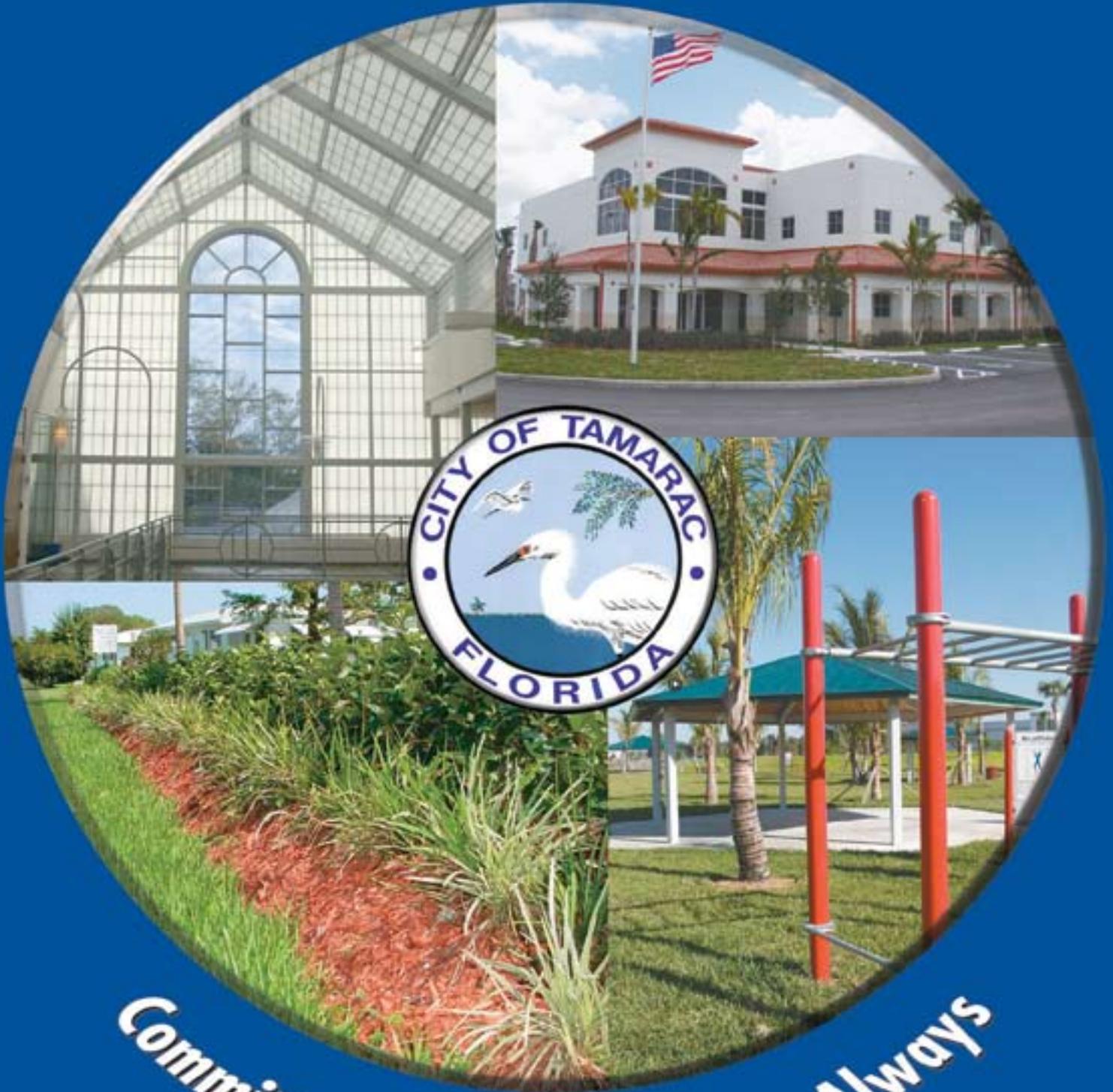


City of Tamarac, Florida
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2005



Committed to Excellence ... Always



2005
COMPREHENSIVE
ANNUAL FINANCIAL
REPORT

OF THE
CITY OF TAMARAC,
FLORIDA

Fiscal Year Ended
September 30, 2005

Prepared by
FINANCIAL SERVICES

Steven G. Chapman II, Director of Financial Services
William L. Nealon, Jr., CPA, CGFO, CIA, Controller



CITY OF TAMARAC, FLORIDA

COMMISSION – MANAGER FORM OF GOVERNMENT

CITY COMMISSION

JOE SCHREIBER, Mayor

BETH FLANSBAUM-TALABISCO, Vice Mayor

MARC L. SULTANOF, Commissioner

KAREN L. ROBERTS, Commissioner

EDWARD C. PORTNER, Commissioner

ADMINISTRATIVE STAFF

Jeffrey L. Miller
City Manager

Samuel S. Goren
City Attorney

Steven G. Chapman II
Director of Financial Services

Our Mission

We are "Committed to
Excellence ... Always"

It is our job to foster and
create an environment that:

Responds to the customer

Works as a team

Creates and innovates

Achieves results

Makes a difference

As stewards of the
public trust, we value:

Vision

Integrity

Efficiency

Quality Service



City of Tamarac, Florida

CITY OF TAMARAC, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

LETTER OF TRANSMITTAL



City of Tamarac

"Committed to Excellence...Always"

Jeffrey L. Miller
City Manager

March 9, 2006

The Honorable Mayor, City Commissioners, and Citizens of the
City of Tamarac:

The Comprehensive Annual Financial Report (CAFR) of the City of Tamarac, Florida, (the City), for the fiscal year ended September 30, 2005 is hereby submitted as mandated by both local ordinances and state statutes. The Florida Statutes require that all local governments publish within one year of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Additionally, the City's charter requires an annual audit of the books of account, financial records and transactions of all departments of the City by independent certified public accountants.

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

Grau & Company, P.A., a licensed certified public accounting firm, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ended September 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon their audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Tamarac's financial statements for the fiscal year ended September 30, 2005, are fairly presented in conformity with GAAP.

CAFR Presentation

The CAFR is presented in the following four sections:

Introductory – includes the table of contents, this letter of transmittal which is designed to complement the management’s discussion and analysis (MD&A) and should be read in conjunction with it, the Government Finance Officers’ Association (GFOA) Certificate of Achievement, the City’s organization chart, and the list of City principal officials.

Financial – includes the independent auditors’ reports, MD&A, basic financial statements, required supplemental information, and combining and individual fund statements and schedules. Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of an MD&A. The MD&A can be found immediately following the independent auditors’ report.

Statistical – includes selected financial and general information presented on a multiyear comparative basis. This information is designed to reflect social and economic data, financial trends, and the fiscal capacity of the City.

Compliance – includes required reports in order for the City to be in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The reports included in this section are the Schedules of Expenditures of Federal awards, and the auditors’ reports’ on internal controls and compliance with applicable laws and regulations. These reports disclose no instances of material weaknesses in internal control over financial reporting or significant violations of applicable laws and regulations.

City Profile and Governmental Structure

Created in 1963 by the Legislature of the State of Florida, the City of Tamarac occupies approximately twelve square miles in the northwestern portion of Broward County, the second most populated county in the State. With its population of 58,711 people, the City ranks thirteenth in population among the 31 municipalities in the County. The City has been developed primarily for residential purposes, with the majority of the population consisting of retirees, although the demographics are changing as more young families move into the City.

The City is located on the semi-tropical coastal ridge between the Everglades and the Atlantic Ocean. The terrain is generally flat, with developed land elevations varying from approximately 4 to 22 feet above mean sea level. The sub-tropical climate provides comfortable living year round.

The City operates under the Commission-Manager form of government. Policy-making and legislative authority is vested in the governing commission, which consists of a Mayor and a four member Commission. The City Commission is vested with policy-setting authority, adopting the annual budget, approving purchases and services of the governmental operations, appointing committees and hiring the City’s Manager and Attorney. The City Manager is responsible for recommending and carrying out the policies and ordinances of the City Commission, appointing the heads of the City’s departments with the concurrence of the City Commission, submission of a proposed annual budget, advising the Commission as to the financial condition of the City, and overseeing the day-to-day operations of the City.

The City is divided into four districts with one Commissioner required to reside in each district. Electors residing within the Commission district may only vote for the City Commissioner from that district and are not entitled to vote for candidates for Commission from any other Commission district. The Mayor, who runs "at large," may live in any district. Commission members from odd-numbered districts are elected every three years, which began with the March 1993 municipal election. Commission members from even-numbered districts and the Mayor are elected every three years, which began with the March 1994 municipal election.

Prior to October 1, the City's annual budget is legally enacted through passage of an ordinance. The level of control at which expenditures may not exceed budget is at the department level. The City Commission approves these levels by annual ordinance. Appropriations lapse at year end, except for grants and shared revenues from other governmental units which do not lapse at year-end and are only reported to the extent of revenues recognized, and expenditures incurred for the current year. For additional budgetary information please refer to the Note to the Budgetary Comparison Schedule in the Required Supplementary Information Section.

Local economy. The City of Tamarac continues to experience growth in residential and commercial development. Additional revenue has been generated due to the increased number of building permits, inspections, and increased property values generating higher ad valorem taxes. This is evident by a constant level of residential construction activity from 1996 that has continued into 2005. A favorable economic climate has been a magnet in attracting businesses and employees' families. The growth in new businesses also adds to the economic diversity of the area.

In 2005, the City of Tamarac was impacted by two major hurricanes, and one tropical storm. In late August and mid September, Hurricane Katrina and Tropical Storm Rita hit the City of Tamarac, which resulted in combined expenses of \$268,300, in which, 93% of the expenses were reimbursed by the Federal Emergency Management Agency and state governments. In October 2005, the City was impacted by Hurricane Wilma, a Category 2 storm. The estimated costs for overtime, debris removal, and other costs associated with Hurricane Wilma are projected to reach \$10 million. The City believes they will be able to obtain reimbursement for approximately 90% of the costs.

Economic indicators in 2005 point to a continued economic expansion, strong job growth, and limited inflation. The unemployment rate in Broward County averaged 4.1% in the first eight months of 2005 compared with 6%, 5.6%, and 4.9% in the same period in 2002, 2003, and 2004, respectively. Tourism remained very strong in South Florida with indicators pointing to a record-breaking year. Sales tax revenues are expected to increase considerably as a result of sales generated from hurricane recovery and rebuilding.

South Florida continues to experience major increases in the housing market. In 2005, the average price of a single-family home in Broward County surpassed \$400,000, up 24% from 2004. The average price for a condominium was around \$250,000, up 45% from 2004. In Tamarac, new building permits were issued for 375 multi-family units and 20 permits for commercial construction during the 2005 fiscal year. The real estate market slowed in the latter part of fiscal year 2005, and is expected to continue to slow. However, limited availability of vacant land in the area will continue to place upward pressure on real estate prices.

The City made significant accomplishments in supporting its mission to promote and enhance the City's economic vitality by attracting new businesses and providing a positive business environment. Occupational licenses provide a snapshot of new business activity in the City. In FY2005 there were 539 new licenses issued for new businesses. Grand openings and ground breakings for the past year include Toshiba, and Sawgrass Infiniti. The Sun Sentinel's new regional office recently opened for business in the Tamarac Commerce Park.

The Westpointe project has experienced rapid growth since opening in the Tamarac Commerce Park. This 158-acre Development of Regional Impact has an approved development order that includes office, commercial and industrial land uses. Westpointe will contain a hotel, 200,000 square feet of commercial use, 45,000 square feet of automotive dealership, 1,059,924 square feet of industrial/office use, and 240,000 square feet of industrial use. Twenty-six acres of lakes will be developed as part of the project.

The City continues to market itself in local, regional and national events and publications, including Outlook Magazine, which is a prominent resource for business site selections. The Economic Development promotional display was used in trade shows and other business events. The City provides support to low to moderate income Tamarac residents through housing rehabilitation and first time homebuyer assistance programs funded by the major housing and community development grants programs including the State Housing Initiative Partnership (SHIP), Community Development Block Grants (CDBG) and the Home Investments Partnership (HOME). In 2005 the City amended its Local Housing Assistance Plan increasing the sales price for eligible housing to 90% of the median price of \$280,262. The maximum per unit awards for assistance was increased from \$15,000 to \$30,000 for home rehabilitation. Purchase assistance was increased from \$10,000 to \$20,000 for very low income households, from \$8,000 to \$20,000 for low income households and from \$6,000 to \$10,000 for moderate income households.

Long-term financial planning. Of special note regarding long term financial planning; in FY 2005 the City maintained its credit rating from the prior year with a general obligation indicator credit rating of AA- from Fitch Ratings Limited and A1 from Moody's Investor Services. In addition and as a result of a credit surveillance examination, Standard & Poor's Investment Advisory Services upgraded the City's underlying credit rating for non general obligation debt to A+. This improved rating will allow the City to receive better interest rates for any future long term financing.

The Tamarac Aquatic Center had its groundbreaking on April 14, 2005, with construction expected to be completed by mid-year 2006. This project is being financed by the sales tax revenue bonds and capital improvement revenue bonds as well as state and local grants. Other projects financed by the sales tax revenue and capital improvement bonds as well as grants include the Southgate Linear Park, expansion of the Sports Complex, and development of other recently acquired vacant properties.

The City of Tamarac is continuing to make progress toward the creation of a Main Street project on NW 57th Street between University Drive and Nob Hill Road, which encompasses the existing community center and the newly completed Broward County library. This project will allow the City to maximize the development potential for this area, which will significantly increase its tax value and level of development. Through the application of a master plan, the City will be able to ensure the successful development of a variety of uses including residential, commercial, parks and recreation and open space. The location of the NW 57th Street Main Street Project is such that, when developed, the area will become a destination for City residents as well as residents of neighboring cities to work, shop and play. These activities will have a significant positive economic impact on the City. Construction and full development of the area is projected for completion by 2013, which will provide revenue to the City of Tamarac in the form of building permits, development agreements and increased tax revenues.

One of the major infrastructure challenges facing the City is the replacement of three stormwater pump stations located along Southgate Boulevard which provide flood protection to two-thirds of the City of Tamarac. The existing stormwater pump stations, originally built in 1972 are obsolete and are no longer able to discharge the design volume of water due to wear and tear suffered

over thirty years of operation. The new pumping stations, currently under construction, will have more efficient electrical pumps, reconstructed retaining walls, emergency back-up generators to provide continuous service during power outages, and a telemetry system to monitor and control the operation of each pump station as well checking the current canal level information. The cost of this project is estimated at \$4.5 million dollars and the Stormwater Fund will partially finance \$1.4 million of the total project costs. The remaining balance of \$3.1 million is provided by the proceeds of the \$9.5 million Capital Improvement Revenue Bond and a grant of \$700,000 from the South Florida Water Management District. Phase I of the project is complete. Phase II, began in the summer of 2005 and completion is scheduled for July 2006.

Several major infrastructure projects are underway to provide sufficient potable water and fire protection and to provide adequate transport and treatment of wastewater for the residences and businesses within Tamarac. A review of the wastewater flow to Broward County for treatment indicates that there is excessive infiltration and inflow (I&I) within the wastewater collection system. The City contracts with Broward County and the City of Fort Lauderdale for wastewater treatment. There is a contractual treatment capacity of 8.01 million gallons per day of wastewater, which was increased by one million gallons per day in early 2000 that Broward County would accept from the City of Tamarac. Due to the age and type of material in some areas of the City's wastewater system, and the high water table, there is a significant contribution of groundwater and rainwater that is being transported to Broward County for treatment. Reductions in the amount of inflow and infiltration (I&I) in the wastewater system will increase the capacity available for actual wastewater. The cost of reducing the I&I and rehabilitating our underground sanitary sewer system is estimated at \$2.5 million dollars over the next five years. Much progress has been made in this project to date. However, this projected is expected to continue for several years into the future.

Additional information on future projects can be found in the *City of Tamarac Fiscal Year 2006 Adopted Budget* under the "Capital Improvement Program" section.

Major Initiatives

The City Commission reviews and updates the City's strategic plan on an annual basis. The process prioritizes major issues and provides a framework for developing work plans, schedules and resource allocation for strategic initiatives and major projects. Each focus area is defined by a strategic objective. The strategic objective identifies the purpose for the focus area and defines the scope of projects included in the strategic plan. The City's four focus areas and strategic objectives include the following:

- City and community facilities – "to provide the highest quality of infrastructure, buildings, and parks in a welcoming environment to our community."
- Economic development and redevelopment – "to enhance the business climate to provide for the changing needs of Tamarac's citizenry and to maintain a strong tax base."
- Management practices – "to utilize our resources efficiently and effectively to provide the highest level of services to the community."
- Enhancing City visibility – "to strengthen public awareness of the value of living, working or doing business in Tamarac."

The City's staff is charged with the daily operations and involved in a variety of projects which are in accordance with the City's strategic plan. The City Commission determined the City's top priorities to meet the changing needs of Tamarac. The following future projects concentrate on improving infrastructure and streamlining City processes:

- Complete the Caporella Aquatic and Wellness Center
- Complete Phase II of the Stormwater Pump Rehabilitation
- Complete NW 70th Avenue Traffic Calming Improvements
- Complete Nob Hill Road and Commercial Boulevard Beautification
- Continue planning and development of the 57th Street/Main Street project

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tamarac for its Comprehensive Annual Financial Report for the year ended September 30, 2004. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. This was the seventeenth consecutive year that the City of Tamarac has received this prestigious award. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for the certificate.

In addition, the City received from GFOA, the "Distinguished Budget Presentation Award" for 2005 for publishing a budget document that meets the program criteria as a policy document, an operations guide, a financial plan and a communications device. This is the eighth consecutive year Tamarac received the "Distinguished Budget Presentation Award."

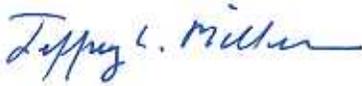
In fiscal year 2005, the City of Tamarac made substantial progress in its quest for the Governor's Sterling Award for Performance Excellence. This award measures overall performance of the entire organization. In 2005, the Sterling Navigator survey and sight visits from the Sterling Committee culminated in the issuance of the 2005 Sterling Navigator Feedback Report. This reports identified numerous strengths in specific areas of the City's operations as well as opportunities for improvement. The City has developed its own Sterling Committee and defined seven subcommittees to address the specific areas for improvement.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Financial Services Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report but in particular, the Accounting Division. The division is capably headed by William Nealon, Jr., CPA, CGFO, Controller, who was assisted in this year's process by Tessie Gross, Senior Accountant, Angie LoSasso, Accountant, Nathan Buchanan, Accountant, Thuy Wadsworth, Revenue Analyst and Ricky Spencer, Accounting and Revenue Specialist.

Recognition and appreciation is also given for the significant contributions made by various operating departments to the writing of this report.

In closing, credit should also be given to the Mayor and the Commission for their interest and support in planning and conducting the operations of the City of Tamarac in a responsible and progressive manner.

Sincerely,



Jeffrey L. Miller
City Manager



Steven G. Chapman II
Director of Financial Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tamarac,
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.



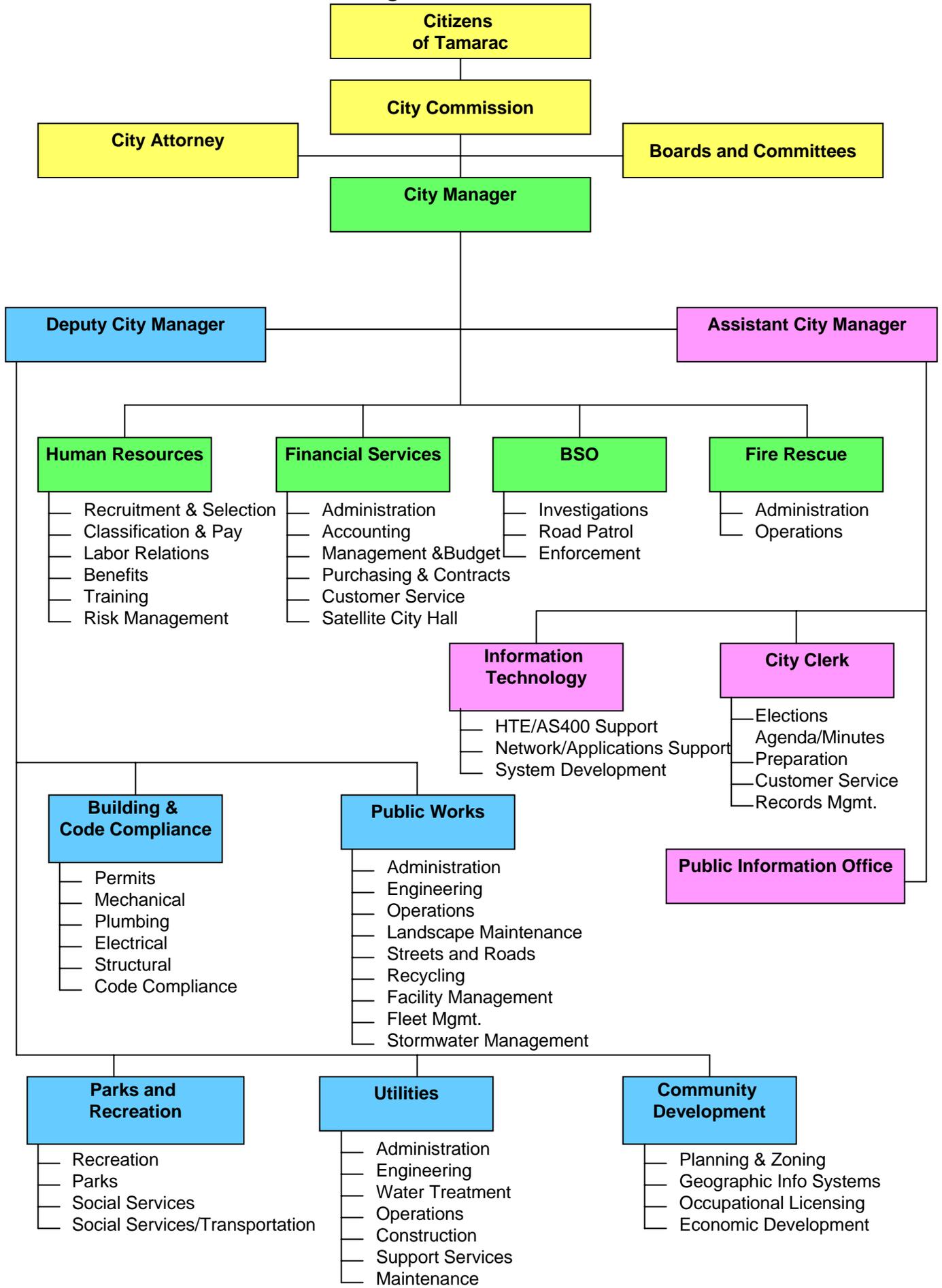
Nancy L. Zjelke

President

Jeffrey R. Emer

Executive Director

City of Tamarac Organization Chart



City of Tamarac, Florida
List of Principal Officers
September 30, 2005

ELECTED OFFICIALS

Mayor	Joe Schreiber
Vice-Mayor	Beth Flansbaum-Talabisco
Commissioner	Marc L. Sultanof
Commissioner	Karen L. Roberts
Commissioner	Edward C. Portner

APPOINTED OFFICIALS

City Manager	Jeffrey L. Miller
City Attorney	Samuel Goren
Deputy City Manager	Michael C. Cernech
Assistant City Manager	Diane Phillips
Chief Building Official	Gary B. Jones
City Clerk	Marion Swenson
Director of Community Development	J. Christopher King
Director of Financial Services	Steven G. Chapman II
Director of Information Technology	Levent Sucuoglu
Interim Director of Parks and Recreation	Gregory Warner
Director of Human Resources	Maria Swanson
Director of Public Works	Jack Strain
Director of Utilities	Raymond Gagnon
Fire Chief	James Budzinski
Risk & Safety Manager	Patty Tomaszewski

FINANCE OFFICIALS

Director of Financial Services	Steven G. Chapman II
Controller	William L. Nealon, Jr.
Purchasing and Contracts Manager	Keith Glatz
Management and Budget Officer	Chris Sammartino

FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor, City Commission and City Manager
City of Tamarac, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tamarac, Florida (the City) as of and for the year then ended September 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Pension Trust Funds, which represent 100% of the assets, revenues and deductions of the fiduciary fund totals. Those financial statements were audited by other independent auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Trust Funds are based solely on the reports of the other independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tamarac, Florida as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2006 on our consideration of the City's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Honorable Mayor, City Commission and City Manager
City of Tamarac, Florida
Page 2

The Management's Discussion and Analysis on pages 3 through 16 and the Required Supplementary Information on pages 68 through 72, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Tamarac's basic financial statements taken as a whole. The accompanying information identified in the table of contents as combining financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements. Similarly, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the report of the other auditors, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The information included in the introductory and statistical sections listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Gray & Company". The signature is written in dark ink and is positioned above the date.

