THE CITY OF LAUDERHILL, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005
(Continued)

STATE FINANCIAL ASSISTANCE

Passed through Florida Housing Finance Corporation State Housing Initiative Program	52.901	52-20225001	\$ <u>598,150</u>
TOTAL MAJOR STATE FINANCIAL ASSISTANCE PROGRAM			<u>598,150</u>
TOTAL STATE FINANCIAL ASSISTANCE			<u>\$ 598,150</u>

See accompanying notes to the Schedule of Federal Awards and State Financial Assistance Projects

**THE CITY OF LAUDERHILL, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

NOTE A - SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133 AND CHAPTER 10.550

Federal Awards Programs

All Federal grant operations of the City of Lauderhill, Florida are included in the scope of the Office of Management and Budget (OMB) Circular A-133 audit (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB *Circular A-133 Compliance Supplement* (Revised March 2004, the "Compliance Supplement"). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant programs noted below. These programs represent all Federal award programs and other grants with fiscal 2005 cash and noncash expenditures in excess of \$500,000 that ensure coverage of at least 25 percent of Federally granted funds. Actual coverage is approximately 78 percent of total cash and noncash Federal award program expenditures.

<u>Major Federal Award Program Description</u>	<u>Fiscal 2005 Expenditures</u>
Community Development Block Grant	\$ 1,165,142
Housing Initiative Partnership	259,725
Capitalization Grant for State Revolving Fund Loan	<u>330,026</u>
Total Federal Major Programs	<u>\$ 1,754,893</u>

State Financial Assistance Projects

All State financial assistance projects of the City of Lauderhill, Florida are included in the scope of Florida Single Audit. The Florida Single Audit was performed in accordance with the provisions of the Florida Single Audit Act. Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant program noted below. These programs represent all State financial assistance and other grants with 2005 cash and noncash expenditures in excess of \$500,000 that ensure coverage of at least 50 percent of State granted funds. Actual coverage is approximately 100% of total cash and noncash State financial assistance projects.

<u>Major Federal Award Program Description</u>	<u>Fiscal 2005 Expenditures</u>
State Housing Initiative Program	<u>\$ 598,150</u>

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance Projects include all Federal and State grants to the City of Lauderhill, Florida that had activity during the fiscal year ended September 30, 2005. The basis of accounting is described in Note I to the City of Lauderhill, Florida's basic financial statements.

**THE CITY OF LAUDERHILL, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005
(Continued)**

NOTE C - FINDINGS OF NONCOMPLIANCE

The result of our tests disclosed instances of noncompliance which are described in the schedule of findings and question costs as item 05-05.

NOTE D - AUDITS PERFORMED BY OTHER ORGANIZATIONS

There were no audits performed by Federal or State grantor agencies.

**THE CITY OF LAUDERHILL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2005**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the City of Lauderhill, Florida.
2. Reportable conditions relating to the audit of the basic financial statements that some are considered to be material weaknesses are 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*.
3. No instances of noncompliance material to the basic financial statements of the City of Lauderhill, Florida were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs or state financial assistance projects are reported in the independent auditors' report on compliance and internal control over compliance applicable to each major federal awards program and state assistance projects
5. The auditors' report on compliance for the major federal awards programs for the City of Lauderhill, Florida expresses a qualified opinion on compliance.
6. Audit findings relative to the major federal awards programs for the City of Lauderhill, Florida are reported in Part C of this Schedule.
7. The programs tested as major programs include:

<u>Federal Program</u>	<u>Federal CFDA #</u>
Community Development Block Grant	14.218
Housing Initiative Partnership	14.239
Capitalization Grant for State Revolving Fund Loan	66.458
<u>State Project</u>	<u>State CSFA #</u>
State Housing Initiative Program	52.901

Dollar threshold used to distinguished Type A and Type B: \$300,000

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

See Management Letter pursuant to the Rules of the Auditor General of the State of Florida.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS AUDIT

See item 05-5 of the Management Letter pursuant to the Rules of the Auditor General of the State of Florida.