January 31, 2006

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Tamarac, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for fiscal year ended September 30, 2005. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal, the City's financial statements and the other required supplemental information.

This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns. The information contained within this section should be considered only as a part of a greater whole.

FINANCIAL HIGHLIGHTS

- The assets of the City of Tamarac exceeded its liabilities at the close of the most recent fiscal year by \$155.8 million (net assets). Of this amount, \$38.1 million (unrestricted net assets) may be used to meet the ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$12 million during the current fiscal year. The City's net assets increased as a result of this year's operations. While net assets of our business-type activities increased by \$4.1 million, net assets of our governmental activities increased by \$7.9 million.
- During the year, the City had expenses that were \$7.6 million less than the \$53.5 million generated in taxes and other revenues for governmental programs, excluding transfers. This is less than last year, when revenues exceeded expenses by \$4.9 million.
- In the City's business-type activities, revenues increased by \$1.8 million while expenses increased by \$500,000.
- Total cost of all of the City's programs increased by \$1.1 million, or 2 percent with no new major programs added this year.
- The General Fund's fund balance increased by \$636,902 for the year ended September 30, 2005.
- At the end of the current year, fund balance for the General Fund was \$14.3 million, or 36 percent of total general fund expenditures and transfers. Of this amount, \$7 million is *designated* for economic stabilization, capital project and subsequent year's rollovers, as well as the first quarter of fiscal year 2006 budget amendments. The remaining reserved fund balance of \$73,000 is restricted for encumbrances and police training. These unreserved designations are in compliance with the City's fund balance policy.
- The City's total debt decreased by \$3.4 million or 7.3 percent during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

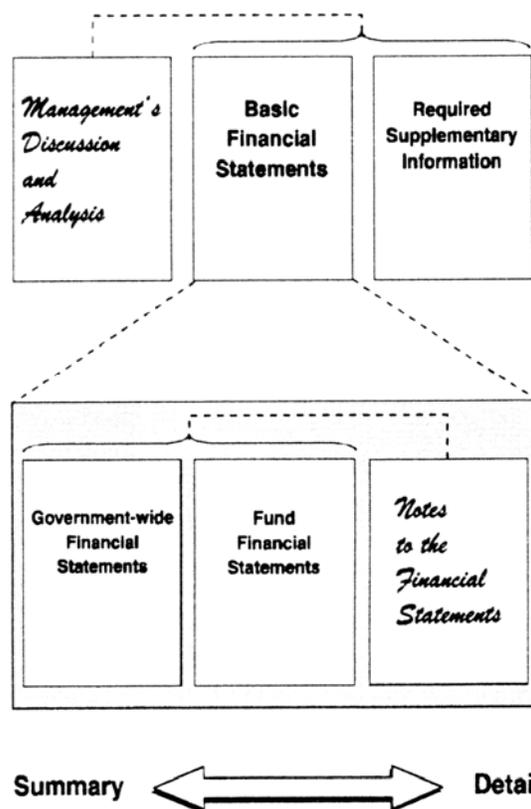
This annual report consists of four parts—*management’s discussion and analysis* (this section), the *basic financial statements*, *required supplementary information* and an additional section that presents *combining statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

- Within the government wide financial statements, the first two statements are *government-wide financial statements* that provide both long-term and short-term information about the City’s overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the City government, reporting the City’s operations in more detail than the government-wide statements.
- The *governmental funds* statements show how general government services such as public safety were financed in the short term as well as what remains for future spending.
- *Proprietary funds* statements offer short-term and long-term financial information about the activities the government operates like businesses, such as the stormwater operations, the water and wastewater systems.
- *Fiduciary funds* statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of those parties outside of the government.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and are related to one another. In addition to these required elements, we have included a section with combining statements that provides details about our nonmajor governmental funds, each of which is added together and presented in single columns in the basic financial statements. Combining statements are also presented for the fiduciary funds.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Tamarac’s finances, in a manner similar to a private-sector business. 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. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Tamarac is improving or deteriorating.

Figure A-1
Required Components of
City’s Annual Financial Report



The *statement of activities* presents information showing how the City'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 periods (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 costs through user fees and charges (*business-type activities*). The governmental activities of the City of Tamarac include fire and rescue, police services provided by Broward's Sheriff Office, public works, parks and recreation, bus transportation, social services, code compliance, planning and zoning, economic environment and general administration services. The business-type activities of the City include the water and wastewater systems and the stormwater operations.

In addition, the City has three separate single-employer defined benefit plans and two defined contribution plans for the City Manager, executive and managerial/professional employees under contract with the International City Management Association Retirement Corporation for which the City acts as an agent for participants. The pension plans are reported as Fiduciary Funds in the fund financial statements of this report, but are not included in the government-wide statements.

The government-wide financial statements can be found on pages 17 to 18 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 of Tamarac, 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 of Tamarac can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating 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 the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The City of Tamarac maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and the Fire & Rescue Special Revenue Fund, which are considered to be major funds. Data from the other

governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The City of Tamarac adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements have been provided for the General Fund, the Special Revenue Fire Rescue Fund and the nonmajor funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 19 to 22 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *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, wastewater, and stormwater operations.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its risk management. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the utilities and stormwater operations, both of which are considered to be major funds of the City. Conversely, both enterprise and internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 23 to 25 of this report.

Fiduciary funds. 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 of Tamarac's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 26 to 27 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 28 to 67 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 of Tamarac'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 68 to 72 of this report

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on beginning on page 73 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's net assets exceeded liabilities by \$155.8 million, which is an improvement in overall financial position from last year of 8.3%. There are six basic transactions that will affect the comparability of the Statement of Net Assets summary presentation as reflected below:

- 1) **Net results of activities** will impact (increase/decrease) current assets and unrestricted net assets.
- 2) **Borrowing for capital** will increase current assets and long-term debt.
- 3) **Spending borrowed proceeds on new capital** will reduce current assets and increase capital assets. There is a second impact: an increase in invested in capital assets and an increase in related net debt which will not change the invested in capital assets, net of debt.
- 4) **Spending of non-borrowed current assets on new capital** will reduce current assets, increase capital assets, reduce unrestricted net assets, and increase invested in capital assets, net of debt.
- 5) **Principal payment on debt** will reduce current assets, reduce long-term debt, reduce unrestricted net assets, and increase invested in capital assets, net of debt.
- 6) **Reduction of capital assets through depreciation** will reduce capital assets and invested in capital asset, net of debt.

The City's combined net assets were increased to \$155.8 million between fiscal years 2004 and 2005—(see Table 1). Looking at the net assets and net expenses of governmental and business-type activities separately, two very different stories emerge. Net assets of the City's governmental activities were increased by \$7.9 million to \$92.7 million. However, the largest portion of the net assets (70 percent) is restricted as to the purpose they can be used for or are invested in capital assets (land, buildings, streets, sidewalks, and equipment). 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.

Table 1
Summary of Net Assets
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 39.2	\$ 34.1	\$33.9	\$37.4	\$ 73.1	\$ 71.5
Capital assets	87.8	87.1	53.8	48.1	141.6	135.2
Total assets	127.0	121.2	87.7	85.5	214.7	206.7
Long-term debt outstanding	22.9	26.4	18.5	21.7	41.4	48.1
Other liabilities	11.4	10.0	6.1	4.8	17.5	14.8
Total liabilities	34.3	36.4	24.6	26.5	58.9	62.9
Net assets						
Invested in capital assets, Net of related debt	65.0	62.2	33.9	26.0	98.9	88.2
Restricted	13.4	12.9	5.4	4.4	18.8	17.3
Unrestricted	14.3	9.7	23.8	28.6	38.1	38.3
Total net assets	\$ 92.7	\$ 84.8	\$63.1	\$59.0	\$155.8	\$143.8

An additional portion of the City's net assets (\$18.8 million or 12.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$38.1 million) may be used to meet the City's ongoing obligations to citizens and creditors.

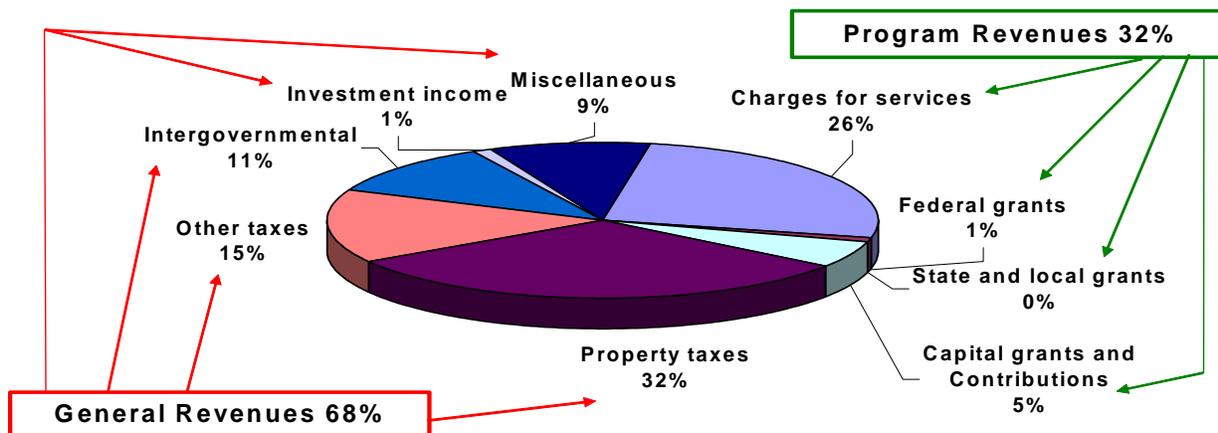
At the end of the current fiscal year, the City of Tamarac is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was a decrease of \$4.8 million in *unrestricted net assets* reported in connection with the City's business-type activities. Most of this decrease came from the completion of various water and wastewater projects which is evident with an increase of \$7.9 million in net assets invested in capital assets. The City's total net assets for business-type activities increased by \$4.1 million during the current fiscal year. This increase represents the degree to which increases in ongoing revenues have outpaced the ongoing expenses. Other factors attributable to the increase of resources include water and wastewater impact fees and a continued growth in operating and capital grants.

The unrestricted net assets of governmental activities showed a \$4.6 million increase at the end of the fiscal year. Most of the increase in assets came from various operating and capital grants as well as additional intergovernmental revenue and permit fees.

The City's total revenues increased by 7.7 percent to \$53.5 million (see Table 2). Nearly one third of the City's revenues in the governmental activities come from property taxes, and 45 cents of every dollar raised comes from some type of tax (see Figure A-2). More than a quarter (26%) comes from fees charged for services, and most of the rest is federal, state and local aid.

**Figure A-2
Revenues By Source - Governmental Activities**



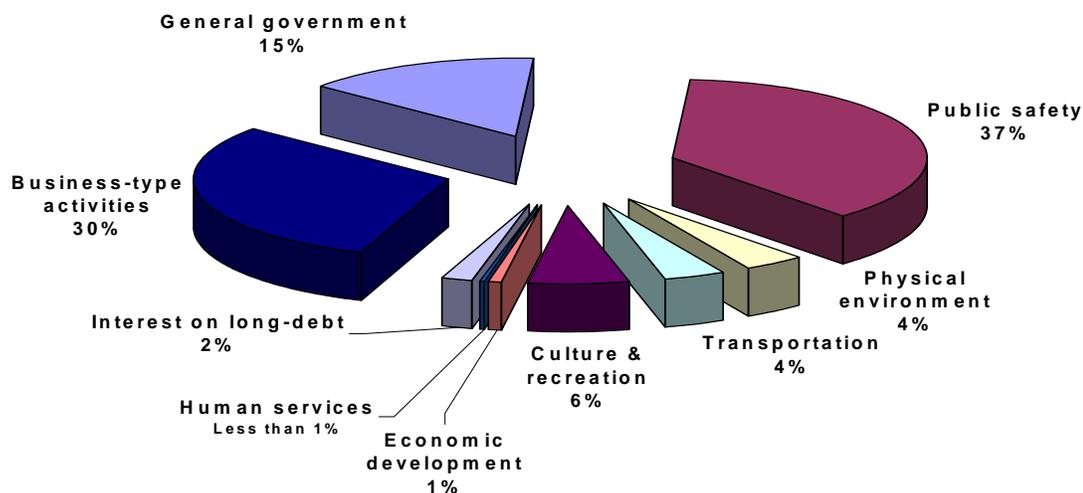
Summary of changes in net assets. The following information is presented to assist the reader in understanding the different types of normal impacts that can affect revenues:

- 1) **Economic condition** can reflect a declining, stable or growing environment and has a substantial impact on property, non-ad valorem assessments, sales, gas, or other tax revenues as well as consumer spending habits for building permits, user fees and consumption.
- 2) The City Commission has significant authority to set **increases or decreases in City's rates** (water, wastewater, stormwater, permitting, impact fees, user fees, etc.).
- 3) **Changing patterns in intergovernmental and grant revenues** (both recurring and non-recurring) can significantly change and impact the annual comparisons.
- 4) **Market impacts on investment income** may cause investment revenues to fluctuate from the prior year.

Some other basic impacts on expenses are reflected below:

- 1) **Introduction of new programs** can have a substantial impact on property, non-ad valorem assessments, sales, gas, or other tax revenues as well as consumer spending habits for building permits, user fees and consumption.
- 2) **Changes in service demand levels** can cause the City to increase or decrease authorized staffing. Staffing costs (salary and related benefits) represent 70% of the City's operating costs.
- 3) **Salary increases** such as cost of living, performance increases and market adjustments can impact personal service costs.
- 4) **While inflation** appears to be reasonably modest, the City is a major consumer of certain commodities such as chemicals, supplies, fuels and parts. Some functional expenses may experience unusual commodity specific increases.

**Figure A-3
Functional Expenses for Fiscal Year 2005**



The City's expenses cover a range of services, with about two-thirds related to public safety and business-type activities (see Figure A-3). For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Governmental Activities

Revenues for the City's governmental activities increased 7.6 percent (from \$49.7 million to \$53.5 million), while the expenses increased 2 percent (from \$44.8 million to \$45.9 million). The increase in net assets for governmental activities was expanded to \$7.9 million in 2005. This compares to a \$5.2 million increase in 2004.

The following functional activities that had expense increases compared to last fiscal year were: transportation (increased by \$800,000), culture/recreation (increased by \$400,000) and physical environment (increased by \$500,000). While the expenditures for economic environment and public safety decreased by \$300,000 and \$500,000, respectively, as compared to last year.

Table 2
Summary of Changes in Net Assets
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenues						
Charges for services	\$ 13.8	\$ 12.1	\$20.3	\$19.8	\$34.1	\$31.9
Federal grants	0.5	1.3	--	--	0.5	1.3
Capital grants and contributions	2.9	0.4	3.7	2.6	6.6	3.0
General revenues						
Property taxes	16.7	15.0	--	--	16.7	15.0
Other taxes	8.1	8.9	--	--	8.1	8.9
Intergovernmental	5.9	7.0	--	--	5.9	7.0
Investment income	0.6	0.5	0.6	0.4	1.2	0.9
Miscellaneous	5.0	4.5	--	--	5.0	4.5
Total revenues	53.5	49.7	24.6	22.8	78.1	72.5
Expenses						
General government	9.9	9.8	--	--	9.9	9.8
Public safety	24.7	25.2	--	--	24.7	25.2
Physical environment	2.5	2.0	--	--	2.5	2.0
Transportation	2.5	1.7	--	--	2.5	1.7
Culture and recreation	4.2	3.8	--	--	4.2	3.8
Economic environment	0.6	0.9	--	--	0.6	0.9
Human services	0.3	0.2	--	--	0.3	0.2
Interest on long-debt	1.2	1.2	--	--	1.2	1.2
Utilities	--	--	17.2	16.7	17.2	16.7
Stormwater	--	--	3.1	3.1	3.1	3.1
Total expenses	45.9	44.8	20.3	19.8	66.2	64.6
Excess before transfers	7.6	4.9	4.3	3.0	11.9	7.9
Transfers	0.3	0.3	(0.3)	(0.3)	--	--
Increase in net assets	7.9	5.2	4.0	2.7	11.9	7.9
Net assets, October 1	84.8	79.6	59.1	56.4	143.9	136.0
Net assets, September 30	\$ 92.7	\$ 84.8	\$ 63.1	\$ 59.1	\$155.8	\$143.9

Note: Totals may not add due to rounding.

Governmental Activities

The City's management took major actions this year to maintain current revenues and to control expenses:

In fiscal year 2005, the City did not have a millage increase. Most of the City's revenue sources were above the final budget estimates. The actual revenues collected from the franchise fees exceeded the revenue estimates by approximately \$500,000. Operating and capital grants totaled \$3.4 million for public safety, parks and recreation and hurricane preparation and clean-up costs. The City's total expenditures were less than budgeted by \$4.6 million due to staff vacancies and unused departmental expenditures. The total cost of all programs and services had increased by \$1.1 million or 2 percent (see Table 2).

Table 3 presents the cost of each of the City's various public services—public safety, general administration, parks and recreation, physical environment, and transportation—as well as each service's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the City's taxpayers by each of these services.

- The cost of all *governmental* activities this year was \$45.9 million. Some of that cost was financed by:
 - Those who directly benefited from the programs through charges for services (\$13.8 million), or
 - Other governments and organizations that subsidized certain programs from operating and capital grants and contributions (\$3.4 million).
- The City financed the remaining \$28.7 million “public benefit” portion of governmental activities with \$24.8 million in taxes, and with other revenues such as interest and unrestricted state aid.

Table 3
Net Cost of City's Governmental Activities
(in millions of dollars)

	Total Cost of Services		Net Cost of Services	
	2005	2004	2005	2004
Public safety	\$24.7	\$25.2	\$14.0	\$15.0
General government	9.9	9.8	8.3	8.3
Parks and recreation	4.2	3.8	0.4	2.7
Physical environment	2.5	2.0	1.5	0.0
Transportation	2.5	1.7	2.5	1.7
Other	2.1	2.3	0.8	1.5
Total	\$45.9	\$44.8	\$27.5	\$29.2

Business-type activities

Revenues of the City's business-type activities increased 7.9 percent to \$24.6 million and expenses increased 3.0 percent to \$20.3 million (see Table 2). Factors contributing to these results included:

- Water and wastewater fees were increased resulting in additional operating revenues of \$354,000 from the prior year. Capital contributions (impact fees) increased by \$450,000 from prior year of \$2.5 million. Operating expenses including depreciation increased by \$200,000.
- Stormwater operating revenues increased slightly by \$40,000 from the prior fiscal year. Operating expenses including depreciation increased by \$73,000.
- Investment income increased by \$146,000 from the prior year as a result of the higher market interest rates.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported combined fund balances of \$27 million, or an increase of \$1.9 million compared to last year's combined fund balances of \$25.1 million. Included in this year's total change in fund balances is a \$1.9 million excess of revenues over expenditures in the City's nonmajor governmental funds. The primary reasons for the excess mirror those highlighted in the analysis of governmental activities. In addition, these other changes in fund balances should be noted:

- The franchise fees and utility taxes totaled \$7 million and exceeded the annual budget by approximately \$700,000.
- The City incurred \$1.5 million of expenditures this year on the recreational parks and street improvements, reducing the fund balance in the capital projects funds. Although these and other capital expenditures reduce the available fund balances, they create new assets for the City in the Statement of Net Assets (see the notes in the financial statements).
- The fund balance of the Public Service Facilities Capital Fund increased by \$1.6 million as a result of \$2.4 million grant received from Broward County.
- The fund balance of the Public Arts Special Revenue Fund increased by \$400,000 from fees collected from new construction.

General Fund Budgetary Highlights

Over the course of the year, the City amended the General Fund budget four times. The budget amendments fall into two categories: (1) Amendments are approved for rollovers related to capital improvement projects, tasks and projects in progress, and prior year encumbrances; and (2) supplemental appropriations made at amendments to recognize and appropriate grant revenues which were received after the Adopted Budget, and to provide appropriations for various other needs which have arisen since the adoption of the budget. Even with these adjustments, actual disbursements were \$4.6 million below final budgeted amounts. Of this amount, \$2.6 million is designated for future projects and prior year's encumbrances. The most significant contributor to this variance was various departmental savings due to staff vacancies and turnover.

The fiscal year 2005 amended final budget \$44,613,628 increased by 12.5 percent over the original General Fund budget of \$39,662,600 primarily for the purposes of reserving funding for pending legal action and for carrying over expenditures not completed during the previous fiscal

year. Correspondingly, inflation, measured by the Consumer Price Index from the U.S. Bureau of Labor Statistics – All Urban Consumers South Urban area increased by 3.6% from December 2004 to December 2005. Beyond base revenues of \$38,126,000 and \$269,500 in operating transfers from the Enterprise Funds, the Adopted Budget is balanced using fund balance of \$1,267,100. The original General Fund budget consists of \$31,932,000 base expenditures and \$7,730,600 in operating transfers to the other funds.

Differences between the original budget and the final amended budget increased appropriations by \$4,951,028 and can be briefly summarized as follows:

- ◆ \$3,200,000 in operating transfer increases to other funds to fund possible costs of pending litigation against the City regarding past collections of emergency medical service fees.
- ◆ \$273,728 in miscellaneous increases in general government activities
- ◆ \$1,477,300 in carry forward of prior year commitments and capital projects for all departments.

Of this increase, \$260,039 was to be funded from additional one-time sanitation revenues and the remaining \$4,690,989 was to be budgeted from available fund balance. During the year, however, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, thus eliminating the need to draw upon the unreserved fund balance.

The difference between the estimated revenues and the actual revenues in the General Fund was approximately \$2 million for FY 2005. The primary reasons for this variance were increased tax and franchise revenue collections, increased state revenues driven by the expanding economy, and increased building permit, plan review, and engineering revenues driven by the strong real estate and building market.

The difference between the appropriations and the actual expenditures in the General Fund was approximately \$4.6 million for fiscal year 2005. These variances are explained below:

- Approximately \$1.24 million in salary and benefits costs was under budget due to vacant positions during the fiscal year.
- Professional services (engineering, legal, consultant and other contractual services) and miscellaneous operating expenses were below budget estimates by \$530,000.
- Contingency funding totaling \$280,000 in the general government activities was not expended during the fiscal year.
- Various expenditures, capital outlay, and capital projects of \$2.55 million for all departments were not completed during the fiscal year and will be carried forward to the next fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets (See Table 4). The City of Tamarac's investment in capital assets for its governmental and business type activities as of September 30, 2005, amounts increased by \$6.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, streets and median improvements, park facilities, and stormwater infrastructure.

Table 4
City of Tamarac's Capital Assets
(net of depreciation, in millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 11.7	\$ 11.7	\$ 0.5	\$ 0.5	\$ 12.2	\$ 12.2
Buildings	19.1	19.8	0.9	1.0	20.0	20.8
Improvements other than buildings	5.0	4.2	44.2	40.9	49.2	45.1
Equipment	4.1	3.8	0.6	0.7	4.7	4.5
Infrastructure	47.3	47.6	0.9	1.8	48.2	49.4
Construction in progress	0.6	0.0	6.7	3.2	7.3	3.2
Total	\$ 87.8	\$ 87.1	\$ 53.8	\$ 48.1	\$ 141.6	\$ 135.2

For the governmental activities, this year's major capital asset additions before depreciation equaled \$3.8 million and include the following:

- The street resurfacing and median beautification project totaled \$900,000 and is in the final stages of completion.
- New public art works totaling \$315,000 were added to the Veterans Park, Tamarac Commons Park, and the Community Center during the year. Tamarac Commons Park at a cost of \$101,000 was a new addition to our City's park system this year.
- Twenty new vehicles including two new fire and rescue units were purchased as well as the replacement of various equipment (safety, computers, radios, maintenance equipment, etc.).

For the business-type activities, of the \$9.4 million increase in capital assets before depreciation and an increase of construction-in-progress projects totaling \$3.5 million, the majority was for equipment and improvements to the water and wastewater systems. Major capital assets events during the current fiscal year included the following:

- Construction continued on the three stormwater pumping stations, two million gallon water storage tank and the alternative disinfection system; construction in progress as of close of the fiscal year had reached \$6.7 million.
- Various lift stations, stormwater drainage and water mains rehabilitation projects were completed at a cost of \$4.5 million.
- Developers contributed water distribution and wastewater systems an estimated cost of \$1 million.

The City's fiscal year 2006 capital budget calls for spending another \$6.4 million for capital projects, principally for the completion of the park development, aquatic center complex, new telephone system, water and wastewater improvements. Over the next five years, over \$35 million is budgeted for capital improvements with the major portions going to park development and utility upgrades. The City will use the funding from General Capital Projects Fund and remaining bond proceeds from the Series 2002 Sales Tax Revenue Bonds and Series 2004 Capital Improvement Bonds as well as grant funding. In December 2005, the City issued the Series 2005 Capital Improvement Revenue Bonds in the amount of \$15 million. These bonds are being used to finance the acquisition, construction and equipping of City owned capital improvements for parks, recreation and public safety purposes. Additional information on the City's capital assets can be found in Note 5 on pages 46 and 47 of this report.

Long-term debt. At year-end the City had \$42.9 million in bonds outstanding— a decrease of \$3.4 million from last year— as shown in Table 5. Of this amount, \$3.5 million comprises debt backed by the full faith and credit of the government and \$39.4 million is revenue bonds backed by specific taxes and fee revenues. The debt position of the City is summarized below:

Table 5
City of Tamarac's Debt
(in millions of dollars)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
General obligation bonds	\$ 3.5	\$ 4.4	\$ -	\$ -	\$ 3.5	\$ 4.4
Revenue bonds and notes	18.9	19.8	20.5	22.1	39.4	41.9
Total	<u>\$ 22.4</u>	<u>\$ 24.2</u>	<u>\$ 20.5</u>	<u>\$ 22.1</u>	<u>\$ 42.9</u>	<u>\$ 46.3</u>

The City achieved a general obligation indicator credit rating of AA- from both Standard & Poor's and Fitch Ratings and A1 by Moody's Investors Service. These ratings are reflective of the strong financial performance and credit position of the City. The underlying ratings helped produce lower cost of issuance for the recent 2005 Capital Improvement Revenue Bond in the amount of \$15 million issued in December 2005. These new ratings provide a benchmark and will provide opportunities to achieve lower interest rates on future bonds. The City also received a high investment grade related to the Series 2004 and 2005 Capital Improvement Revenue Bond issues: A+ by Standard and Poor's and Fitch Ratings and A2 by Moody's Investors.

Additional information on the City of Tamarac's long-term debt can be found in Note 8 beginning on page 50 of this report.

Economic Factors and Next Year's Budget

The Broward County labor force was 959,079 in August 2005, an increase of 4.9% from August 2004. According to the U.S. Bureau of Labor Statistics, the unemployment rate for the Fort Lauderdale area in September 2005 was 4.0 percent, which was down from 5.2 percent a year ago. The largest sector of employment in Tamarac continues to be in the education and health services sector with the retail and manufacturing industry following. Together these industries account for almost one-third of the employment in the City.

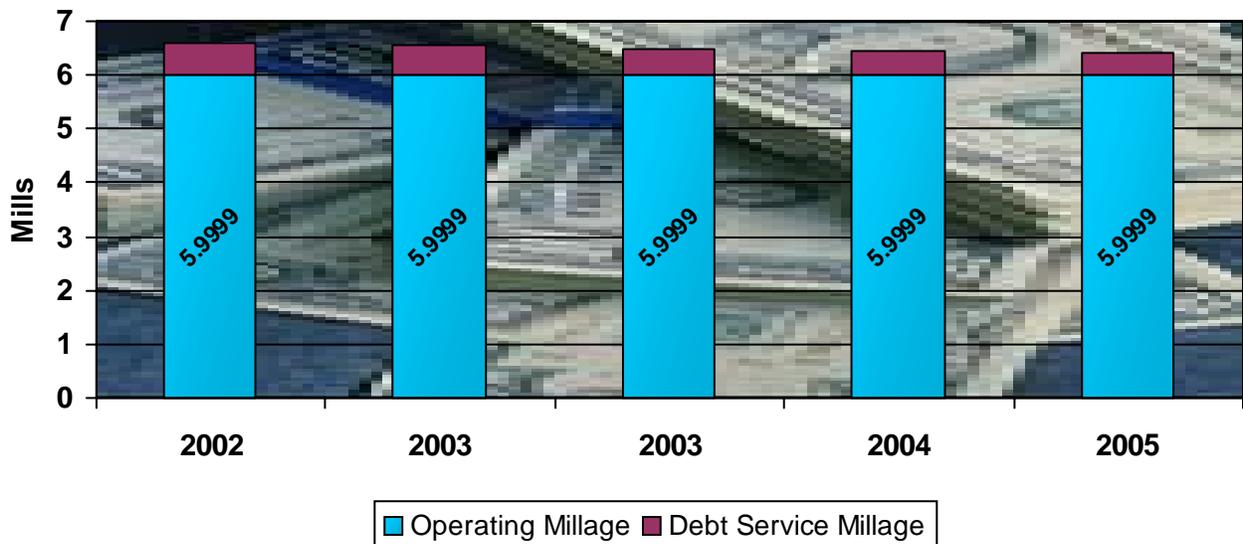
The State of Florida, by constitution, does not have a state personal income tax and therefore, the State operates primarily using sales, gasoline and corporate income taxes. Local governments (cities, counties and school boards) primarily rely on property and a limited array of permitted other taxes (sales, communication, gasoline, utilities services, etc.) and fees (franchise, building permits, occupational license, etc.) for their governmental activities. There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from both the state and federal governments. For the business-type and certain governmental activities (building inspections, recreational programs, etc.) the user pays a related fee or charge associated with the service.

Revenues in fiscal year 2006 adopted General Fund budget are \$43.3 million, an increase of 9.1 percent from fiscal year 2005 total revenues \$38.4 million. Property taxes (benefiting from increases in assessed valuations), fire assessment fees, and grant revenues are expected to

lead to this increase. The City will use these revenues to fund current services and the expected impact of inflation on salaries and benefits.

Even with devastation from the recent hurricanes, the forecasts of a strong local economy during 2006 will be good for the City of Tamarac and bring expectations of strong tourism, continued demand for housing, lower unemployment, and increase in construction to repair homes and businesses. The City's growing population and shrinking vacant land available for development will keep upward pressure on housing prices. Strong growth in Broward County real estate market has driven the property tax roll up by 12.85% in FY 2005. While price increases may not be as steep as in 2005, increase in housing prices are expected to drive up the City's property tax roll in FY 2006.

**Figure A-4
Total City Millage**



The operating millage for calendar year 2005—collected in fiscal year 2005 is 5.9999 per thousand dollars of taxable value, and this marks the fifth consecutive year that the millage has remained the same. Overall, the adopted budget is an economical and prudent financial plan that will ensure quality public services and needed capital improvements for both today and in the future. Fiscal year 2006 budgeted expenditures and transfers are expected to be \$43.3 million, or 8.1 percent, over fiscal year 2005. In developing the budget, the primary economic factors considered are the increased salaries and cost-of-living adjustments governed by bargaining labor agreements with the firefighters' and general employees' unions. Other items include the implementation of the City's class and compensation study and a new defined benefit pension plan for the elected and appointed officials, executive management and the non-represented employees.

Contacting the City's Financial Services Department

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, contact William Nealon, Jr., CPA, CGFO, Controller, City of Tamarac, 7525 NW. 88th Ave, Tamarac, Florida 33321 or send an e-mail to billn@tamarac.org.

BASIC FINANCIAL STATEMENTS

CITY OF TAMARAC, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2005

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and equity in pooled cash and investments	\$ 34,158,597	\$22,246,448	\$ 56,405,045
Investments	-	36,210	36,210
Accounts receivable - net	4,498,328	2,739,804	7,238,132
Advances to pension plan	500,000	-	500,000
Internal balances	(141,495)	141,495	-
Inventories	9,752	332,384	342,136
Deferred charges	-	19,023	19,023
Restricted assets:			
Cash and equity in pooled cash and investments	-	7,111,059	7,111,059
Investments	-	1,238,635	1,238,635
Net pension asset	168,951	-	168,951
Land	11,726,791	533,657	12,260,448
Construction in progress - infrastructure	614,571	6,688,167	7,302,738
Infrastructure - net	47,305,251	933,599	48,238,850
Other capital assets - net	<u>28,155,592</u>	<u>45,656,696</u>	<u>73,812,288</u>
Total assets	<u>\$126,996,338</u>	<u>\$87,677,177</u>	<u>\$214,673,515</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 1,250,359	\$ 1,417,193	\$ 2,667,552
Accrued liabilities	1,005,946	208,226	1,214,172
Accrued interest payable	504,871	537,019	1,041,890
Customer deposits	854,132	1,628,964	2,483,096
Unearned revenue	1,298,681	322,906	1,621,587
Net pension obligation	239,773	-	239,773
Noncurrent liabilities:			
The amount due in one year	2,169,572	1,955,771	4,125,343
The amount due more than one year	<u>26,991,603</u>	<u>18,517,182</u>	<u>45,508,785</u>
Total liabilities	<u>34,314,937</u>	<u>24,587,261</u>	<u>58,902,198</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	65,002,740	33,846,176	98,848,916
Restricted for:			
Renewal and replacement	-	2,761,817	2,761,817
Police training	11,188	-	11,188
Claims settlement	3,217,360	-	3,217,360
Special revenue funds	5,557,473	-	5,557,473
Capital projects funds	4,601,865	-	4,601,865
Debt service funds	60,117	-	60,117
Other purpose	-	2,666,138	2,666,138
Unrestricted	<u>14,230,658</u>	<u>23,815,785</u>	<u>38,046,443</u>
Total net assets	<u>\$ 92,681,401</u>	<u>\$63,089,916</u>	<u>\$155,771,317</u>

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

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

<u>Functions/programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Assets</u>		<u>Total</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contribution</u>	<u>Capital Grants and Contribution</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	
Primary government:							
Governmental activities:							
General government	\$ 9,895,988	\$ 1,479,201	\$ -	\$ -	\$ (8,416,787)	\$ -	\$ (8,416,787)
Public safety	24,681,261	10,169,124	351,056	200,000	(13,961,081)	-	(13,961,081)
Transportation	2,518,737	34,978	-	-	(2,483,759)	-	(2,483,759)
Culture/recreation	4,210,762	1,082,523	71,210	2,697,854	(359,175)	-	(359,175)
Physical environment	2,542,286	1,017,446	10,000	-	(1,514,840)	-	(1,514,840)
Economic environment	599,886	-	117,937	-	(481,949)	-	(481,949)
Human services	304,155	-	-	-	(304,155)	-	(304,155)
Interest on long-term debt	1,176,005	-	-	-	(1,176,005)	-	(1,176,005)
Total governmental activities	<u>45,929,080</u>	<u>13,783,272</u>	<u>550,203</u>	<u>2,897,854</u>	<u>(28,697,751)</u>	<u>-</u>	<u>(28,697,751)</u>
Business-type activities:							
Utilities	17,122,674	17,199,830	-	2,950,141	-	3,027,297	3,027,297
Stormwater	3,124,179	3,122,657	-	700,000	-	698,478	698,478
Total business activities	<u>20,246,853</u>	<u>20,322,487</u>	<u>-</u>	<u>3,650,141</u>	<u>-</u>	<u>3,725,775</u>	<u>3,725,775</u>
Total primary government	<u>\$ 66,175,933</u>	<u>\$ 34,105,759</u>	<u>\$ 550,203</u>	<u>\$ 6,547,995</u>	<u>\$ (28,697,751)</u>	<u>\$ 3,725,775</u>	<u>\$ (24,971,976)</u>
General revenues:							
Property taxes, levied for general purpose					\$ 15,594,820	\$ -	\$ 15,594,820
Property taxes, levied for debt service					1,065,167	-	1,065,167
Utility taxes					123,694	-	123,694
Franchise taxes					4,053,946	-	4,053,946
Communication service taxes					2,790,051	-	2,790,051
Gas taxes					1,088,730	-	1,088,730
Intergovernmental not restricted to specific programs					5,937,072	-	5,937,072
Investment income					665,611	560,893	1,226,504
Miscellaneous					5,088,722	-	5,088,722
Gain (loss) on sale of capital assets					(52,177)	2,965	(49,212)
Transfers					269,500	(269,500)	-
Total general revenues and transfers					<u>36,625,136</u>	<u>294,358</u>	<u>36,919,494</u>
Change in net assets					7,927,385	4,020,133	11,947,518
Net assets, October 1					84,754,016	59,069,783	143,823,799
Net assets, September 30					<u>\$ 92,681,401</u>	<u>\$ 63,089,916</u>	<u>\$ 155,771,317</u>

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

CITY OF TAMARAC, FLORIDA

BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2005

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>Special Revenue Fire Rescue</u>	<u>Nonmajor Governmental Funds</u>	
<u>ASSETS</u>				
Cash and equity in pooled cash and investments	\$ 13,656,177	\$ 1,823,605	\$ 11,693,906	\$ 27,173,688
Accounts receivable - net	1,098,120	864,861	877,573	2,840,554
Inventories	9,752	-	-	9,752
Due from other funds	582,973	-	71,655	654,628
Advances to pension plan	500,000	-	-	500,000
Due from other governments	913,708	962	729,357	1,644,027
Total assets	<u>\$ 16,760,730</u>	<u>\$ 2,689,428</u>	<u>\$ 13,372,491</u>	<u>\$ 32,822,649</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Accounts payable	\$ 895,421	\$ 52,745	\$ 296,561	\$ 1,244,727
Accrued liabilities	608,914	536,396	1,412	1,146,722
Accrued bonds and interest payable	-	-	652,669	652,669
Due to other funds	8	66,968	587,594	654,570
Due to other governmental units	5,396	-	236	5,632
Escrow deposits	50,034	-	1,435	51,469
Unearned revenue	852,696	-	1,248,647	2,101,343
Total liabilities	<u>2,412,469</u>	<u>656,109</u>	<u>2,788,554</u>	<u>5,857,132</u>
<u>FUND BALANCES</u>				
Reserved for:				
Encumbrances	61,547	78,570	2,319,229	2,459,346
Police training	11,188	-	-	11,188
Advances to employees	32,679	-	-	32,679
Special revenue funds	-	1,954,749	3,602,724	5,557,473
Capital projects funds	-	-	4,601,865	4,601,865
Unreserved reported in:				
Debt service funds	-	-	60,119	60,119
General fund, designated	6,974,235	-	-	6,974,235
General fund, undesignated	7,268,612	-	-	7,268,612
Total fund balances	<u>14,348,261</u>	<u>2,033,319</u>	<u>10,583,937</u>	<u>26,965,517</u>
Total liabilities and fund balances	<u>\$ 16,760,730</u>	<u>\$ 2,689,428</u>	<u>\$ 13,372,491</u>	<u>\$ 32,822,649</u>

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

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

Fund balances - total government funds (Page 19)	\$ 26,965,517
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>	
Governmental capital assets	107,867,526
Less accumulated depreciation	(20,065,463)
<p>Net pension assets/obligations resulting from overfunding/underfunding of the police, fire, and general employees pension plans is not reported in the funds as they are not available to pay for current period expenditures.</p>	
Net pension asset	168,951
Net pension obligation	(239,773)
Bond interest payable not reported in the governmental funds	(4,573)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.</p>	
Governmental bonds payable	\$ (22,206,514)
Capital leases	(440,745)
Parking lot	(260,800)
	(22,908,059)
Compensated absences	(1,409,211)
<p>Internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets</p>	
	2,306,486
Net assets of governmental activities (Page 17)	\$ 92,681,401

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

CITY OF TAMARAC, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2005

	<u>Major Funds</u>			Total Governmental Funds
	<u>General</u>	Special Revenue <u>Fire Rescue</u>	Nonmajor Governmental <u>Funds</u>	
Revenues:				
Taxes and franchise fees	\$ 23,651,241	\$ -	\$ 1,065,168	\$ 24,716,409
Charges for services	1,793,039	2,027,312	640,806	4,461,157
Payment in lieu of taxes	641,508	-	-	641,508
Intergovernmental	5,907,331	29,742	3,248,058	9,185,131
Licenses and permits	2,251,241	-	-	2,251,241
Fines and forfeitures	539,811	-	-	539,811
Investment income	411,437	61,141	159,429	632,007
Donations from private resources	-	-	28,287	28,287
Miscellaneous	5,179,726	1,417	47,565	5,228,708
Special assessments	-	5,611,819	343,066	5,954,885
Total revenues	<u>40,375,334</u>	<u>7,731,431</u>	<u>5,532,379</u>	<u>53,639,144</u>
Expenditures:				
Current:				
General government	9,509,672	-	89,170	9,598,842
Public safety	10,901,363	12,499,931	420,502	23,821,796
Transportation	1,249,041	-	10,000	1,259,041
Culture / recreation	3,648,938	-	635,487	4,284,425
Physical environment	2,537,921	-	-	2,537,921
Economic environment	136,478	-	467,743	604,221
Human services	250,411	-	58,574	308,985
Debt service:				
Principal retirement	261,396	136,907	1,682,371	2,080,674
Interest and fiscal charges	31,999	-	1,125,673	1,157,672
Capital outlay:				
General government	149,703	-	240,945	390,648
Public safety	-	963,341	-	963,341
Transportation	366,748	-	888,462	1,255,210
Culture and recreation	181,791	-	414,562	596,353
Total expenditures	<u>29,225,461</u>	<u>13,600,179</u>	<u>6,033,489</u>	<u>48,859,129</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,149,873</u>	<u>(5,868,748)</u>	<u>(501,110)</u>	<u>4,780,015</u>
Other financing sources (uses):				
Transfers in	269,500	5,172,400	2,410,071	7,851,971
Transfers out	(10,782,471)	-	-	(10,782,471)
Total other financing sources (uses)	<u>(10,512,971)</u>	<u>5,172,400</u>	<u>2,410,071</u>	<u>(2,930,500)</u>
Net change in fund balances	636,902	(696,348)	1,908,961	1,849,515
Fund balances - beginning	<u>13,711,359</u>	<u>2,729,667</u>	<u>8,674,976</u>	<u>25,116,002</u>
Fund balances - ending	<u>\$ 14,348,261</u>	<u>\$ 2,033,319</u>	<u>\$ 10,583,937</u>	<u>\$ 26,965,517</u>

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

CITY OF TAMARAC, FLORIDA

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

Amounts reported for governmental activities in the statement of activities (Page 18) are different because:

Net change in fund balances - total government funds (Page 21)	\$ 1,849,515
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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.

Expenditures for capital outlays	\$ 3,795,982	
Less current year depreciation	<u>(3,077,438)</u>	718,544

The effect of various miscellaneous transactions involving capital assets		
Sale of capital assets		(52,177)

The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Also governmental funds report on 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.

Principal payments		
Bonds	1,682,365	
Capital leases	398,309	
Amortization of bond discount	<u>(5,805)</u>	2,074,869

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.

Compensated absences	23,001	
Accrued interest on G.O. Bond 1992	(12,529)	
Changes in pension assets/obligations	<u>(193,156)</u>	(182,684)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities in the internal service fund is reported with governmental activities.		<u>3,519,318</u>
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Change in net assets of governmental activities (Page 18)		\$ <u>7,927,385</u>
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CITY OF TAMARAC, FLORIDA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2005

<u>ASSETS</u>	Business- type activities <u>Enterprise Funds</u>			Governmental Activities Internal Service - Insurance Service Fund
	<u>Utilities</u>	<u>Stormwater</u>	<u>Total</u>	
Current assets:				
Cash and equity in pooled cash and investments	\$14,928,173	\$ 7,318,275	\$22,246,448	\$ 6,984,909
Investments	36,210	-	36,210	-
Accounts receivable - net	2,235,591	254,213	2,489,804	13,747
Due from other governmental units	-	250,000	250,000	-
Inventories	331,292	592	331,884	-
Prepaid expenses	500	-	500	-
Total current assets	<u>17,531,766</u>	<u>7,823,080</u>	<u>25,354,846</u>	<u>6,998,656</u>
Non-current assets:				
Restricted assets:				
Cash and equity in pooled cash and investments	7,099,139	11,920	7,111,059	-
Investments	1,238,635	-	1,238,635	-
Unamortized costs/expenses	19,023	-	19,023	-
Capital assets:				
Land	488,883	44,774	533,657	-
Construction in progress - infrastructure	2,657,671	4,030,495	6,688,166	-
Building	1,980,497	-	1,980,497	-
Equipment	2,789,286	1,232,992	4,022,278	26,589
Improvements other than building	76,101,449	389,944	76,491,393	-
Infrastructure	58,974	27,354,483	27,413,457	-
Total capital assets	84,076,760	33,052,688	117,129,448	26,589
Less accumulated depreciation	(35,829,236)	(27,488,093)	(63,317,329)	(26,447)
Total capital assets - net	<u>48,247,524</u>	<u>5,564,595</u>	<u>53,812,119</u>	<u>142</u>
Total non-current assets	<u>56,604,321</u>	<u>5,576,515</u>	<u>62,180,836</u>	<u>142</u>
Total assets	<u>74,136,087</u>	<u>13,399,595</u>	<u>87,535,682</u>	<u>6,998,798</u>
 <u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	802,137	612,853	1,414,990	32,838
Accrued liabilities	171,391	36,834	208,225	5,797
Accrued interest payable	435,758	101,261	537,019	-
Due to other funds	-	59	59	-
Due to other governments	2,203	-	2,203	-
Unearned revenue	238,189	84,717	322,906	-
Claims payable	-	-	-	4,496,360
Current portion of bonds payable	1,725,580	174,420	1,900,000	-
Customer deposits	1,617,044	11,920	1,628,964	-
Compensated absences	52,311	3,460	55,771	1,734
Total current liabilities	<u>5,044,613</u>	<u>1,025,524</u>	<u>6,070,137</u>	<u>4,536,729</u>
Non-current liabilities:				
Bonds payable	13,576,045	4,489,898	18,065,943	-
Compensated absences	423,248	27,991	451,239	14,030
Total noncurrent liabilities	<u>13,999,293</u>	<u>4,517,889</u>	<u>18,517,182</u>	<u>14,030</u>
Total liabilities	<u>19,043,906</u>	<u>5,543,413</u>	<u>24,587,319</u>	<u>4,550,759</u>
 <u>NET ASSETS</u>				
Invested in capital assets, net of related debt	32,945,899	900,277	33,846,176	142
Restricted for:				
Renewal and replacement	500,000	-	500,000	-
Working capital	2,166,138	-	2,166,138	-
State grant project replacement	2,761,817	-	2,761,817	-
Unrestricted	16,718,327	6,955,905	23,674,232	2,447,897
Total net assets	<u>\$55,092,181</u>	<u>\$ 7,856,182</u>	<u>62,948,363</u>	<u>\$ 2,448,039</u>

Explanation of difference between proprietary funds statement of net assets and the statement of net assets:

Internal service fund is used by management to charge the costs of certain activities, such as insurance, to individual funds. The portion attributable to business-type activities is reflected here and the residual assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets.

141,553
\$63,089,916

CITY OF TAMARAC, 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			Governmental Activities Internal Service - Insurance Service Fund
	<u>Utilities</u>	<u>Stormwater</u>	<u>Total</u>	
Operating revenues:				
Charges for services	\$17,170,918	\$3,122,657	\$20,293,575	\$ 1,561,400
Other	28,912	-	28,912	11,209
Total operating revenues	<u>17,199,830</u>	<u>3,122,657</u>	<u>20,322,487</u>	<u>1,572,609</u>
Operating expenses:				
Administrative costs	281,723	874,839	1,156,562	393,138
Operations and maintenance	9,503,818	1,047,114	10,550,932	-
Claims expense	-	-	-	752,506
Depreciation and amortization	2,770,745	967,957	3,738,702	-
Other services and charges	3,784,095	49,455	3,833,550	-
Total operating expenses	<u>16,340,381</u>	<u>2,939,365</u>	<u>19,279,746</u>	<u>1,145,644</u>
Operating income	<u>859,449</u>	<u>183,292</u>	<u>1,042,741</u>	<u>426,965</u>
Nonoperating revenues (expenses):				
Intergovernmental	-	700,000	700,000	-
Investment income	416,084	144,809	560,893	33,906
Interest expense and fees	(860,670)	(184,814)	(1,045,484)	-
Gain on disposal of fixed assets	2,966	-	2,966	-
Total nonoperating revenues (expenses)	<u>(441,620)</u>	<u>659,995</u>	<u>218,375</u>	<u>33,906</u>
Income before contributions and transfers	<u>417,829</u>	<u>843,287</u>	<u>1,261,116</u>	<u>460,871</u>
Capital contributions - impact fees	2,950,141	-	2,950,141	-
Transfer from other funds	2,236,180	-	2,236,180	3,200,000
Transfer to other funds	(2,221,180)	(284,500)	(2,505,680)	-
Net contributions and transfers	<u>2,965,141</u>	<u>(284,500)</u>	<u>2,680,641</u>	<u>3,200,000</u>
Change in net assets	3,382,970	558,787	3,941,757	3,660,871
Total net assets, October 1	<u>51,709,211</u>	<u>7,297,395</u>		<u>(1,212,832)</u>
Total net assets, September 30	<u>\$55,092,181</u>	<u>\$7,856,182</u>		<u>\$ 2,448,039</u>

Explanation of difference between proprietary funds
statement of revenues, expenses and changes in
fund net assets and the statement of activities:

Internal service fund is used by management to charge the costs of
certain activities, such as insurance, to individual funds. The portion
attributable to business-type activities is reflected here and the
residual assets and liabilities of the internal service fund are included
in the governmental activities in the statement of net assets.

78,376
\$ 4,020,133

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

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

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service - Insurance Service Fund
	Utilities	Stormwater	Total	
Cash flows from operating activities:				
Cash received from customers, governments and other funds	\$17,115,928	\$2,847,734	\$19,963,662	\$ 1,561,400
Other operating cash receipts	28,912	-	28,912	11,209
Cash paid to suppliers	(10,331,719)	(779,555)	(11,111,274)	(4,161,004)
Cash paid to employees	(4,326,601)	(747,184)	(5,073,785)	(189,964)
Net cash provided by (used in) operating activities	<u>2,486,520</u>	<u>1,320,995</u>	<u>3,807,515</u>	<u>(2,778,359)</u>
Cash flows from noncapital financing activities:				
Subsidy from local government grant	-	700,000	700,000	-
Transfer from other funds	15,000	-	15,000	3,200,000
Transfer to other funds	-	(284,500)	(284,500)	-
Net cash provided by noncapital financing activities	<u>15,000</u>	<u>415,500</u>	<u>430,500</u>	<u>3,200,000</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of fixed assets	(5,176,382)	(3,217,421)	(8,393,803)	-
Proceeds from sale of fixed assets	2,965	-	2,965	-
Capital contributed by developers	1,990,180	-	1,990,180	-
Principal retirements of capital debt	(1,533,310)	(100,108)	(1,633,418)	-
Interest paid on capital debt	(458,884)	(159,007)	(617,891)	-
Net cash (used in) capital and related financing activities	<u>(5,175,431)</u>	<u>(3,476,536)</u>	<u>(8,651,967)</u>	<u>-</u>
Cash flows from investing activities:				
Purchases of investments	(34,387)	-	(34,387)	-
Interest on investments	416,084	144,809	560,893	33,906
Net cash provided by investing activities	<u>381,697</u>	<u>144,809</u>	<u>526,506</u>	<u>33,906</u>
Net (decrease) increase in pooled cash and cash equivalents	(2,292,214)	(1,595,232)	(3,887,446)	455,547
Pooled cash and cash equivalents, October 1	24,319,526	8,925,427	33,244,953	6,529,362
Pooled cash and cash equivalents, September 30	<u>\$22,027,312</u>	<u>\$7,330,195</u>	<u>\$29,357,507</u>	<u>\$ 6,984,909</u>
Pooled cash and cash equivalents per statement of net assets:				
Unrestricted	\$14,928,173	\$7,318,275	\$22,246,448	
Restricted	7,099,139	11,920	7,111,059	
Total, September 30	<u>\$22,027,312</u>	<u>\$7,330,195</u>	<u>\$29,357,507</u>	
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	<u>\$ 859,449</u>	<u>\$ 183,292</u>	<u>\$ 1,042,741</u>	<u>\$ 426,965</u>
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	2,684,207	960,457	3,644,664	-
Amortization	86,539	7,500	94,039	-
Revenue reduced for uncollectible accounts	7,451	-	7,451	-
Change in assets and liabilities:				
(Increase) in accounts receivable	(153,404)	(20,095)	(173,499)	-
(Increase) decrease in due from other governments	109,704	(250,000)	(140,296)	-
Decrease in inventories	8,583	2,100	10,683	-
Increase in prepaid expenses	(500)	-	(500)	-
Increase (decrease) in accounts payable	(683,724)	463,937	(219,787)	(13,628)
Increase (decrease) in accrued liabilities	(443,100)	(26,236)	(469,336)	1,482
Increase (decrease) in compensated absences	28,445	4,809	33,254	3,182
Increase (decrease) in customer deposits	13,596	(483)	13,113	-
Decrease in unearned revenues	(32,338)	(4,345)	(36,683)	-
Increase (decrease) in due to other funds and governments	1,612	59	1,671	(3,217,360)
Increase in claims payable	-	-	-	21,000
Total adjustments	<u>1,627,071</u>	<u>1,137,703</u>	<u>2,764,774</u>	<u>(3,205,324)</u>
Net cash provided by (used in) operating activities	<u>\$ 2,486,520</u>	<u>\$ 1,320,995</u>	<u>\$ 3,807,515</u>	<u>\$ (2,778,359)</u>
Non-cash investing, capital and financing activities:				
Contributions of capital assets from developers	<u>\$ 959,961</u>	<u>\$ -</u>	<u>\$ 959,961</u>	<u>\$ -</u>
Decrease in fair value of investments	<u>135,570</u>	<u>9,369</u>	<u>144,939</u>	<u>60,947</u>

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

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

<u>ASSETS</u>	<u>Employees Retirement Funds</u>
Equity in pooled cash and investments	\$ 338,817
Receivables:	
Interest and dividend receivables	114,886
Investments, at fair value	
Common stock	\$ 33,062,678
Government securities	1,116,289
Corporate bonds	7,662,924
Mortgage backed securities	7,817,778
Mutual funds-international growth	5,667,697
Mutual funds-real estate investments	1,431,913
Money market funds	<u>1,071,146</u>
Total assets	<u>58,284,128</u>
<u>LIABILITIES</u>	
Accounts payable	75,021
Unearned revenues/future benefits	<u>458,042</u>
Total liabilities	<u>533,063</u>
<u>NET ASSETS</u>	
Held in trust for pension benefits	<u>57,751,065</u>
Total net assets	<u>\$ 57,751,065</u>

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

CITY OF TAMARAC, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	<u>Employees Retirement Funds</u>
ADDITIONS	
Contributions:	
City	\$ 2,857,189
Plan members	916,029
State revenue	<u>639,483</u>
Total contributions	<u>4,412,701</u>
Investment income:	
Net appreciation in fair value of investments	4,757,519
Interest and dividend income	<u>1,345,810</u>
Total investment income	<u>6,103,329</u>
Less investment expenses	<u>(296,708)</u>
Net investment income	<u>5,806,621</u>
Total additions	<u>10,219,322</u>
DEDUCTIONS	
Benefits paid	2,654,005
Administrative expenses	153,380
Refunds of contributions	<u>124,551</u>
Total deductions	<u>2,931,936</u>
Change in net assets	7,287,386
Net assets, October 1	<u>50,463,679</u>
Net assets, September 30	<u>\$ 57,751,065</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENT SEPTEMBER 30, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Tamarac, Florida (the "City") was incorporated in 1963 and is a political subdivision of the State of Florida located in northwestern Broward County. The City operates under a Commission-Manager form of government, with the legislative function being vested in a five-member commission. The City Commission is governed by the City Charter and by state and local laws and regulations. The City Commission is responsible for establishment and adoption of policy. The City provides the following full range of municipal services authorized by its charter: public safety, highways and streets, sanitation, health and social services, culture, recreation, bus transportation, public improvements, planning and zoning, water and sewer and general administrative services.

The accounting policies of the City conform to Accounting Principles Generally Accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

A. The Reporting Entity

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. The City is financially accountable for a component unit if it appoints a voting majority of the organization's governing 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 to, or impose specific financial burdens on the City. Based on the application of these criteria, there were no organizations which met the criteria described above.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. 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 segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 6 months of the end of the current fiscal period, except for property taxes, for which the period is 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Accounting principles generally accepted in the United States of America set forth minimum criteria (percentage of the assets, liabilities, revenue, or expenditures/expenses of the applicable fund category and the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are presented in one column in the respective fund financial statements.

The City reports the following major governmental funds:

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

The **special revenue fund (Fire rescue)** accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including major capital projects).

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City reports the following major proprietary funds:

The **utilities fund** is used to account for the provision of water and sewer services to the residents and the commerce of the City.

The **stormwater management fund** is used to account for the provision of stormwater maintenance and capital improvements to the residents and commerce of the City.

Additionally, the government reports the following fund types:

The **internal service fund** is used to account for the financing of the insurance services provided to other funds of the City on a cost reimbursement basis.

The **pension trust funds** include General employee's pension fund, Police officers' pension fund, and Firefighters' pension fund, which all account for the accumulation of resources to be used for retirement benefit payments to the City's general employees, police officers and firefighters.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government 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 payments-in-lieu of taxes and other charges between the City's utilities function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, whose purpose has not been restricted to a specific program.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's utilities and stormwater enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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. Deposits and Investments

Equity in pooled cash and cash equivalents includes cash on hand and investments with the State Board of Administration investment pool (2A-7 Pool) and investments with a maturity of three months or less.

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 balances 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.

In accordance with GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", all investments are reported at fair value. Fair value is determined by quoted market prices. The fair value of the investment pool is its position in the pool which is the same as the value of the pool shares. Income, including the change in fair value, from investments held by the individual funds is recorded in the respective fund as it is earned. All other investments owned by the City are accounted for in pooled cash and temporary investment accounts. Income earned from this pooling of investments is allocated monthly to the respective funds based upon average daily balances.

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Net Assets or Equity (Continued)

2. Receivables and Payables

Activities 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” or “advances to/from other funds. Any residual balances outstanding between the governmental activities and business activities are reported in the government-wide financial statements as “internal balances”.

All trade and other receivables are shown net of allowance for uncollectibles. Long-term receivables are analyzed for their collectability based on the terms and conditions of the agreements. In addition to those receivables specifically identified as uncollectibles, a general allowance is calculated based on the City’s historic bad-debt experience.

3. Inventories, Prepaid Items and Unamortized Costs

Inventories are valued at cost, which approximates market, using the average cost method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

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.

Unamortized costs in the Utilities Enterprise Fund are being amortized over a 24 year period.

4. Restricted Assets

Certain proceeds from revenue refunding bonds, as well as other monies as required by several bond indentures, are classified as restricted assets in the government-wide and proprietary fund statements of net assets. Restricted assets are not presented on the balance sheet of the governmental funds; however, certain assets of these funds are restricted as to use.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, culverts, pump stations, stormwater lines, light poles, catch basins, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$750 for equipment and \$5,000 for infrastructure (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation.

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

Major outlays for capital assets and improvements are capitalized as they are completed.

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Net Assets or Equity (Continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Building improvements	20
Infrastructure street (Asphalt)	35-40
Sidewalks	30
Light Poles (Concrete)	40
Pump Stations	30
Stormwater Lines	30
Culverts	30
Catch Basins	30
Vehicles	4-20
Office equipment	5
Office furniture	10
Computer equipment	4-5

6. Unearned Revenue

Unearned revenues are recorded for governmental fund receivables that are not both measurable and available. In addition, inflows that do not yet 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.

7. Compensated Absences

It is the City's policy to permit eligible employees to accumulate earned but unused vacation and sick pay benefits. Upon separation from service, employees receive payment for a portion of unused vacation time and sick leave subject to length of service and contract classification. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. The non-current portion for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

8. Long-Term Obligations

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

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Net Assets or Equity (Continued)

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

Issuance costs not withheld from the actual debt proceeds received are reported as debt service expenditures.

9. Property Taxes

Property taxes are assessed as of January 1 each year and are first billed (levied) and due the following November 1.

Under Florida law, the assessment of all properties and the collection of all county, municipal, school board and special district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws for the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The millage rate assessed by the City for the year ended September 30, 2005 was 5.9999 mills.

The tax levy of the City is established by the Commission prior to October 1 of each year, and the County Property Appraiser incorporates the millage into the local tax levy, which includes Broward County, Broward County School Board and special taxing districts.

All property is reassessed according to its fair market value as of January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes.

All real and tangible personal property taxes are due and payable on November 1 each year. Broward County mails to each property owner on the assessment roll a notice of the taxes due and Broward County also collects the taxes for the City.

Taxes may be paid upon receipt of such notice from Broward County, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount, and all unpaid taxes on real and tangible personal property become delinquent and liens are placed on April 1 of the year following the year in which taxes were assessed. 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, therefore an allowance for uncollectible taxes has not been recorded.

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

E. Assets, Liabilities, and Net Assets or Equity (Continued)

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 future purpose. The description of each reserve indicates the purpose for which each was intended. Designations of fund balance represent tentative management plans that are subject to change. Unreserved undesignated fund balance is the portion of fund equity available for any lawful use.

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 funds 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. Contributions

Contributions from private developers and customers representing “water and wastewater impact fees” for the future acquisition or expansion of capital improvements of City operated water and wastewater systems are recorded as non-operating revenues and reflected on the statement of activities.

13. Use of Estimates

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

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference of \$24,317,270 are as follows:

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Bonds payable	\$ 22,299,398
Less: Deferred charge for issuance discount (to be amortized as interest expense	(92,884)
Capital leases payable	440,745
Parking lot remediation	260,800
Compensated absences	<u>1,409,211</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ 24,317,270</u>

Another element of that reconciliation explains that "Internal Service Funds are used by management to charge the cost of insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets." The details of this \$2,306,486 difference are as follows:

Net assets of internal service funds	\$ 2,448,039
Less: Internal payable representing charges in excess of cost to business-type activities-prior years	(63,177)
Less: Internal payable representing charges in excess of cost to business-type activities-current year	<u>(78,376)</u>
Net adjustment to increase <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ 2,306,486</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$718,544 difference are as follows:

Capital outlay	\$ 3,795,982
Depreciation expense	<u>(3,077,438)</u>
Net adjustment to increase net changes in <i>fund balance-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 718,544</u>

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect 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.” The details of this \$2,074,869 difference are as follows:

Principal repayments:	
General obligation bonds	\$ 852,365
Revenue bonds	830,000
Capital leases	398,309
Amortization of bond discount	<u>(5,805)</u>
Net adjustment to decrease <i>net changes in fund balances-</i> <i>total governmental funds</i> to arrive at <i>changes in net assets of</i> <i>governmental activities</i>	<u>\$ 2,074,869</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(182,684) are as follows:

Compensated absences	\$ 23,001
Accrued interest	(12,529)
Changes in pension assets/obligations	<u>(193,156)</u>
Net adjustment to decrease <i>net changes in fund balances-</i> <i>total governmental funds</i> to arrive at <i>changes in net assets of</i> <i>governmental activities</i>	<u>\$ (182,684)</u>

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Another element of that reconciliation states that "Internal service fund is used by management to charge the costs of insurance services to individual funds. The net revenue of certain activities of internal service fund is reported with governmental activities." The details of this \$3,519,318 difference are as follows:

Change in net assets in the internal service fund	\$ 3,660,871
Less: Portion from charges to business type activities	
- prior years	(63,177)
Less: Portion from charges to business-type activities-	
current year	<u>(78,376)</u>
Net adjustment to decrease net changes in <i>fund balances-</i>	
<i>total governmental funds to arrive at changes in net assets</i>	
<i>of governmental activities</i>	<u>\$ 3,519,318</u>

NOTE 3. DEPOSITS AND INVESTMENTS

Cash and Investment

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 amounts 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 monthly balances.

a. Cash Deposits

The carrying amounts of the City's cash deposits were \$8,038,722 including petty cash on hand of \$2,475 as of September 30, 2005. Bank balance before reconciling items were \$8,125,152 at that date, the total of which is collateralized or insured with securities held by the City or by its agent in the City's name as discussed below.

In addition, cash and investments are separately held by the City's Enterprise and Trust Funds and related investment income is recorded in these funds. Deposits consist of interest and non-interest bearing demand accounts and certificates of deposit.

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 the 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 having a fair value equal to or greater than the average daily or monthly balance of all public deposits, multiplied by the depository's collateral pledging level.

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

b. Investments

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

	<u>Maximum Maturity</u>	<u>Maximum % of Portfolio</u>
State Board of Administration	N/A	90%
U.S. Treasury Securities	15 years	95%
U.S. Government Obligations	10 years	85%
U.S. Government Instrumentalities	10 years	85%
Certificate of Deposits	5 years	85%
Commercial Papers by any US Corporation	270 days	10%
Bankers' Acceptance	270 days	10%
Money Market Funds	N/A	20%

Collateralization will be required on two types of investments: certificate of deposits and overnight repurchase agreements. In order to anticipate market changes and provide level of security for all funds, the collateralization level will be 100% at a minimum up to 102% being desired.

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

	<u>Credit Quality Ratings</u>	<u>Fair Value</u>	<u>within 6 months</u>	<u>6 months to 1 year</u>	<u>1 to 3 years</u>	<u>Over 3 years</u>
State Board Administration (SBA)	Not Rated	\$13,270,818	\$13,270,818	\$ -	\$ -	\$ -
US Treasury Securities	AAA	5,927,470	995,160	4,932,310	-	-
US Government Securities - callable	AAA	20,512,805	1,036,555	1,969,375	13,627,500	3,879,375
US Government Securities	AAA	9,532,973	997,941	6,540,657	1,994,375	-
US Government Securities - JP Morgan	AAA	3,289,000	3,289,000	-	-	-
Deposits - Transamerica	A1/P1	4,557,979	-	-	4,557,979	-
Occidental Insurance Co.	A1/P1	4,557,979	-	-	4,557,979	-
		\$57,091,045	\$19,589,474	\$13,442,342	\$20,179,854	\$3,879,375

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

c. Risk Disclosures

Interest Rate Risk. Interest risk is the risk that changes in market interest rates will adversely affect their fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a mean of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities not to exceed five years at time of purchase.

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 law limits investments in commercial paper and corporate bonds to the highest credit rating from a nationally recognized rating agency. It is the City's policy to limit investments in these types to have at least A1/P1 rating from Moody's Investor Services and Standard and Poor's (S&P).

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 total City investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>%</u>
FHLB	Federal Agency Securities	14,834,562	26%
FFCB	Federal Agency Securities	6,828,125	12%
FNMA	Federal Agency Securities	4,914,375	9%
Transamerica Occidental Insurance	Deposits	3,289,000	6%
FHLMC	Federal Agency Securities	3,468,647	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 requires that a third party commercial bank's trust department hold all securities owned by the City. All securities purchased or sold will be transferred only under the "delivery versus payment" (D.V.P.) method through the City's safekeeping agent.

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

The Employee Pension Plan investments are held separately from those of other City funds. As prescribed 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 being held by Amsouth Bank, and State Street Global Advisors which consisted of the following:

	<u>General Employees Pension</u>	<u>Police Pension</u>	<u>Firefighters Pension</u>
Common stock	\$ 13,228,793	\$ 5,688,523	\$ 17,820,133
Government securities, corporate bonds and mortgage backed securities	5,255,447	1,720,430	9,621,117
Mutual funds	1,992,925	1,431,913	499,961
Money market funds	303,175	268,010	-
Total	<u>\$ 20,780,340</u>	<u>\$ 9,108,876</u>	<u>\$ 27,941,211</u>

General Employees' Pension Trust Fund

The general employees' pension trust fund's investments in government securities and corporate bonds has maturities as follows:

<u>Investment type</u>	<u>Investment Maturities (in Years)</u>				
	<u>Fair value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
Corporate bonds	\$ 2,407,814	\$ -	\$ 458,100	\$ 1,123,228	\$ 826,486
US Treasuries	281,573	-	-	-	281,573
US Agencies	2,566,060	-	224,308	428,059	1,913,693
Total	<u>\$ 5,255,447</u>	<u>\$ -</u>	<u>\$ 682,408</u>	<u>\$ 1,551,287</u>	<u>\$ 3,021,752</u>

The Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

General Employees' Pension Trust Fund (Continued)

The Fund limits investments in corporate bonds and commercial paper to Baa or above, as rated by nationally recognized statistical rating organizations. The fund's corporate bonds were rated by Moody's Investors Services as follows:

<u>Rating</u>	<u>Fair Value</u>
Aaa	\$ 630,351
Aa2	24,865
Aa3	40,145
A1	232,161
A2	134,743
A3	273,013
Baa1	274,896
Baa2	412,097
Baa3	196,059
Unrated	189,484
<i>Total</i>	<u>\$ 2,407,814</u>

The Fund limits investments that may be invested in any one issuer to no more than 5% of Plan Net Assets, other than those issued by the US Government or its Agencies. More than 5% of the Fund's plan net assets are invested in debt securities issued by the Federal National Mortgage Association. This investment represented 6.4% of Plan Net Assets.

Police Officers' Pension Trust Fund

The police officers' pension trust fund's investments in government securities and corporate bonds has maturities as follows:

<u>Investment type</u>	<u>Investment Maturities (in Years)</u>				
	<u>Fair value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
Corporate bonds	\$ 623,638	\$ -	\$ 325,289	\$ 118,718	\$ 179,631
US Treasuries	46,603	-	-	-	46,603
US Agencies	1,050,189	54,290	4,612	283,113	708,174
Total	<u>\$ 1,720,430</u>	<u>\$ 54,290</u>	<u>\$ 329,901</u>	<u>\$ 401,831</u>	<u>\$ 934,408</u>

The Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Police Officers' Pension Trust Fund (Continued)

State law limits investments in corporate bonds and commercial paper to the top 3 ratings provided by nationally recognized statistical rating organizations. The Fund's corporate bonds were rated by Moody's Investors Services as follows:

<u>Rating</u>	<u>Fair Value</u>
Aaa	\$ 356,544
Aa1	26,139
Aa3	60,963
A1	45,164
A2	47,450
A3	20,485
Unrated	66,893
<i>Total</i>	<u>\$ 623,638</u>

The Fund does not allow investment in a single issuer to exceed 5% of Plan Net Assets, other than those of the US Government or its Agencies. More than 5% of the Fund's plan net assets are invested in debt securities issued by the Federal National Mortgage Association. This investment represented 7.9% of Plan Net Assets.

Firefighters' Pension Trust Fund

The firefighters' pension trust fund's investments in government securities and corporate bonds has maturities as follows

<u>Investment type</u>	<u>Investment Maturities (in Years)</u>				
	<u>Fair value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
Corporate bonds	\$ 2,853,268	\$ 100,405	\$ 1,225,565	\$ 713,377	\$ 813,921
US Treasuries	788,111	470,736	-	155,865	161,510
US Agencies	5,979,738	619,269	7,653	1,411,352	3,941,464
<i>Total</i>	<u>\$ 9,621,117</u>	<u>\$ 1,190,410</u>	<u>\$ 1,233,218</u>	<u>\$ 2,280,594</u>	<u>\$ 4,916,895</u>

The Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

State law limits investments in corporate bonds and commercial paper to the top 3 ratings provided by nationally recognized statistical rating organizations. The Fund's corporate bonds were rated by Moody's Investors Services as follows:

<u>Rating</u>	<u>Fair Value</u>
Aaa	\$ 2,234,129
Aa1	142,227
Aa3	203,210
A1	73,391
A2	77,107
A3	56,333
Unrated	66,871
<i>Total</i>	<u>\$ 2,853,268</u>

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Firefighters' Pension Trust Fund (Continued)

The Fund limits the investments in securities from any one issuer to no more than 5% of Plan Net Assets, other than those issued by the US Government and its Agencies. More than 5% of the Fund's plan net assets are invested in debt securities issued by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. These investments represented 10.3% and 8.2%, respectively, of Plan Net Assets.

NOTE 4. RECEIVABLES AND PAYABLES

Receivables at year-end for the City's governmental funds, including the applicable allowance for uncollectible accounts, are as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Other</u>	<u>Due from other Governments</u>	<u>Total</u>	<u>Allowance for Uncollectible</u>	<u>Net</u>
Governmental activities:							
General	\$ 1,093,531	\$ 22,449	\$ 2,516	\$ 913,708	\$ 2,032,204	(20,376)	\$ 2,011,828
Fire rescue	2,855,535	-	-	962	2,856,497	(1,990,674)	865,823
Other governmental	-	-	1,830,166	729,357	2,559,523	(952,593)	1,606,930
Internal service	13,747	-	-	-	13,747	-	13,747
Total	<u>\$ 3,962,813</u>	<u>\$ 22,449</u>	<u>\$ 1,832,682</u>	<u>\$ 1,644,027</u>	<u>\$ 7,461,971</u>	<u>\$ (2,963,643)</u>	<u>\$ 4,498,328</u>

The only receivable not expected to be collected within one year are \$32,679 of advances to employees on purchase of personal computers in the general fund.

Receivables at year-end for the City's business-type activities, including the applicable allowance for uncollectible accounts, are as follows:

	<u>Accounts</u>	<u>Other</u>	<u>Due from other Governments</u>	<u>Total</u>
Business-type activities:				
Utilities	\$ 2,254,345	\$ 87	\$ -	\$ 2,254,432
Stormwater	258,084	-	250,000	508,084
Gross receivables	2,512,429	87	250,000	2,762,516
Less: Allowance for uncollectibles	(22,712)	-	-	(22,712)
Net total receivables	<u>\$ 2,489,717</u>	<u>\$ 87</u>	<u>\$ 250,000</u>	<u>\$ 2,739,804</u>

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 4. RECEIVABLES AND PAYABLES (Continued)

The City reports revenues net of bad debt write-offs, total amounts written-off for the fiscal year are as follows:

Write-offs related to water revenues	\$	2,974
Write-offs related to sewer revenues		<u>4,477</u>
Total write-offs for the fiscal year	\$	<u><u>7,451</u></u>

Payables at September 30, 2005 were as follows:

	<u>Vendors</u>	<u>Due from other Governments</u>	<u>Total</u>
Governmental activities:			
General	\$ 895,421	\$ 5,396	\$ 900,817
Fire rescue	52,745	-	52,745
Nonmajor and other funds	<u>296,561</u>	<u>236</u>	<u>296,797</u>
Total governmental activities	<u>\$ 1,244,727</u>	<u>\$ 5,632</u>	<u>\$ 1,250,359</u>
Business-type activities:			
Utilities	\$ 802,137	\$ 2,203	\$ 804,340
Stormwater	<u>612,853</u>	<u>-</u>	<u>612,853</u>
Total business-type activities	<u>\$ 1,414,990</u>	<u>\$ 2,203</u>	<u>\$ 1,417,193</u>

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 5. CAPITAL ASSETS

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

Governmental Activities (Including Internal Service Fund)	Balance October 1, <u>2004</u>	<u>Increases</u>	<u>Decreases</u>	Balance September 30, <u>2005</u>
Capital assets not being depreciated:				
Land	\$ 11,726,791	\$ -	\$ -	\$ 11,726,791
Construction in progress	<u>17,425</u>	<u>614,571</u>	<u>(17,425)</u>	<u>614,571</u>
Total assets not being depreciated	<u>11,744,216</u>	<u>614,571</u>	<u>(17,425)</u>	<u>12,341,362</u>
Capital assets being depreciated:				
Building and improvements	25,710,058	106,713	-	25,816,771
Improvements other than building	4,107,816	1,573,428	-	5,681,244
Infrastructure	51,467,515	349,528	-	51,817,043
Equipment	<u>11,357,728</u>	<u>1,169,167</u>	<u>(289,200)</u>	<u>12,237,695</u>
Total capital assets being depreciated	<u>92,643,117</u>	<u>3,198,836</u>	<u>(289,200)</u>	<u>95,552,753</u>
Less accumulated depreciation for:				
Building	(5,908,308)	(861,618)	-	(6,769,926)
Improvements other than building	(425,632)	(251,067)	-	(676,699)
Infrastructure	(3,884,245)	(627,547)	-	(4,511,792)
Equipment	<u>(7,033,310)</u>	<u>(1,337,206)</u>	<u>237,023</u>	<u>(8,133,493)</u>
Total accumulated depreciation	<u>(17,251,495)</u>	<u>(3,077,438)</u>	<u>237,023</u>	<u>(20,091,910)</u>
Net capital asset being depreciated	<u>75,391,622</u>	<u>121,398</u>	<u>(52,177)</u>	<u>75,460,843</u>
Governmental activity capital assets, net	<u>\$ 87,135,838</u>	<u>\$ 735,969</u>	<u>\$ (69,602)</u>	<u>\$ 87,802,205</u>

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 5. CAPITAL ASSETS (Continued)

The following is a summary of capital assets in the Enterprise Funds at September 30, 2005:

	Balance October 1, <u>2004</u>	<u>Increases</u>	<u>Decreases</u>	Balance September 30, <u>2005</u>
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 488,883	\$ 44,774	\$ -	\$ 533,657
Construction in progress	<u>3,171,108</u>	<u>3,517,059</u>	<u>-</u>	<u>6,688,167</u>
Total assets not being depreciated	<u>3,659,991</u>	<u>3,561,833</u>	<u>-</u>	<u>7,221,824</u>
Capital assets being depreciated:				
Building	1,980,497	-	-	1,980,497
Improvements other than building	70,891,166	5,667,241	(67,015)	76,491,392
Infrastructure	27,413,457	-	-	27,413,457
Machinery and equipment	<u>3,917,027</u>	<u>124,690</u>	<u>(19,439)</u>	<u>4,022,278</u>
Total capital assets being depreciated	<u>104,202,147</u>	<u>5,791,931</u>	<u>(86,454)</u>	<u>109,907,624</u>
Less accumulated depreciation for:				
Building	(1,007,552)	(77,312)	-	(1,084,864)
Improvements other than building	(29,936,860)	(2,457,270)	67,015	(32,327,115)
Infrastructure	(25,623,045)	(856,813)	-	(26,479,858)
Equipment	<u>(3,191,662)</u>	<u>(253,269)</u>	<u>19,439</u>	<u>(3,425,492)</u>
Total accumulated depreciation	<u>(59,759,119)</u>	<u>(3,644,664)</u>	<u>86,454</u>	<u>(63,317,329)</u>
Net capital asset being depreciated	<u>44,443,028</u>	<u>2,147,267</u>	<u>-</u>	<u>46,590,295</u>
Business-type activity capital assets, net	<u>\$ 48,103,019</u>	<u>\$ 5,709,100</u>	<u>\$ -</u>	<u>\$ 53,812,119</u>

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

General government	\$ 687,559
Public Safety	942,360
Transportation	835,484
Culture/recreation	595,493
Physical environment	15,487
Human services	751
Economic environment	304
Total depreciation expense - governmental activities	<u>\$ 3,077,438</u>
Business-type activities:	
Utilities	\$ 2,684,207
Stormwater	960,457
Total depreciation expense - business-type activities	<u>\$ 3,644,664</u>

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 5. CAPITAL ASSETS (Continued)

Construction Commitments

The City of Tamarac has active construction projects as of September 30, 2005. The citywide street resurfacing and median beautification project is close to completion. Other construction projects include Caporella Aquatic Center, Southgate Linear Park, three stormwater pump stations, drainage improvements in the Woodlands subdivision, water and wastewater utility improvements on the west system and the water treatment disinfection. Also, construction is continuing on a two (2) million gallon water storage tank.

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Streets & Median Improvements	\$ 4,445,142	\$ 2,272,598
Florida Turnpike Widening	329,508	420,492
Southgate Linear Park	75,409	1,677,515
Pump Stations (C-14 Canal)	3,367,186	1,577,459
Drainage Improvements-Woodlands	457,735	363,088
Tamarac West System Rehab	409,569	304,187
Water Storage Tank	2,444,530	98,431
Caporella Aquatic Center	<u>422,238</u>	<u>1,736,824</u>
Total	<u>\$11,951,317</u>	<u>\$ 8,450,594</u>

The Series 1999 and 2002 Sales Tax Revenue Bond issues are financing the streets and median beautification improvements. The Series 2005 Capital Improvement Revenue Bonds are funding the City's water and wastewater utility system and the stormwater projects.

NOTE 6. INTERFUND BALANCES AND TRANSFERS

Interfund balances at September 30, 2005 consisted of the following:

<u>Due to/from other funds</u>		<u>Payable Fund</u>	<u>Amount</u>
<u>Receivable Fund</u>			
General	Community development	\$	9,188
	block grant		
	Grants		573,775
Grants	Fire rescue		66,986
Public service facilities	General capital projects		4,621
	Stormwater		58
Total		<u>\$</u>	<u>654,628</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 6. INTERFUND BALANCES AND TRANSFERS (Continued)

Interfund Transfers for the year ended September 30, 2005, consisted of the following:

<u>Transfer Out</u>	<u>Transfer in</u>					<u>Total</u>
	<u>General Fund</u>	<u>Fire Rescue</u>	<u>Nonmajor Governmental</u>	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>	
General fund	\$ -	\$ 5,172,400	\$ 2,410,071	\$ -	\$ 3,200,000	\$ 10,782,471
Enterprise funds	<u>269,500</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>284,500</u>
Total	<u>\$ 269,500</u>	<u>\$ 5,172,400</u>	<u>\$ 2,410,071</u>	<u>\$ 15,000</u>	<u>\$ 3,200,000</u>	<u>\$ 11,066,971</u>

Transfers are used to (1) move revenues from the fund that the budget requires to collect them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various capital projects accounted for in other funds in accordance with budgetary authorizations. The following transfers are explained below:

- \$5,172,400 was transferred from General Fund to Fire Rescue Fund;
- \$269,500 was transferred from Stormwater Management Fund to General Fund;
- \$609,000 was transferred from General Fund to Capital Projects Fund;
- \$1,801,071, of which 1,749,200 was transferred from General Fund to Debt Service Fund and \$51,871 was transferred from General Fund to Grants Fund;
- \$15,000 was transferred from Stormwater Management Fund to Utilities Operating Fund and \$2,221,180 was transferred from Utilities Operating Fund to Utilities Renewal and Replacement Fund.

NOTE 7. ADVANCES TO PENSION PLAN

In June 2005, the City passed an ordinance creating a defined benefit pension plan for City officials and executive, professional, or non-represented administrative full-time employees. The plan will take effect on October 1, 2005 and will be administered by League of Cities Florida Municipal Pension Trust fund. During the year, the city advanced \$500,000 as initial contribution to the pension plan.

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM DEBT

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

The General Obligation Bonds, Series 1992, were issued in the amount of \$8,185,000, bear interest at rates varying from 4.8% to 5.9% and mature in varying annual installments through 2007. The bonds will be repaid from property taxes earmarked for debt service. The bond indentures contain limitations and restrictions related to pledges, maintenance of and flow of monies through various restricted accounts, and minimum amounts to be maintained in various funds.

\$ 930,000

On December 10, 1998, the City of Tamarac issued \$3,250,000 of General Obligation Bonds, Series 1998 (Senior and Community Center Project). The 1998 General Obligation bonds bear an interest rate of 4.269% not to exceed the maximum legal rate and mature in varying annual installments through 2018. Bond proceeds were used to build the City of Tamarac Community Center, located on Commercial Boulevard. The bonds will be repaid from ad valorem taxes levied by the City upon the taxable real property within the City.

2,576,769
\$ 3,506,769

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year ending September 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	887,371	161,620
2007	353,875	111,611
2008	165,658	93,179
2009	172,730	85,957
2010	180,103	78,425
2011-2015	1,022,625	267,412
2016-2018	<u>724,407</u>	<u>47,249</u>
Total	<u>\$ 3,506,769</u>	<u>\$ 845,453</u>

As of September 30, 2005, the City was in compliance with all general obligation bond covenants.

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM DEBT (Continued)

Revenue Bonds

The government also issues bonds where the government pledges income derived from acquired or constructed assets to pay debt service.

Governmental

The City issued on August 5, 1999, the City of Tamarac, Florida Sales Tax Revenue Bonds, Series 1999 in the amount of \$8,740,000. The 1999 Revenue bonds bear interest rates from 3.55% to 5.125% and matures in varying annual installments through 2019. These bonds were issued in order to finance the repair and resurfacing of public roadways, median beautification and other improvements to such roadways within the City. The bonds will be repaid solely from and secured by a lien on and pledge of the half-cent sales tax revenues. \$ 6,875,000

The City issued on May 1, 2002, Sales Tax Revenue Bonds, Series 2002 in the amount of \$13,410,000 in order to finance street improvements, construction of a fire station, construction of a development services building, construction of a public works storage building, construction of parks and recreation facilities and to acquire land. The revenue bonds bear interest from 3% to 4.8% and mature in varying annual installments through 2022. The bonds will be repaid solely from and secured by a lien on a pledge of the half-cent sales tax revenues on parity with the 1999 Sales Tax Revenue Bonds, Series 1999. 12,070,000
\$ 18,945,000

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM DEBT (Continued)

The Water and Sewer Utility Revenue Refunding Bonds consist of two issues. The Series 1992 bonds issued in the amount of \$13,125,000 bear interest at rates varying from 4.7% to 5.9% and mature in varying annual installments through 2011 with bonds outstanding of \$9,025,000 included in long-term debt, net of unamortized discount and issuance costs of \$118,400. The taxable Series 1996 bonds issued in the amount of \$9,155,000 bear interest at rates varying from 5.3% to 6.5% and mature in varying annual installments through 2009 with bonds outstanding of \$4,940,000 included in long-term debt, net of unamortized discount, issuance costs, and deferred loss on refunding of \$122,895. The taxable Series 1996 bonds were issued on a parity with the 1992 Series. The bonds will be repaid from revenues derived from water and sewer service charges. The bond indentures contain rate covenant calculations and restrictions on maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various funds, types of investments to be held, and reporting requirements.

\$ 11,115,000

The City issued on April 1, 2004, the City of Tamarac, Capital Improvement Revenue Bonds, Series 2004 in the amount of \$9,500,000 included in long-term debt, net of unamortized discount and issuance costs of \$277,762. The 2004 Revenue bonds bear interest rates from 2.50% to 4.50% and matures in varying annual installments through 2024. These bonds were issued to finance the acquisition, construction and equipping of certain capital improvements to the City's water and wastewater utility and stormwater utility system and related capital expenditures. The bonds and the interest are secured by and payable solely from (1) Non Ad Valorem Revenues budgeted and appropriated by the City in accordance with the Resolution and deposited in the Debt Service Fund, and (2) until applied in accordance with the provisions of the Resolution, all moneys, including the investments thereof, in the funds and accounts established under the Resolution, with the exception of the Rebate Fund.

9,370,000
\$ 20,485,000

As of September 30, 2005, the City was in compliance with all revenue bond covenants.

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM DEBT (Continued)

Revenue bond debt service requirements to maturity are as follows:

Year ending September 30,	<u>Governmental Activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	855,000	890,595	1,900,000	980,931
2007	890,000	859,225	2,005,000	873,405
2008	925,000	824,840	2,120,000	758,804
2009	965,000	785,500	2,240,000	637,633
2010	1,005,000	742,643	2,370,000	508,169
2011-2015	5,750,000	2,989,834	4,325,000	1,496,180
2016-2020	6,595,000	1,451,483	2,480,000	936,982
2021-2025	1,960,000	148,250	3,045,000	352,917
Total	<u>\$ 18,945,000</u>	<u>\$ 8,692,370</u>	<u>\$ 20,485,000</u>	<u>\$ 6,545,021</u>

All revenues from the City's Utilities Enterprise Fund are pledged as collateral for the Water and Sewer Utility Refunding Bonds.

Capital Leases

The City has entered into capital lease agreements through the use of a Master Lease Agreement for the purchase of various capital assets within the City. The Master Lease Agreement requires no down payment and interest rates are set at lease inception. Upon final payment of the lease, the capital asset title will revert to the City.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2005 were as follows:

	<u>Governmental Activities</u>
Year ending September 30	
2006	\$ 258,953
2007	158,693
2008	56,461
Total minimum lease payments	<u>474,107</u>
Less: amount representing interest (at rates ranging from 4.2% to 5.3%)	<u>(33,362)</u>
Present value of minimum lease payments	<u>\$ 440,745</u>

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 8. LONG-TERM DEBT (Continued)

The assets acquired through capital leases are as follows:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Asset:		
Machinery and equipment	\$ 2,102,399	\$ 151,956
Less: accumulated depreciation	<u>(1,504,576)</u>	<u>(84,842)</u>
Total	<u>\$ 597,823</u>	<u>\$ 67,114</u>

Parking Lot Remediation

As of September 30, 2005, there is a liability for parking lot remediation of \$260,800 which was recorded based on the estimated amount necessary to remediate a municipal parking lot from environmental contamination. The City is awaiting instructions from the Florida Department of Environmental Protection before proceeding with clean up.

Defeased Issues

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2005, \$6,315,000 of water and sewer revenue bonds outstanding are considered defeased, and \$1,690,000 of general obligation bonds outstanding are considered defeased.

Conduit Debt Obligations

The City has issued Industrial Revenue Bonds to provide financial assistance to four private-sector entities for the acquisition and construction of warehouses and office facilities. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the City, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2005, the City of Tamarac has issued \$18,100,000 worth of Industrial Revenue Bonds.

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM DEBT (Continued)

Debt Coverage - Water and Sewer Revenue Bonds

Bond covenants require the current operating income and interest earnings to be at 110%, or current operating income and other income, including contributed impact fees to be at 120%, of the current principal payments and interest expense on the bonds as defined in the bond indenture. The bond coverage computation follows:

	<u>110% Test</u>	<u>120% Test</u>
Operating revenues	\$ 17,190,803	\$ 17,190,803
Operating expenses before depreciation, amortization, and payment in lieu of taxes	<u>12,928,128</u>	<u>12,928,128</u>
Operating income	4,262,675	4,262,675
Other income:		
Interest earnings	416,084	416,084
Contributed impact fees	<u>-</u>	<u>2,950,141</u>
Amount available for debt coverage	<u>\$ 4,678,759</u>	<u>\$ 7,628,900</u>
Debt payments		
Principal	\$ 1,470,000	\$ 1,470,000
Interest	<u>679,258</u>	<u>679,258</u>
Amount to be covered	<u>\$ 2,149,258</u>	<u>\$ 2,149,258</u>
Debt coverage	218%	355%
Minimum coverage	<u>110%</u>	<u>120%</u>
Excess coverage	<u>108%</u>	<u>235%</u>

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 8. LONG-TERM DEBT (Continued)

Long-term liability activity for the year ended September 30, 2005 was as follows:

	October 1, <u>2004</u>	<u>Additions</u>	<u>Reductions</u>	September 30, <u>2005</u>	<u>Due within One Year</u>
Governmental activities:					
Bonds and notes payable					
General obligation debt	\$ 4,352,902	\$ -	\$ (846,133)	\$ 3,506,769	\$ 887,371
Revenue bonds	19,775,000	-	(830,000)	18,945,000	855,000
Capital leases	839,054	-	(398,309)	440,745	237,832
Less: deferred amounts for issuance discounts	<u>(98,689)</u>	<u>-</u>	<u>5,805</u>	<u>(92,884)</u>	<u>(5,805)</u>
Total bonds and notes payable	<u>24,868,267</u>	<u>-</u>	<u>(2,068,637)</u>	<u>22,799,630</u>	<u>1,974,398</u>
Other liabilities:					
Compensated absences	1,445,361	566,054	(407,030)	1,604,385	195,174
Claims and judgments	4,475,359	21,001	-	4,496,360	-
Parking lot remediation	<u>260,800</u>	<u>-</u>	<u>-</u>	<u>260,800</u>	<u>-</u>
Total other liabilities	<u>6,181,520</u>	<u>587,055</u>	<u>(407,030)</u>	<u>6,361,545</u>	<u>195,174</u>
Governmental activity Long-term liabilities	<u>\$ 31,049,787</u>	<u>\$ 587,055</u>	<u>\$ (2,475,667)</u>	<u>\$ 29,161,175</u>	<u>\$ 2,169,572</u>
Business-type activities:					
Bonds and notes payable					
Water and sewer revenue refunding bonds	\$ 12,585,000	\$ -	\$ (1,470,000)	\$ 11,115,000	\$ 1,560,000
Capital improvement revenue bonds	9,500,000	-	(130,000)	9,370,000	340,000
Capital leases	33,418	-	(33,418)	-	-
Less: deferred amounts for issuance discounts	<u>(931,070)</u>	<u>-</u>	<u>412,013</u>	<u>(519,057)</u>	<u>-</u>
Total bond and notes payable	<u>21,187,348</u>	<u>-</u>	<u>(1,221,405)</u>	<u>19,965,943</u>	<u>1,900,000</u>
Other liabilities					
Compensated absences	<u>473,756</u>	<u>110,144</u>	<u>(76,890)</u>	<u>507,010</u>	<u>55,771</u>
Business-type activity Long-term liabilities	<u>\$ 21,661,104</u>	<u>\$ 110,144</u>	<u>\$ (1,298,295)</u>	<u>\$ 20,472,953</u>	<u>\$ 1,955,771</u>

Internal service fund predominantly serves the governmental funds. Accordingly, long-term liabilities for the fund are included as part of the above totals for governmental activities. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 9. RESTRICTED ASSETS

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

Customer deposits	\$ 1,628,964
Renewal and replacement	500,000
Working capital	2,166,138
Revenue bond reserve	1,238,635
Capital improvement replacement	<u>2,815,957</u>
Total restricted assets	<u><u>\$ 8,349,694</u></u>

NOTE 10. FUND BALANCE RESERVED/UNRESERVED

The Fund balance reserved/unreserved for governmental funds are as follows:

	General <u>Fund</u>	Fire rescue <u>Fund</u>	Nonmajor <u>Governments</u>	<u>Total</u>
Reserved for:				
Encumbrances	\$ 61,547	\$ 78,570	\$ 2,319,229	\$ 2,459,346
Police training	11,188	-	-	11,188
Advances to employees	32,679	-	-	32,679
Subsequent year expenditures	-	160,116	-	160,116
Capital expenditures	-	1,020,000	4,601,865	5,621,865
Special revenue expenditures	-	774,633	3,572,778	4,347,411
Sponsorship and donations	-	-	42	42
Public safety	-	-	7,453	7,453
Public safety/CERT program	-	-	4,229	4,229
Culture and recreation	-	-	9,831	9,831
United way campaign	-	-	424	424
Library	-	-	7,967	7,967
Total	<u>105,414</u>	<u>2,033,319</u>	<u>10,523,818</u>	<u>12,662,551</u>
Unreserved:				
Designated:				
Debt service	-	-	60,119	60,119
Subsequent year expenditures	1,654,742	-	-	1,654,742
Capital expenditures	898,313	-	-	898,313
Economic stabilization	2,000,000	-	-	2,000,000
IT equipment replacement	761,514	-	-	761,514
Fleet equipment replacement	659,666	-	-	659,666
Budget amendments	1,000,000	-	-	1,000,000
Total	<u>6,974,235</u>	<u>-</u>	<u>60,119</u>	<u>7,034,354</u>
Undesignated	<u>7,268,612</u>	<u>-</u>	<u>-</u>	<u>7,268,612</u>
Total	<u><u>\$ 14,348,261</u></u>	<u><u>\$ 2,033,319</u></u>	<u><u>\$ 10,583,937</u></u>	<u><u>\$ 26,965,517</u></u>

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Summary of Significant Accounting Policies

Basis of Accounting

The Pension Plans are accounted for on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. City contributions are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Net appreciation in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost. Dividends and interest income are recognized as earned. Purchases and sales of investments are recorded on a trade-date basis.

A. GENERAL EMPLOYEES DEFINED CONTRIBUTION PENSION PLAN

During the year ended September 30, 1996, by Resolution #R96-226 of the City Commission, the City adopted a money purchase retirement plan for the City Manager, City Attorney, and executive and managerial/professional employees of the City. The City has contracted with the International City Management Association Retirement Corporation (ICMA-RC) on behalf of its general employees for three defined contribution pension plans.

All three plans are established under the provisions of Section 401(a) of the Internal Revenue Code as Money Purchase Plans and Trusts. The assets of the Plans are owned by the employee; however, the City has a custodial responsibility to properly administer the Plans. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

A. GENERAL EMPLOYEES DEFINED CONTRIBUTION PENSION PLAN (Continued)

The terms of the Plan agreement initially required the City to annually contribute 10% of each participant's earnings, and a mandatory contribution by each participant, of 5% of earnings with an option to contribute 10%. The City contributes 27% on behalf of the City Manager. The City contributed 27% on behalf of the City Attorney through April 2005, after which the position of City Attorney was eliminated by the City Commission. The City's contribution rates are 11% for employees with up to five years of service, 13% for employees with five to ten years of service and 15% for employees with ten or more years of service. For the year ended September 30, 2005, the City's contribution to the Plan was \$1,041,476 and the plan members' contribution was \$341,295.

On June 22, 2005, the City Commission adopted, at second reading, a defined benefit retirement plan for elected and appointed officers and non-represented employees. The defined benefit plan became effective on October 1, 2005. Employees who were participating in the defined contribution plans prior to October 1, 2005 had the option to join the new defined benefit plan. All elected and appointed officers and non-represented employees hired on or after October 1, 2005 in covered positions are required to participate in the defined benefit plan.

B. EMPLOYEE PENSION SYSTEM

(a) Plan Descriptions

All City full-time permanent employees, except for certain administrative employees and certain management employees, participate in one of three Employee Pension Plans, each of which is a single-employer contributory defined benefit pension plan. The Plans were established by the City in accordance with City ordinance and Florida Statutes and covers three employee groups (General Employees, Police Officers, and Firefighters). The Plans provide retirement, death and disability benefits. The benefit provisions are established and may be amended under the authority of City Ordinance. The Plans provide that a cost-of-living adjustment of up to 2% may be payable for any year in which the Plan has an actuarial gain. This provision has been interpreted by the Board and its attorney as applied on a group-by-group basis.

During fiscal year 2005, the Firefighters' Pension Fund implemented an annual cost-of-living adjustment (COLA) of 2% to those participants who retire on or after October 1, 2002, which replaces the cost-of-living adjustment described above for eligible retirees. The new COLA is payable each January 1 to those eligible participants who retired at least three years prior to such January 1. The Firefighters' Pension Fund also implemented a Deferred Retirement Option Plan (DROP) for participants attaining 25 years of service. Participation may be up to 36 months. DROP payments are held in the fund and earn interest until termination of employment, at which time the balance including interest is paid in a lump sum amount.

Each Plan issues a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to the City of Tamarac, Florida, Attn: Finance Department, 7525 NW 88th Avenue, Tamarac, Florida 33321-2401.

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

B. EMPLOYEE PENSION SYSTEM (Continued)

(b) Funding Policy

Each full-time regular employee of the City must participate in the Plan appropriate to his or her position starting on the first day of employment, except for the City Manager, City Attorney, and certain employees in an executive or managerial/professional position or certain administrative positions. All participants, except firefighters, are required to contribute 5% of pretax earnings; firefighters must contribute 9% of pretax earnings. The City is required to contribute an actuarially determined amount.

Contribution requirements of the Plan members and the City are established and may be amended by City Ordinance. In addition, certain Broward Sheriff's Office employees are covered by the Police Officers' Pension Plan for which contributions are made by the Broward Sheriff's Office based on rates determined by Florida Statute. The current rate is 18.53%. The City's annual pension cost for the current year and related information for each plan is as follows:

	<u>General Employees' Pension Plan</u>	<u>Police Officers' Pension Plan</u>	<u>Firefighters' Pension Plan</u>
Contribution rates:			
City	17.11%	14.84%	31.90%
State of Florida	0.00%	103.44%	6.21%
Plan Members	5.00%	5.00%	9.00%
Annual Pension cost	\$1,089,125	\$422,927	\$2,177,777
Contributions made	\$1,041,476	\$250,238	\$2,204,958
Actuarial valuation date	10/01/04	10/01/04	10/01/04
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar, open 3-year smoothed market	Level dollar, closed 4-year smoothed market	Level dollar, open 3-year smoothed market
Remaining amortization period	40 years	9-30 years	40 years
Actuarial assumptions:			
Investment rate of return	7.00%	7.25%	7.00%
Projected salary increases	5.00%	7.00%	5.00%
Includes inflation at	2.50%	4.00%	1.75%
Cost-of-living adjustments*	None	None	2.00%

*Each plan provides for a 2% cost-of-living adjustment for any year in which the Plan has an actuarial gain. The firefighters' plan provides a 2% annual cost-of-living adjustment for participants retiring on or after October 1, 2005 beginning January 1 three years after retirement.

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

B. EMPLOYEE PENSION SYSTEM (Continued)

(c) Annual Pension Cost and Net Pension Obligation

The annual pension cost and net pension obligation for each Pension Plan for fiscal year ended September 30, 2005 is as follows:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Annual required contribution	\$ 1,089,674	\$ 267,427	\$ 2,177,432
Interest on net pension obligation/(asset)	7,683	(41,932)	(4,824)
Adjustment to annual required contribution	<u>(8,232)</u>	<u>197,432</u>	<u>5,169</u>
Annual pension cost	1,089,125	422,927	2,177,777
Contributions made	<u>1,041,476</u>	<u>250,238</u>	<u>2,204,958</u>
Increase (decrease) in net pension obligation/(asset)	47,649	172,689	(27,181)
Net pension obligation/(asset) at beginning of year	<u>149,990</u>	<u>(341,640)</u>	<u>69,315</u>
Net pension obligation/(asset) at end of year	<u>\$ 197,639</u>	<u>\$ (168,951)</u>	<u>\$ 42,134</u>

(d) Three-Year Trend Information

General Employees' Pension Plan

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension (Asset)/ Obligation</u>
9/30/03	\$ 961,352	94%	\$ 101,350
9/30/04	1,094,084	96%	149,990
9/30/05	1,089,125	96%	197,639

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

B. EMPLOYEE PENSION SYSTEM (Continued)

Police Officers' Pension Plan

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension (Asset)/ Obligation</u>
9/30/03	\$ 257,395	100%	\$ (502,225)
9/30/04	458,846	65%	(341,640)
9/30/05	422,927	59%	(168,951)

Firefighters' Pension Plan

<u>Fiscal Year Ended</u>	<u>Pension Cost</u>	<u>Of APC Contributed</u>	<u>(Asset)/ Obligation</u>
9/30/03	\$ 1,378,346	98%	\$ 89,566
9/30/04	1,572,216	101%	69,315
9/30/05	2,177,777	101%	42,134

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The risk management program is responsible for administering the City's insurance, self-insurance, general safety and loss prevention programs. The City purchases commercial insurance for all types of claims with nominal deductible amounts except for self-insurance risks discussed below.

Prior to October 1, 1996, the City established a self-insurance program for workers' compensation effective October 1, 1987 and for general and automobile liability effective October 1, 1989. The amount of risk retained by the City is limited through the purchase of excess insurance of \$2 million with a deductible per occurrence as follows:

Workers' compensation	\$ 350,000
General and auto liability	200,000
Public official liability	25,000

The Florida Legislature pursuant to Florida Statute §768.28, must approve liability awards in excess of \$100,000 per person, \$200,000 per occurrence against municipalities in the State of Florida.

These limits do not apply to action brought in federal courts or to claim relief bills approved by the Florida legislature.

For periods subsequent to October 1, 1996, the City continues to change their insurance program limits and deductibles to enhance and refine the protection afforded. Current deductible limits for the primary insurance lines per occurrence are as follows:

General and auto liability	\$ 25,000
Automobile physical damage	10,000
Property damage and workers' compensation	25,000
Crime	10,000

Liabilities are recorded when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount.

Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions. The claims liability of \$4,496,360 reported at September 30, 2005 in the Insurance Services Fund is based on GASB No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues" which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 12. RISK MANAGEMENT (Continued)

Changes in the fund's claims liability during the past two fiscal years are as follows:

Year Ended <u>September 30</u>	Beginning of Year <u>Liability</u>	Year Claims and Changes in <u>Estimates</u>	Claim Payments <u>(Credits)</u>	End of Year <u>Liability</u>
2004	1,089,207	3,257,563	(128,590)	4,475,360
2005	4,475,360	89,947	68,947	4,496,360

The City has not had a significant reduction in insurance coverage from coverage in the prior year major categories of risk, and settled claims have not exceeded the City's retention and excess coverage in force for each of the past three years.

NOTE 13. COMMITMENTS AND CONTINGENCIES

A. Litigation

Britt vs. City of Tamarac

The Fire and Rescue Special Revenue Fund is partially funded by a fire assessment that is a consolidated fire rescue program, which includes fire suppression, first response medical stabilization and emergency medical transport. Plaintiff is seeking refund of all that portion of the assessment paid by residential property owners which funded emergency medical transport. The lawsuit sought to declare the assessments for fiscal year 1996 forward to be invalid and requested a refund of the amounts paid. The Court certified a class consisting of residential property owners with the City of Tamarac as part of this lawsuit.

On March 1, 2005, the City received an order from the Court to refund to the residents the assessment for the years 1997 through 1999 in the amount of \$3,717,360 and to pay the costs of the plaintiff's attorney. The City recorded as a loss contingency accrual for the total amount of the refund. The management of the City did file an appeal in this matter; however, the appeal has been concluded adverse to the City and the final order from the appellate court is expected by March 15, 2006.

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)

A. Litigation (Continued)

In the year 2000, the City modified its fire assessment to exclude any consideration of emergency medical transport costs from its special assessment and, therefore, it is our opinion that the assessment for the year 2000 is subsequently valid.

The City is a defendant in other legal proceedings and claims arising in the ordinary course of operations. Management has instructed legal counsel to vigorously defend these actions and does not expect ultimate liability, if any, to have a material adverse effect on the financial statements of the City.

B. Interlocal Agreement with Broward County Sheriff's Office

A contract exists between Broward County Sheriff's Office and the City, whereby Broward County Sheriff's Office provides police officers to serve the City of Tamarac. These police officers are paid on Broward County Sheriff's Office payroll. The City of Tamarac pays Broward County for the police services based on a new five-year contract ending September 30, 2009. The City recorded expenses of \$8,934,023 under this contract for the fiscal year ended September 30, 2005.

C. Interlocal Agreement with Broward County, Florida

In 1988, the City entered into an agreement with Broward County, Florida for the transmission, treatment and disposal of wastewater. The charges for service provided by the County include operating, maintenance and debt service charges for the facilities and the County Improvement, Repair, and Replacement Fund Surcharge. The charges are adjusted annually based upon actual costs incurred in the prior year.

For the fiscal year ended September 30, 2005, the City recorded expenses of \$3,608,067 under this agreement. The agreement will continue in existence and cannot be canceled on any condition except by mutual cancellation agreement between the City and Broward County. Management considers cancellation of this agreement as remote. In addition, future payments under this agreement are not estimable.

D. Guaranteed Investment Contract with Aegon Institutional Markets, Inc.

On April 29, 2004, the City of Tamarac entered into an agreement with Aegon Institutional Markets, Inc., a leading provider of guaranteed investment products, to provide a Guaranteed Investment Contract as an investment vehicle for ongoing capital projects financed by Series 2004 Revenue Bonds. These investments through Transamerica Occidental Life Insurance Company, which is owned by Aegon, and rated AA by Standard & Poor's Insurance Rating Services, AA+ by Fitch Credit Rating Company, and Aa3 by Moody's Investor Services. The City of Tamarac's initial investment was \$11,045,058. The City of Tamarac may withdraw, up to 4 times monthly, all or any portion of the principal balance on the specified withdrawal dates set forth in the Schedule Page of the contract. Withdrawals can only be made for the purposes specified in the Resolution. The investment has a guaranteed rate of return of 1.71% and will mature on October 1, 2006.

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)

E. Debt Service Forward Delivery Agreement

On April 30, 2004, the City of Tamarac entered into a "Debt Service Forward Delivery Agreement (DSFDA)" with J.P. Morgan Trust Company, N.A., as Custodian, and Wachovia Bank, N.A. The DSFDA covers the City of Tamarac's: (1) Water and Sewer Utility Revenue Bonds, Series 1992, (2) Taxable Water and Sewer Utility Revenue Refunding Bonds, Series 1996, (3) Sales Tax Revenue Bonds, Series 1999, (4) Sales Tax Revenue Bonds, Series 2002, (5) and Capital Improvement Revenue Bonds, Series 2004. The City of Tamarac makes scheduled monthly deposits from revenues collected for debt service, to J.P. Morgan. J.P. Morgan will exchange the debt service funds for securities with Wachovia Bank. Debt service payments are made by J.P. Morgan from proceeds of maturing securities semi-annually to the bondholders. The City of Tamarac received an upfront fee of \$747,000 in exchange for the right to future investment earnings. This agreement will remain throughout the terms of the Revenue bond issues stated above, scheduled to end on October 1, 2024.

J.P. Morgan is only authorized to invest in 100% U.S. Treasury Securities Money Market Fund Agency Shares. As of September 30, 2005, the City of Tamarac has a balance of \$3,679,028 at J.P. Morgan, and is required to make scheduled deposits as follows:

	<u>Deposits</u>
Year ending September 30,	
2006	\$ 4,681,824
2007	4,686,930
2008	4,690,374
2009	4,694,130
2010	3,679,440
2011-2015	13,428,090
2016-2020	11,165,442
2021-2024	<u>4,352,160</u>
Total	<u>\$ 51,378,390</u>

NOTE 14. OTHER POST-EMPLOYMENT BENEFITS

The City provides certain healthcare and life insurance benefits that are limited to a predetermined fixed amount for retired employees. All of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City.

The cost of retiree healthcare and life insurance benefits is the responsibility of the retirees with the exception of 25 retirees that qualified under the early retirement program, whereby the City contributes a portion of their healthcare costs on a "pay as you go" funding basis. The cost of healthcare benefits recognized for fiscal year ended September 30, 2005 was \$83,945.

CITY OF TAMARAC, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 15. SUBSEQUENT EVENTS

In October 2005, the City of Tamarac was impacted by Hurricane Wilma. The estimated costs for overtime, debris removal and other costs associated with the hurricane are projected to reach \$10 million. The estimated cost for debris removal is \$8.5 million. The City has received a 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. Also, the City has filed documentation with the Florida Department of Transportation (FDOT) and Florida Highway Administration (FHWA) to receive funding for debris expenses related to federal roads and highways. The City believes they will be able to obtain reimbursement for approximately 90% of costs associated with Hurricane Wilma, therefore, the estimated net expenses will be around \$1 million.

In December 2005, the City of Tamarac issued \$15 million of Capital Improvement Revenue Bonds to fund the acquisition, construction and equipping of certain City owned capital improvements for parks, recreation and public safety purposes. The serial bonds will have a final maturity in 2030 and are secured and payable solely from Non-Ad Valorem Revenues appropriated by the City.

On December 15, 2005, the City of Tamarac acquired a 10 acre parcel of land adjacent to the Utilities and Public Works Compound located in the Commerce Park at a cost of \$6.8 million. This property will be used for the future expansion of the Utilities operations and administration.

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)**

CITY OF TAMARAC, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED SEPTEMBER 30, 2005

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	Actual Amounts Budgetary Basis	Final Budget Positive (Negative)
Revenues:				
Taxes	\$23,096,600	\$23,096,600	\$23,651,241	\$ 554,641
Charges for services	1,727,300	1,727,300	1,793,039	65,739
Payment in lieu of taxes	588,000	588,000	641,508	53,508
Intergovernmental	4,832,200	5,092,239	5,907,330	815,091
Licenses and permits	1,843,800	1,843,800	2,251,241	407,441
Fines and forfeitures	645,500	645,500	539,811	(105,689)
Miscellaneous	5,079,600	5,079,600	5,179,727	100,127
Investment income	<u>313,000</u>	<u>313,000</u>	<u>411,437</u>	<u>98,437</u>
Total revenues	<u>38,126,000</u>	<u>38,386,039</u>	<u>40,375,334</u>	<u>1,989,295</u>
Expenditures:				
Current:				
General government:				
Commission	577,800	577,800	524,855	52,945
City manager	1,134,500	1,149,075	1,083,794	65,281
City attorney	736,300	1,001,300	896,751	104,549
City clerk	597,600	597,600	512,916	84,684
Human resources	857,300	966,800	857,299	109,501
Finance	1,792,100	1,812,128	1,540,792	271,336
Public works	1,106,400	1,109,124	1,001,478	107,646
Custodial and building maintenance	991,100	1,000,900	974,305	26,595
Boards and committees	106,400	106,400	57,073	49,327
Fleet management	835,100	1,625,728	900,993	724,735
Information technology	1,084,000	1,392,417	1,038,944	353,473
Non-departmental	<u>2,082,100</u>	<u>1,958,773</u>	<u>619,881</u>	<u>1,338,892</u>
Total general government	<u>11,900,700</u>	<u>13,298,045</u>	<u>10,009,081</u>	<u>3,288,964</u>
Public safety:				
Police	8,934,600	9,098,412	9,055,629	42,783
Building	1,443,400	1,486,820	1,242,506	244,314
Community development	<u>742,200</u>	<u>742,200</u>	<u>620,270</u>	<u>121,930</u>
Total public safety	<u>11,120,200</u>	<u>11,327,432</u>	<u>10,918,405</u>	<u>409,027</u>
Transportation	<u>1,308,900</u>	<u>1,348,050</u>	<u>1,249,041</u>	<u>99,009</u>
Culture / recreation:				
Recreation activities	2,166,300	2,198,821	2,121,081	77,740
Park facilities	1,243,700	1,300,171	1,132,784	167,387
Transport services	<u>682,400</u>	<u>682,400</u>	<u>576,864</u>	<u>105,536</u>
Total culture/recreation	<u>4,092,400</u>	<u>4,181,392</u>	<u>3,830,729</u>	<u>350,663</u>
Physical environment:				
Engineering	440,700	472,045	387,349	84,696
Landscape and irrigation	1,278,800	1,303,095	1,189,562	113,533
Planning	709,500	816,668	642,017	174,651
Recycling services	<u>306,900</u>	<u>306,900</u>	<u>318,993</u>	<u>(12,093)</u>
Total physical environment	<u>2,735,900</u>	<u>2,898,708</u>	<u>2,537,921</u>	<u>360,787</u>
Economic environment	<u>211,000</u>	<u>211,000</u>	<u>136,478</u>	<u>74,522</u>
Human services	<u>269,500</u>	<u>275,000</u>	<u>250,411</u>	<u>24,589</u>
Debt service:				
Principal retirement	261,500	261,500	261,396	104
Interest and fiscal charges	<u>31,900</u>	<u>31,900</u>	<u>31,999</u>	<u>(99)</u>
Total expenditures	<u>31,932,000</u>	<u>33,833,027</u>	<u>29,225,461</u>	<u>4,607,566</u>
Excess of revenues over expenditures	<u>6,194,000</u>	<u>4,553,012</u>	<u>11,149,873</u>	<u>6,596,861</u>
Other financing sources (uses):				
Operating transfer in	269,500	269,500	269,500	-
Operating transfer out	<u>(7,730,600)</u>	<u>(10,780,600)</u>	<u>(10,782,471)</u>	<u>(1,871)</u>
Total other financing (uses)	<u>(7,461,100)</u>	<u>(10,511,100)</u>	<u>(10,512,971)</u>	<u>(1,871)</u>
Net change in fund balance	(1,267,100)	(5,958,088)	636,902	6,594,990
Fund balances, October 1	<u>13,711,359</u>	<u>13,711,359</u>	<u>13,711,359</u>	<u>-</u>
Fund balances, September 30	<u>\$ 12,444,259</u>	<u>\$ 7,753,271</u>	<u>\$ 14,348,261</u>	<u>\$ 6,594,990</u>

CITY OF TAMARAC, FLORIDA
BUDGETARY COMPARISON SCHEDULE
FIRE AND RESCUE SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2005

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$2,135,000	\$2,135,000	\$2,027,312	\$ (107,688)
Intergovernmental	24,000	24,000	29,742	5,742
Fire rescue assessment	5,774,000	5,774,000	5,611,819	(162,181)
Investment income	33,300	33,300	61,141	27,841
Miscellaneous	2,000	2,000	1,417	(583)
Total revenues	<u>7,968,300</u>	<u>7,968,300</u>	<u>7,731,431</u>	<u>(236,869)</u>
Expenditures:				
Current:				
Public safety	13,065,700	14,769,546	13,600,179	1,169,367
Contingencies	75,000	75,000	-	75,000
Total Expenditures	<u>13,140,700</u>	<u>14,844,546</u>	<u>13,600,179</u>	<u>1,244,367</u>
Deficiency of revenues over (under) expenditures	<u>(5,172,400)</u>	<u>(6,876,246)</u>	<u>(5,868,748)</u>	<u>1,007,498</u>
Other financing sources:				
Operating transfer in	<u>5,172,400</u>	<u>5,172,400</u>	<u>5,172,400</u>	-
Total other financing sources	<u>5,172,400</u>	<u>5,172,400</u>	<u>5,172,400</u>	-
Net change in fund balance	-	(1,703,846)	(696,348)	1,007,498
Fund balances, October 1	<u>2,729,667</u>	<u>2,729,667</u>	<u>2,729,667</u>	-
Fund balances, September 30	<u>\$2,729,667</u>	<u>\$1,025,821</u>	<u>\$2,033,319</u>	<u>\$1,007,498</u>

See notes to budgetary comparison schedule

CITY OF TAMARAC, FLORIDA

NOTE TO BUDGETARY COMPARISON SCHEDULE FISCAL YEAR ENDED SEPTEMBER 30, 2005

A. Budgetary Information

The following procedures are used to establish the budgetary data reflected in the financial statements:

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States.

1. Prior to July 30 of each year, 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 such expenditures.
2. Public hearings are held to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The level of control at which expenditures may not exceed budget is at the departmental level. The City Commission approves these levels by annual resolution. The City Manager is authorized to transfer budgeted amounts within individual departments; any revisions that alter the total expenditures of any appropriation center within a fund must be approved by the City Commission. See the separately issued budgetary report on the General Fund's Statement of Revenues, Expenditures and Changes in Fund – Budget and Actual for the departmental legal level of control.
5. Appropriations lapse at year end, except for grants and shared revenues from other governmental units which do not lapse at year-end and are only reported to the extent of revenues recognized, and expenditures incurred for the current year. Individual amendments were not material in relation to the original adopted budget.
6. For the year ended September 30, 2005, expenditures exceeded appropriation in the Recycling service department (the legal level of budgetary control) of the general fund by \$12, 093. This over expenditures was funded by greater than anticipated revenues.

City of Tamarac, Florida
EMPLOYEES' PENSION FUNDS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
(Unaudited)

General Employees' Pension Fund:

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	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)
10/1/02	\$15,798,694	\$20,582,225	\$4,783,531	76.8%	\$6,022,054	79.4%
10/1/03	15,807,960	22,246,520	6,438,560	71.1	5,892,632	109.3
10/1/04	16,827,267	23,160,488	6,333,221	72.7	6,087,937	104.0

Police Officers' Pension Fund:

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	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)
10/1/02	\$9,338,629	\$10,501,993	\$1,163,364	88.92%	\$419,082	277.6%
10/1/03	9,115,549	10,841,636	1,726,177	84.08	278,906	618.91
10/1/04	8,632,324	11,336,920	2,704,596	76.14	226,090	1,196.25

Firefighters' Pension Fund:

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	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)
10/1/02	\$17,794,764	\$24,582,292	\$6,787,528	72.4%	\$4,766,568	142.4%
10/1/03	19,426,170	28,274,076	8,847,906	68.7	4,919,730	179.8
10/1/04	21,969,095	35,242,773	13,273,678	62.3	5,706,950	232.6

City of Tamarac, Florida
EMPLOYEES' PENSION FUNDS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

General Employees' Pension Fund:

(1)	(2)	(3)
<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2002/03	\$ 961,726	94%
2003/04	1,094,570	96
2004/05	1,089,674	96

Police Officers' Pension Fund:

(1)	(2)	(3)
<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2002/03	\$ 148,885	174%
2003/04	187,351	159
2004/05	267,427	94

Firefighters' Pension Fund:

(1)	(2)	(3)
<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2002/03	\$ 1,378,445	98%
2003/04	1,572,246	101
2004/05	2,177,432	101

COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds account for revenues from revenue sources which by law are designated to finance particular functions or activities of government.

Drainage Improvement Fund – to account for the collection of drainage impact fees to be used for upgrading drainage and drainage retention.

Parks and Recreation Improvement Fund – to account for the collection of parks and recreation impact fees to be used for the acquisition and development of park and recreation facilities and sites.

Trafficways Improvement Fund – to account for the collection of impact fees to be used for construction or improvement of roads, streets, highways and bridges.

Public Arts Fund – to account all contributions received from art fees, grants, donations that are restricted for public arts projects within the City.

Grants Fund – to account for the proceeds and expenditure of grant funds, excluding the Community Development Block Grant and the State Housing Initiatives Partnership.

Development Block Grant Program Fund – to account for revenue from a grant agreement between the City and the U.S. Department of Housing and Urban Development (HUD) and expenditures for qualified neighborhood revitalization. The program includes expenditures for housing rehabilitation and public service programs.

House Initiative Partnership – to account for funds received from the State Housing Initiatives Partnership for the purpose of providing affordable housing in the City.

Donations and Sponsorship Fund – to account for private donations and sponsorships received from citizens and corporate businesses.

Street Improvement Fund – to account for the collection of investment income to be used for public roadways including curbage and medians.

Affordable Housing Assistance Fund – to account for loan programs financed by the State Housing Initiative Partnership grant.

Debt Service Funds

General Obligation Debt Service Fund – to account for the accumulation of transfers from other funds and payment of principal and interest and fiscal charges on the City's general obligation bonds which are payable from ad valorem taxes.

Revenue Bonds Debt Service Fund – to account for the payment of principal and interest and fiscal charges on the City's revenue bonds (Street Improvement Program) which are payable from sales tax revenue.

Capital Projects Funds

General Capital Projects Fund – to account for the acquisition of equipment and the construction of major capital projects other than those financed by the proprietary fund.

Public Service Facilities Fund – to account for the proceeds from the Series 2002 Sales Tax Revenue Bonds used for the acquisition and construction of capital projects which includes the purchase of land, street improvements, the construction of a fire station, and a development service building.

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

	<u>Drainage Improvements</u>	<u>Parks and Recreation Improvements</u>	<u>Trafficways Improvements</u>	<u>Public Arts</u>	<u>Grants</u>	<u>Development Block Grant Program</u>	<u>Special State Housing Initiative Partnership</u>	<u>Revenue Donations and Sponsorship</u>
<u>ASSETS</u>								
Cash and equity in pooled cash and investments	\$ 212,075	\$ 315,794	\$ 918,153	\$ 642,736	\$ -	\$ -	\$ 1,324,951	\$ 30,146
Accounts receivable - net	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	66,968	8	-	-
Due from other governments	-	-	-	-	716,077	12,622	-	-
Total assets	\$ 212,075	\$ 315,794	\$ 918,153	\$ 642,736	\$ 783,045	\$ 12,630	\$ 1,324,951	\$ 30,146
<u>LIABILITIES</u>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 178,623	\$ 3,433	\$ -	\$ 200
Accrued bonds and interest payable	-	-	-	-	1,412	-	-	-
Due to other funds	-	-	-	-	573,776	9,197	-	-
Due to other governments	-	-	-	-	236	-	-	-
Customer deposits	-	-	-	-	-	-	1,435	-
Unearned revenues	-	-	-	-	5,339	-	1,243,308	-
Total liabilities	-	-	-	-	\$ 759,386	\$ 12,630	\$ 1,244,743	\$ 200
<u>FUND BALANCES</u>								
Reserved for:								
Encumbrances	-	-	-	-	23,659	-	-	-
Special revenue funds	212,075	315,794	918,153	642,736	-	-	80,208	29,946
Capital projects funds	-	-	-	-	-	-	-	-
Unreserved reported in:								
Debt service funds	-	-	-	-	-	-	-	-
Total fund balances	\$ 212,075	\$ 315,794	\$ 918,153	\$ 642,736	\$ 23,659	\$ -	\$ 80,208	\$ 29,946
Total liabilities and fund balances	\$ 212,075	\$ 315,794	\$ 918,153	\$ 642,736	\$ 783,045	\$ 12,630	\$ 1,324,951	\$ 30,146

Streetscape Improvements	State		Debt Service			Capital Projects			Total Nonmajor Governmental Funds
	Affordable Housing Assistance	Total	General Obligation Bond	Revenue Bond	Total	General Capital Projects	Public Service Facilities	Total	
\$ 526,239	\$ -	\$ 3,970,094	\$ 236,120	\$ 476,010	\$ 712,130	\$ 3,694,285	\$ 3,317,397	\$ 7,011,682	\$ 11,693,906
-	877,573	877,573	-	-	-	-	-	-	877,573
-	-	66,976	-	-	-	-	4,679	4,679	71,655
-	-	728,699	658	-	658	-	-	-	729,357
<u>\$ 526,239</u>	<u>\$ 877,573</u>	<u>\$ 5,643,342</u>	<u>\$ 236,778</u>	<u>\$ 476,010</u>	<u>\$ 712,788</u>	<u>\$ 3,694,285</u>	<u>\$ 3,322,076</u>	<u>\$ 7,016,361</u>	<u>\$ 13,372,491</u>
\$ -	\$ -	\$ 182,256	\$ -	\$ -	\$ -	\$ 112,146	\$ 2,159	\$ 114,305	\$ 296,561
-	-	1,412	207,372	445,297	652,669	-	-	-	654,081
-	-	582,973	-	-	-	4,621	-	4,621	587,594
-	-	236	-	-	-	-	-	-	236
-	-	1,435	-	-	-	-	-	-	1,435
-	-	1,248,647	-	-	-	-	-	-	1,248,647
-	-	2,016,959	207,372	445,297	652,669	116,767	2,159	118,926	2,788,554
-	-	23,659	-	-	-	1,721,863	573,707	2,295,570	2,319,229
526,239	877,573	3,602,724	-	-	-	-	-	-	3,602,724
-	-	-	-	-	-	1,855,655	2,746,210	4,601,865	4,601,865
-	-	-	29,406	30,713	60,119	-	-	-	60,119
<u>526,239</u>	<u>877,573</u>	<u>3,626,383</u>	<u>29,406</u>	<u>30,713</u>	<u>60,119</u>	<u>3,577,518</u>	<u>3,319,917</u>	<u>6,897,435</u>	<u>10,583,937</u>
<u>\$ 526,239</u>	<u>\$ 877,573</u>	<u>\$ 5,643,342</u>	<u>\$ 236,778</u>	<u>\$ 476,010</u>	<u>\$ 712,788</u>	<u>\$ 3,694,285</u>	<u>\$ 3,322,076</u>	<u>\$ 7,016,361</u>	<u>\$ 13,372,491</u>

(Continued)

CITY OF TAMARAC, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED SEPTEMBER 30, 2005

	Drainage Improvements	Parks and Recreation Improvements	Trafficways Improvements	Public Arts	Grants	Development Block Grant Program	Special State Housing Initiative Partnership	Revenue Donations and Sponsorship
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	640,806	-	-	-	-
Intergovernmental	-	-	-	-	780,959	97,344	-	-
Investment Income	3,630	4,853	15,087	7,407	(518)	92	15,897	514
Donations from private sources	-	-	-	-	4,000	-	-	9,287
CDBG program repayment	-	-	-	-	-	47,565	-	-
Special assessments	-	43,509	136,658	-	-	-	-	-
Total revenues	3,630	48,362	151,745	648,213	784,441	145,001	15,897	9,801
Expenditures:								
Current:								
General government	-	-	-	-	84,170	5,000	-	-
Public safety	-	-	-	-	418,046	-	-	2,456
Transportation	-	-	-	-	10,000	-	-	-
Culture / recreation	-	-	-	241,002	393,809	-	-	676
Economic environment	-	-	-	-	-	84,919	1,769	-
Human services	-	-	-	-	-	55,082	-	3,492
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Capital outlay:								
General government	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	241,002	906,025	145,001	1,769	6,624
Excess (deficiency) of revenues over expenditures	3,630	48,362	151,745	407,211	(121,584)	-	14,128	3,177
Other financing sources (uses):								
Operating transfers in	-	-	-	-	51,871	-	83,899	-
Operating transfers out	-	-	-	-	-	-	(72,400)	-
Total other financing sources (uses)	-	-	-	-	51,871	-	11,499	-
Net change in fund balance	3,630	48,362	151,745	407,211	(69,713)	-	25,627	3,177
Fund balances, October 1	208,445	267,432	766,408	235,525	93,372	-	54,581	26,769
Fund balances, September 30	\$ 212,075	\$ 315,794	\$ 918,153	\$ 642,736	\$ 23,659	\$ -	\$ 80,208	\$ 29,946

			Debt Service			Capital Projects			Total
Streetscape Improvements	Affordable Housing Assistance	Total	General Obligation Bond	Revenue Bond	Total	General Capital Projects	Public Service Facilities	Total	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 1,065,168	\$ -	\$ 1,065,168	\$ -	\$ -	\$ -	\$ 1,065,168
-	-	640,806	-	-	-	-	-	-	640,806
-	-	878,303	-	-	-	-	2,369,755	2,369,755	3,248,058
8,181	-	55,143	16,565	-	16,565	66,211	21,509	87,720	159,429
-	-	13,287	-	-	-	15,000	-	15,000	28,287
-	-	47,565	-	-	-	-	-	-	47,565
162,900	-	343,067	-	-	-	-	-	-	343,066
<u>171,081</u>	<u>-</u>	<u>1,978,171</u>	<u>1,081,733</u>	<u>-</u>	<u>1,081,733</u>	<u>81,211</u>	<u>2,391,264</u>	<u>2,472,475</u>	<u>5,532,379</u>
-	-	89,170	-	-	-	-	-	-	89,170
-	-	420,502	-	-	-	-	-	-	420,502
-	-	10,000	-	-	-	-	-	-	10,000
-	-	635,487	-	-	-	-	-	-	635,487
-	381,055	467,743	-	-	-	-	-	-	467,743
-	-	58,574	-	-	-	-	-	-	58,574
-	-	-	852,371	830,000	1,682,371	-	-	-	1,682,371
-	-	-	205,472	920,201	1,125,673	-	-	-	1,125,673
-	-	-	-	-	-	240,945	-	240,945	240,945
-	-	-	-	-	-	181,236	707,226	888,462	888,462
-	-	-	-	-	-	309,562	105,000	414,562	414,562
<u>-</u>	<u>381,055</u>	<u>1,681,476</u>	<u>1,057,843</u>	<u>1,750,201</u>	<u>2,808,044</u>	<u>731,743</u>	<u>812,226</u>	<u>1,543,969</u>	<u>6,033,489</u>
<u>171,081</u>	<u>(381,055)</u>	<u>296,695</u>	<u>23,890</u>	<u>(1,750,201)</u>	<u>(1,726,311)</u>	<u>(650,532)</u>	<u>1,579,038</u>	<u>928,506</u>	<u>(501,110)</u>
-	72,400	208,170	-	1,749,200	1,749,200	609,000	-	609,000	2,566,370
-	(83,899)	(156,299)	-	-	-	-	-	-	(156,299)
-	(11,499)	51,871	-	1,749,200	1,749,200	609,000	-	609,000	2,410,071
171,081	(392,554)	348,566	23,890	(1,001)	22,889	(41,532)	1,579,038	1,537,506	1,908,961
355,158	1,270,127	3,277,817	5,517	31,714	37,230	3,619,050	1,740,879	5,359,929	8,674,976
<u>\$ 526,239</u>	<u>\$ 877,573</u>	<u>\$3,626,383</u>	<u>\$ 29,406</u>	<u>\$ 30,713</u>	<u>\$ 60,119</u>	<u>\$ 3,577,518</u>	<u>\$ 3,319,917</u>	<u>\$6,897,435</u>	<u>\$ 10,583,937</u>

(Continued)

CITY OF TAMARAC, FLORIDA

TRAFFICWAYS IMPROVEMENTS SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL YEAR ENDED SEPTEMBER 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	Actual Amounts Budgetary Basis	
Revenues:				
Special assessments	\$ -	\$ -	\$ 136,658	\$ 136,658
Investment income	-	-	15,087	15,087
Total revenues	<u>-</u>	<u>-</u>	<u>151,745</u>	<u>151,745</u>
Expenditures:				
Current:				
Transportation	-	125,000	-	125,000
Total expenditures	<u>-</u>	<u>125,000</u>	<u>-</u>	<u>125,000</u>
Excess (deficiency) of revenues over (under) expenditures	-	(125,000)	151,745	276,745
Fund balances at beginning of year	<u>766,408</u>	<u>766,408</u>	<u>766,408</u>	<u>-</u>
Fund balances at end of year	<u>\$766,408</u>	<u>\$ 641,408</u>	<u>\$ 918,153</u>	<u>\$ 276,745</u>

CITY OF TAMARAC, FLORIDA
 PUBLIC ARTS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 YEAR ENDED SEPTEMBER 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	Actual Amounts Budgetary Basis	
Revenues:				
Charges for services	\$ -	\$ 149,622	\$ 640,806	\$ 491,184
Investment income	-	-	7,407	7,407
Total revenues	<u>-</u>	<u>149,622</u>	<u>648,213</u>	<u>498,591</u>
Expenditures:				
Current:				
Culture / recreation	<u>-</u>	<u>385,147</u>	<u>241,002</u>	<u>144,145</u>
Total expenditures	<u>-</u>	<u>385,147</u>	<u>241,002</u>	<u>144,145</u>
Excess (deficiency) of revenues over (under) expenditures	-	(235,525)	407,211	642,736
Fund balances at beginning of year	<u>235,525</u>	<u>235,525</u>	<u>235,525</u>	<u>-</u>
Fund balances at end of year	<u>\$235,525</u>	<u>\$ -</u>	<u>\$ 642,736</u>	<u>\$ 642,736</u>

CITY OF TAMARAC, FLORIDA
 GRANTS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 YEAR ENDED SEPTEMBER 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	Actual Amounts Budgetary Basis	
Revenues:				
Intergovernmental	\$ -	\$2,417,523	\$ 780,959	\$(1,636,564)
Donation from private sources	-	4,000	4,000	-
Investment income	-	215	(518)	(733)
Total revenues	<u>-</u>	<u>2,421,738</u>	<u>784,441</u>	<u>(1,637,297)</u>
Expenditures:				
Current:				
General government	200,000	294,563	84,170	210,393
Public safety	-	271,755	418,046	(146,291)
Transportation	-	10,000	10,000	-
Culture / recreation	-	2,171,910	393,809	1,778,101
Physical environment	-	-	-	-
Total expenditures	<u>200,000</u>	<u>2,748,228</u>	<u>906,025</u>	<u>1,842,203</u>
Excess (deficiency) of revenues over (under) expenditures	(200,000)	(326,490)	(121,584)	204,906
Other financing sources (uses):				
Operating transfers in	<u>200,000</u>	<u>246,376</u>	<u>51,871</u>	<u>(194,505)</u>
Total other financing sources (uses)	<u>200,000</u>	<u>246,376</u>	<u>51,871</u>	<u>(194,505)</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) Expenditures	-	(80,114)	(69,713)	10,401
Fund balances at beginning of year	<u>93,372</u>	<u>93,372</u>	<u>93,372</u>	-
Fund balances at end of year	<u>\$ 93,372</u>	<u>\$ 13,258</u>	<u>\$ 23,659</u>	<u>\$ 10,401</u>

CITY OF TAMARAC, FLORIDA

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL YEAR ENDED SEPTEMBER 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	Actual Amounts Budgetary Basis	
Revenues:				
Intergovernmental	\$509,000	\$ 757,194	\$ 97,344	\$ (659,850)
Investment income	-	-	47,657	47,657
Total revenues	<u>509,000</u>	<u>757,194</u>	<u>145,001</u>	<u>(612,193)</u>
Expenditures:				
Current:				
General government	5,000	5,003	5,000	3
Public safety	-	4,600	-	4,600
Transportation	-	7,995	-	7,995
Culture / recreation	-	10	-	10
Economic environment	444,460	670,828	84,919	585,909
Human services	<u>59,540</u>	<u>68,670</u>	<u>55,082</u>	<u>13,588</u>
Total expenditures	<u>509,000</u>	<u>757,106</u>	<u>145,001</u>	<u>612,105</u>
Excess of revenues over expenditures	-	88	-	(88)
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ 88</u>	<u>\$ -</u>	<u>\$ (88)</u>

CITY OF TAMARAC, FLORIDA
STATE HOUSING INITIATIVE PARTNERSHIP SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2005

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ 1,203,996	\$ -	\$ (1,203,996)
Investment income	-	12,893	15,897	3,004
Total revenues	<u>-</u>	<u>1,216,889</u>	<u>15,897</u>	<u>(1,200,992)</u>
Expenditures:				
Current:				
Economic environment:	-	122,776	1,769	121,007
Total expenditures	<u>-</u>	<u>122,776</u>	<u>1,769</u>	<u>121,007</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>1,094,113</u>	<u>14,128</u>	<u>(1,079,985)</u>
Other financing sources (uses):				
Operating transfers in	-	46,898	83,899	37,001
Operating transfers out	-	(1,213,538)	(72,400)	1,141,138
Total other financing sources (uses)	<u>-</u>	<u>(1,166,640)</u>	<u>11,499</u>	<u>1,178,139</u>
(Deficiency) of revenues and other financing sources (uses) over expenditures	-	(72,527)	25,627	98,154
Fund balances at beginning of year	<u>54,581</u>	<u>54,581</u>	<u>54,581</u>	<u>-</u>
Fund balances at end of year	<u>\$ 54,581</u>	<u>\$ (17,946)</u>	<u>\$ 80,208</u>	<u>\$ 98,154</u>

CITY OF TAMARAC, FLORIDA
GENERAL OBLIGATION DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2005

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,069,900	\$ 1,069,900	\$ 1,065,168	\$ (4,732)
Investment income	-	-	16,565	16,565
Total revenues	<u>1,069,900</u>	<u>1,069,900</u>	<u>1,081,733</u>	<u>11,833</u>
Expenditures:				
Debt service:				
Principal	852,400	852,400	852,371	29
Interest and fiscal charges	<u>217,500</u>	<u>217,500</u>	<u>205,472</u>	<u>12,028</u>
Total expenditures	<u>1,069,900</u>	<u>1,069,900</u>	<u>1,057,843</u>	<u>12,057</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>23,890</u>	<u>23,890</u>
Fund balances at beginning of year	<u>5,517</u>	<u>5,517</u>	<u>5,517</u>	<u>-</u>
Fund balances at end of year	<u>\$ 5,517</u>	<u>\$ 5,517</u>	<u>\$ 29,407</u>	<u>\$ 23,890</u>

CITY OF TAMARAC, FLORIDA
REVENUE BOND DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	Actual Amounts Budgetary <u>Basis</u>	
Revenues:				
Investment income	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Debt service:				
Principal	830,000	830,000	830,000	-
Interest and fiscal charges	<u>919,200</u>	<u>919,200</u>	<u>920,201</u>	<u>(1,001)</u>
Total expenditures	<u>1,749,200</u>	<u>1,749,200</u>	<u>1,750,201</u>	<u>(1,001)</u>
(Deficiency) of revenues over expenditures	<u>(1,749,200)</u>	<u>(1,749,200)</u>	<u>(1,750,201)</u>	<u>(1,001)</u>
Other financing sources:				
Operating transfers in	<u>1,749,200</u>	<u>1,749,200</u>	<u>1,749,200</u>	<u>-</u>
Total other financing sources	<u>1,749,200</u>	<u>1,749,200</u>	<u>1,749,200</u>	<u>-</u>
(Deficiency) of revenues and other financing sources over expenditures	-	-	(1,001)	(1,001)
Fund balances at beginning of year	<u>31,713</u>	<u>31,713</u>	<u>31,713</u>	<u>-</u>
Fund balances at end of year	<u>\$ 31,713</u>	<u>\$ 31,713</u>	<u>\$ 30,712</u>	<u>\$ (1,001)</u>

CITY OF TAMARAC, FLORIDA
GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2005

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ 268,650	\$ -	\$ (268,650)
Donations from private sources	-	15,000	15,000	-
Investment income	-	-	66,211	66,211
Miscellaneous revenues	-	2,200,000	-	(2,200,000)
Total revenues	<u>-</u>	<u>2,483,650</u>	<u>81,211</u>	<u>(2,402,439)</u>
Expenditures:				
General government	675,000	795,047	240,945	554,102
Public safety	50,000	50,000	-	50,000
Transportation	100,000	3,720,543	181,236	3,539,307
Culture/recreation	200,000	2,790,525	309,562	2,480,963
Total expenditures	<u>1,025,000</u>	<u>7,356,115</u>	<u>731,743</u>	<u>6,624,372</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,025,000)</u>	<u>(4,872,465)</u>	<u>(650,532)</u>	<u>4,221,933</u>
Other financing sources:				
Operating transfers in	<u>609,000</u>	<u>609,000</u>	<u>609,000</u>	<u>-</u>
Total other financing sources	<u>609,000</u>	<u>609,000</u>	<u>609,000</u>	<u>-</u>
Excess of revenues and other financing sources (uses) over expenditures	<u>(416,000)</u>	<u>(4,263,465)</u>	<u>(41,532)</u>	<u>4,221,933</u>
Fund balances at beginning of year	<u>3,619,050</u>	<u>3,619,050</u>	<u>3,619,050</u>	<u>-</u>
Fund balances at end of year	<u>\$3,203,050</u>	<u>\$ (644,415)</u>	<u>\$3,577,518</u>	<u>\$4,221,933</u>

CITY OF TAMARAC, FLORIDA
PUBLIC SERVICE FACILITIES CONSTRUCTION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	Actual Amounts Budgetary Basis	
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 2,369,755	\$2,369,755
Investment income	-	-	21,509	21,509
Total revenues	<u>-</u>	<u>-</u>	<u>2,391,264</u>	<u>2,391,264</u>
Expenditures:				
General government	-	234,422	-	234,422
Transportation	-	736,068	707,226	28,842
Culture/recreation	-	795,714	105,000	690,714
Total expenditures	<u>-</u>	<u>1,766,204</u>	<u>812,226</u>	<u>953,978</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(1,766,204)</u>	<u>1,579,038</u>	<u>3,345,242</u>
Fund balances at beginning of year	<u>1,740,879</u>	<u>1,740,879</u>	<u>1,740,879</u>	<u>-</u>
Fund balances at end of year	<u>\$1,740,879</u>	<u>\$ (25,325)</u>	<u>\$ 3,319,917</u>	<u>\$3,345,242</u>

TRUST AND AGENCY FUNDS

Pension Trust Funds

Trust and Agency Funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or funds. The City has three Pension Trust Funds.

General Employees' Trust Fund – to account for the accumulation of resources to be used for retirement benefit payments to the City's general employees.

Police Officers' Pension Fund – to account for the accumulation of resources to be used for retirement benefit payments to the City's former police officers.

Firefighters' Pension Fund – to account for the accumulation of resources to be used for retirement benefit payments to the City's firefighters.

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

	<u>Pension Trust Funds</u>			<u>Total</u>
	<u>General Employees Retirement</u>	<u>Police Officers Retirement</u>	<u>Firefighters Retirement</u>	
<u>ASSETS</u>				
Equity in pooled cash and investments	\$ 82,934	\$ 14,228	\$ 241,655	\$ 338,817
Receivables:				
Interest and dividends	49,525	10,405	54,956	114,886
Investments, at fair value:				
Common stock	13,228,795	4,514,978	15,318,905	33,062,678
Government securities	281,573	46,605	788,111	1,116,289
Corporate bonds	3,058,040	772,499	3,832,385	7,662,924
Mortgage backed securities	1,915,831	901,326	5,000,621	7,817,778
Mutual funds-international growth	1,992,925	1,173,544	2,501,228	5,667,697
Mutual funds-real estate investments	-	1,431,913	-	1,431,913
Money market funds	303,175	268,010	499,961	1,071,146
Total investments, at fair value	<u>20,780,339</u>	<u>9,108,875</u>	<u>27,941,211</u>	<u>57,830,425</u>
Total assets	<u>20,912,798</u>	<u>9,133,508</u>	<u>28,237,822</u>	<u>58,284,128</u>
<u>LIABILITIES</u>				
Accounts payable	24,384	17,492	33,145	75,021
Unearned revenues/future benefits	148,711	309,331	-	458,042
Total liabilities	<u>173,095</u>	<u>326,823</u>	<u>33,145</u>	<u>533,063</u>
<u>NET ASSETS</u>				
Held in trust for pension benefits	<u>20,739,703</u>	<u>8,806,685</u>	<u>28,204,677</u>	<u>57,751,065</u>
Total net assets	<u>\$ 20,739,703</u>	<u>\$ 8,806,685</u>	<u>\$ 28,204,677</u>	<u>\$ 57,751,065</u>

CITY OF TAMARAC, FLORIDA
 COMBINING STATEMENT OF CHANGES IN NET ASSETS
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2005

	<u>General Employees Retirement</u>	<u>Police Officers Retirement</u>	<u>Firefighters Retirement</u>	<u>Total</u>
ADDITIONS				
Contributions:				
City	\$ 1,041,476	\$ 16,364	\$ 1,799,349	\$ 2,857,189
Plan members	341,295	6,492	568,242	916,029
State revenue	-	233,874	405,609	639,483
Total contributions	<u>1,382,771</u>	<u>256,730</u>	<u>2,773,200</u>	<u>4,412,701</u>
Investment income:				
Net appreciation in fair value of investments	1,820,375	892,051	2,045,093	4,757,519
Interest and dividend income	<u>446,872</u>	<u>238,991</u>	<u>659,947</u>	<u>1,345,810</u>
Total investment income	2,267,247	1,131,042	2,705,040	6,103,329
Less investment expenses	<u>(98,991)</u>	<u>(63,097)</u>	<u>(134,620)</u>	<u>(296,708)</u>
Net investment income	<u>2,168,256</u>	<u>1,067,945</u>	<u>2,570,420</u>	<u>5,806,621</u>
Total additions	<u>3,551,027</u>	<u>1,324,675</u>	<u>5,343,620</u>	<u>10,219,322</u>
DEDUCTIONS				
Benefits paid	1,000,147	984,896	668,962	2,654,005
Administrative expenses	61,849	39,516	52,015	153,380
Refunds of contributions	<u>90,188</u>	<u>-</u>	<u>34,363</u>	<u>124,551</u>
Total deductions	<u>1,152,184</u>	<u>1,024,412</u>	<u>755,340</u>	<u>2,931,936</u>
Change in net assets	2,398,843	300,263	4,588,280	7,287,386
Net assets, October 1	<u>18,340,860</u>	<u>8,506,422</u>	<u>23,616,397</u>	<u>50,463,679</u>
Net assets, September 30	<u>\$20,739,703</u>	<u>\$8,806,685</u>	<u>\$28,204,677</u>	<u>\$57,751,065</u>

CAPITAL ASSETS

Capital assets used in the operation of governmental funds.

CITY OF TAMARAC, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
SEPTEMBER 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Governmental funds capital assets:		
Land	\$ 11,726,791	\$ 11,726,791
Buildings	25,816,771	25,710,058
Improvements other than buildings	5,681,246	4,107,818
Machinery and equipment	12,211,101	11,331,137
Infrastructure	51,817,043	51,467,515
Construction in progress	614,571	17,425
Total governmental funds capital assets	<u>\$107,867,523</u>	<u>\$104,360,744</u>
Investment in governmental funds capital assets by source:		
General fund	\$ 16,410,439	\$ 15,730,109
Special revenue funds	9,146,604	8,156,867
Capital projects funds	20,310,858	19,624,540
Federal grants	828,040	818,420
State grants	1,346,355	1,349,393
Local grants	3,116,867	2,737,672
Donations and other funds	33,024,010	32,997,806
General obligation bonds	3,250,000	3,250,000
Revenue bonds	20,434,350	19,695,937
Total governmental funds capital assets	<u>\$107,867,523</u>	<u>\$104,360,744</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service fund are excluded from the above amounts. Generally, the capital assets of internal service fund are included as government activities in the statement of net assets.

CITY OF TAMARAC, FLORIDA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY YEAR ENDED SEPTEMBER 30, 2005

<u>FUNCTION AND ACTIVITY</u>	Governmental Funds Capital Assets October 1, <u>2004</u>	<u>Additions</u>	<u>Deductions</u>	Governmental Funds Capital Assets September 30, <u>2005</u>
Legislative and judicial:				
Legislative	\$ 23,111	\$ -	\$ -	\$ 23,111
City attorney	32,525	1,400	-	33,925
	<u>55,636</u>	<u>1,400</u>	<u>-</u>	<u>57,036</u>
Operational services:				
Community development	244,600	17,043	-	261,643
Fire protection	5,359,629	994,982	(223,278)	6,131,333
Public works	11,075,194	850,412	-	11,925,606
City engineer	101,094	-	(2,329)	98,765
IT	1,422,258	204,863	(38,006)	1,589,115
Fleet	3,032,764	362,617	(4,960)	3,390,421
Parks and recreation	18,918,836	764,264	(12,546)	19,670,554
Police services	121,460	-	(3,038)	118,422
	<u>40,275,835</u>	<u>3,194,181</u>	<u>(284,157)</u>	<u>43,185,859</u>
Administrative services:				
General and administration	12,229,802	1,817	-	12,231,619
Personnel and insurance	27,306	2,014	-	29,320
City manager	60,672	-	(3,138)	57,534
Satellite city hall	24,120	-	-	24,120
City clerk	124,762	836	-	125,598
Finance	77,671	-	(3,320)	74,351
	<u>12,544,333</u>	<u>4,667</u>	<u>(6,458)</u>	<u>12,542,542</u>
Highways and streets:				
Street system	51,467,515	-	-	51,467,515
	<u>51,467,515</u>	<u>-</u>	<u>-</u>	<u>51,467,515</u>
Construction in progress				
	17,425	614,571	(17,425)	614,571
	<u>\$104,360,744</u>	<u>\$ 3,814,819</u>	<u>\$ (308,040)</u>	<u>\$107,867,523</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service fund are excluded from the above amounts. Generally, the capital assets of internal service fund are included as government activities in the statement of net assets.

CITY OF TAMARAC, FLORIDA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 SEPTEMBER 30, 2005

FUNCTION AND ACTIVITY	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Total
Legislative and judicial:						
Legislative	\$ -	\$ -	\$ -	\$ 23,111	\$ -	\$ 23,111
City attorney	-	-	-	33,925	-	33,925
	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,036</u>	<u>-</u>	<u>57,036</u>
Operational services:						
Community development	-	35,435	-	226,208	-	261,643
Fire protection	156,079	1,197,216	141,230	4,636,808	-	6,131,333
Public works	171,392	7,763,662	3,142,770	498,254	349,528	11,925,606
City engineer	-	-	-	98,765	-	98,765
IT	-	-	-	1,589,115	-	1,589,115
Fleet	-	-	-	3,390,421	-	3,390,421
Parks and recreation	10,095,414	5,986,967	2,397,246	1,190,927	-	19,670,554
Police services	-	8,927	-	109,495	-	118,422
	<u>10,422,885</u>	<u>14,992,207</u>	<u>5,681,246</u>	<u>11,739,993</u>	<u>349,528</u>	<u>43,185,859</u>
Administrative services:						
General and administration	1,303,906	10,800,284	-	127,429	-	12,231,619
Personnel	-	-	-	29,320	-	29,320
City manager	-	-	-	57,534	-	57,534
Satellite city hall	-	2,475	-	21,645	-	24,120
City clerk	-	-	-	125,598	-	125,598
Finance	-	21,805	-	52,546	-	74,351
	<u>1,303,906</u>	<u>10,824,564</u>	<u>-</u>	<u>414,072</u>	<u>-</u>	<u>12,542,542</u>
Transportation:						
Roads and streets	-	-	-	-	51,467,515	51,467,515
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,467,515</u>	<u>51,467,515</u>
	<u>\$11,726,791</u>	<u>\$25,816,771</u>	<u>\$ 5,681,246</u>	<u>\$12,211,101</u>	<u>\$51,817,043</u>	107,252,952
Construction in progress						614,571
						<u>\$107,867,523</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service fund are excluded from the above amounts. Generally, the capital assets of internal service fund are included as government activities in the statement of net assets.

**STATISTICAL SECTION
(SUPPLEMENTAL DATA)**

CITY OF TAMARAC
GOVERNMENT-WIDE REVENUES BY FUNCTION ⁽¹⁾
 Last Ten Fiscal Years
 (unaudited)

TABLE 1

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Franchise Fees	Inter-governmental	Unrestricted Investment Earnings	Miscellaneous	Total
1996	\$	\$	\$	\$	\$	\$	\$	\$	\$
1997	-	-	-	-	-	-	-	-	-
1998	-	-	-	-	-	-	-	-	-
1999	-	-	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-	-	-
2001	25,111,558	1,977,824	2,290,535	11,919,870	3,446,183	4,541,934	3,155,447	2,620,224	55,063,575
2002	25,346,675	2,278,127	2,136,617	16,113,885	2,446,329	4,727,232	1,705,486	2,814,580	57,568,932
2003	27,385,490	2,198,201	4,885,618	16,525,598	3,517,044	4,928,268	1,030,691	2,952,900	63,423,810
2004	31,914,633	3,094,050	3,034,354	17,736,850	4,397,549	7,020,532	893,040	4,418,204	72,509,212
2005	34,105,759	550,203	6,547,995	20,562,462	4,053,946	5,937,072	1,226,504	5,039,510	78,023,451

(1) Information for fiscal years ended September 30, 1996 to 2000 are unavailable.

CITY OF TAMARAC
GOVERNMENT-WIDE EXPENSES BY FUNCTION ⁽¹⁾
 Last Ten Fiscal Years
 (unaudited)

TABLE 2

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Physical Environment</u>	<u>Transportation</u>	<u>Culture and Recreation</u>	<u>Economic Environment</u>	<u>Human Services</u>	<u>Interest on Long Term Debt</u>	<u>Utilities</u>	<u>Stormwater</u>	<u>Total</u>
1996	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1997	-	-	-	-	-	-	-	-	-	-	-
1998	-	-	-	-	-	-	-	-	-	-	-
1999	-	-	-	-	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-	-	-	-	-
2001	6,676,366	17,423,790	2,200,675	977,279	2,706,861	484,030	404,535	792,340	13,963,417	2,730,652	48,359,945
2002	7,245,389	17,190,446	2,111,072	1,283,083	3,377,508	906,736	262,382	1,264,084	14,918,834	2,763,021	51,322,555
2003	8,917,459	19,110,595	1,898,374	1,739,082	3,641,777	777,812	245,344	1,311,236	15,674,211	3,220,551	56,536,441
2004	9,792,447	21,529,131	1,980,646	1,676,983	3,757,060	894,713	236,262	1,232,534	16,874,535	2,978,171	60,952,482
2005	9,895,988	24,681,261	2,542,286	2,518,737	4,210,762	599,886	304,155	1,176,005	17,122,674	3,124,179	66,175,933

(1) Information for fiscal years ended September 30, 1996 to 2000 are unavailable.

City of Tamarac, Florida
GENERAL GOVERNMENTAL REVENUES BY SOURCE
 Last Ten Fiscal Years
 (unaudited)

TABLE 3

Fiscal Year	Taxes and Franchise Fees	Licenses and Permits	Inter-governmental	Non Ad Valorem Special Assessment	Charges for Services	Fines and Forfeitures	Miscellaneous Revenues	Sale of Land	Interest Income	Unrealized Gain/(Loss) on Investments	Total
1996	12,201,749	1,287,486	4,295,036	-	1,043,827	366,847	2,017,035	-	447,783	-	21,659,763
1997	12,271,680	1,370,496	3,800,949	1,679,624	3,705,309	403,207	3,018,438	-	624,509	(52,421)	26,821,791
1998	12,593,592	1,770,970	4,769,933	2,598,735	4,141,624	429,065	3,350,775	-	632,551	265,816	30,553,061
1999	13,047,638	1,615,630	5,495,677	2,674,854	4,562,702	460,966	3,302,979	-	999,042	(242,612)	31,916,876
2000	13,836,142	1,470,990	5,533,264	2,733,585	4,685,168	481,785	3,558,962	202,197	1,488,674	10,580	34,001,347
2001	16,482,973	1,742,023	5,727,382	2,844,889	3,110,923	480,744	4,318,388	20,000	1,101,433	253,497	36,082,252
2002	19,679,288	1,792,720	6,093,535	2,912,292	2,939,697	500,849	4,326,573	-	766,215	99,968	39,111,137
2003	21,099,801	1,862,250	8,968,584	3,042,677	3,398,781	526,531	4,690,118	-	691,686	(99,768)	44,180,660
2004	23,233,923	1,974,976	9,278,066	5,432,240	3,637,338	563,373	5,997,033	-	664,740	(233,143)	50,548,546
2005	24,716,409	2,251,241	9,185,131	5,954,885	4,461,157	539,811	5,898,503	-	826,710	(194,703)	53,639,144

Notes: Includes all Governmental Fund Types.

City of Tamarac, Florida
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
Last Ten Fiscal Years
(unaudited)

(1)

TABLE 4

Fiscal Year	General Government	Public Safety	Physical Environment	Transportation	Culture/ Recreation	Debt Service	Capital Outlay ⁽²⁾	Grants in Aid	Human Services	Economic Environment	Total
1996	5,386,755	11,007,081	1,049,753	1,615,870	1,436,461	972,890	-	43,000	163,239	178,724	21,853,773
1997	6,185,919	13,072,471	2,300,648	1,176,973	1,535,669	796,690	-	61,659	154,204	15,884	25,300,117
1998	6,508,892	13,872,796	2,665,397	2,298,041	1,767,946	816,774	-	117,591	222,323	53,295	28,323,055
1999	6,146,070	15,257,236	2,984,300	1,968,018	2,051,661	1,118,539	1,455,880	92,636	292,974	72,457	31,439,771
2000	6,178,729	16,445,488	3,444,995	1,438,811	1,743,213	1,826,485	7,446,144	98,580	257,715	375,513	39,255,673
2001	6,553,876	17,677,687	1,823,700	1,163,401	2,327,697	1,763,804	2,021,826	110,440	377,850	774,581	34,594,862
2002	7,262,915	17,367,132	1,619,105	1,276,763	3,190,812	2,392,823	2,228,415	114,435	243,726	893,209	36,589,335
2003	8,766,855	19,492,930	1,815,299	1,156,016	3,223,007	2,835,793	10,726,676	114,040	254,154	784,722	49,169,492
2004	9,075,335	22,411,503	1,994,404	1,411,803	3,761,822	3,215,740	12,827,440	-	248,825	914,845	55,861,717
2005	9,598,842	23,821,796	2,537,921	1,259,041	4,284,425	3,238,346	3,205,552	-	308,985	604,221	48,859,129

Notes:

(1) In accordance with State of Florida Uniform Accounting System. Includes all Governmental Fund types. It is not feasible to restate prior years.

(2) Capital outlay represents Capital Projects Fund only. It is not feasible to restate prior years.

City of Tamarac, Florida
TAX REVENUES BY SOURCE
 Last Ten Fiscal Years
 (unaudited)

TABLE 5

Fiscal Year	Property Taxes			Other Taxes			Total Taxes
	General Fund	Debt Service Funds	Total Property Taxes	Local Option Gas Tax	Telecomm Service Tax	Other	
1996	7,516,472	812,799	8,329,271	972,890	-	80,277	9,382,438
1997	7,369,939	769,832	8,139,771	906,233	-	95,755	9,141,759
1998	7,679,425	783,163	8,462,588	961,640	-	99,190	9,523,418
1999	8,100,947	786,830	8,887,777	978,556	-	99,735	9,966,068
2000	8,588,241	842,004	9,430,245	981,554	-	105,383	10,517,182
2001	10,761,969	1,034,593	11,796,562	1,049,656	-	123,308	12,969,526
2002	11,572,196	1,048,463	12,620,659	1,052,776	2,446,329	108,298	16,228,062
2003	12,733,059	1,049,486	13,782,545	1,064,202	2,636,575	99,435	17,582,757
2004	13,956,061	1,058,410	15,014,471	1,084,880	2,615,867	106,512	18,821,729
2005	15,594,820	1,065,168	16,659,988	1,088,730	2,790,051	123,694	20,662,463

Note: Includes General, Special Revenue, Debt Service Funds and Capital Projects Fund.

City of Tamarac, Florida
FRANCHISE FEE REVENUES BY SOURCE
 Last Ten Fiscal Years
 (unaudited)

TABLE 6

Fiscal Year	Electric	Telephone	Cable Television	Towing	Solid Waste	Total
1996	1,848,364	65,606	223,832	15,000	666,509	2,819,311
1997	2,078,219	71,319	234,024	21,500	724,858	3,129,920
1998	1,958,161	78,192	253,181	23,650	756,990	3,070,174
1999	1,983,587	81,396	283,847	27,330	705,410	3,081,570
2000	1,877,250	98,818	500,112	27,302	815,478	3,318,960
2001	2,117,809	101,025	364,523	35,446	827,380	3,446,183
2002	2,473,637	53,558	24,502	37,500	862,029	3,451,226
2003	2,582,172	-	-	37,500	897,372	3,517,044
2004	3,384,757	-	-	37,500	975,292	4,397,549
2005	3,060,738	-	-	37,500	955,708	4,053,946

Note: General Fund only

City of Tamarac, Florida
INTERGOVERNMENTAL REVENUES BY SOURCE
 Last Ten Fiscal Years
 (unaudited)

TABLE 7

Fiscal Year	Federal Revenues	State Revenues						Local Revenues				Total Inter-governmental Revenues
	Grants	Grants	Cigarette Taxes	Alcoholic Beverage License Fees	Sales Tax Half-Cent	State Revenue Sharing	Motor Fuel Tax Refunds	Grants	Shared County Occupational Licenses	County Emergency Service Fee	Other Local Revenues	
1996	-	390,557	68,245	9,675	2,584,714	1,121,071	10,973	-	61,802	39,000	8,999	4,295,036
1997	28,310	17,651	61,484	8,635	2,493,915	1,111,453	6,540	-	61,484	-	11,477	3,800,949
1998	46,735	28,418	73,066	10,272	2,636,045	1,187,876	14,820	622,634	64,726	-	85,341	4,769,933
1999	301,472	353,260	63,655	12,750	2,766,192	1,117,174	10,001	753,581	62,170	7,314	48,108	5,495,677
2000	326,324	505,472	53,688	11,470	2,966,244	1,182,880	12,931	320,391	93,865	-	60,000	5,533,264
2001	300,692	874,757	-	12,152	3,131,981	1,199,207	14,718	10,000	56,141	-	127,735	5,727,383
2002	710,096	617,103	-	12,088	3,152,961	1,201,408	15,778	28,764	72,008	-	283,329	6,093,535
2003	526,768	1,004,617	-	12,373	3,257,611	1,364,195	16,567	2,461,325	48,104	-	277,024	8,968,584
2004	1,282,155	2,297,325	-	13,393	3,303,018	1,489,074	17,523	275,175	65,063	-	535,341	9,278,067
2005	453,196	25,797	-	14,715	3,449,337	1,847,841	17,240	2,769,064	72,419	-	535,522	9,185,131

Note: Includes General, Special Revenue, Debt Service and Capital Project Funds.

City of Tamarac, Florida
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years
 (unaudited)

TABLE 8

Fiscal Year	Tax Roll	Total Tax Levy ⁽¹⁾	Current Tax Collections	Percentage Collected	Delinquent Tax Collections	Total Tax Collections	Percentage of Total Tax Collections to Tax Levy
1996	1995	8,614,737	8,531,276	99.0	126,885	8,658,161	100.5
1997	1996	8,503,884	8,413,038	98.9	3,136	8,416,174	99.0
1998	1997	8,851,537	8,830,712	99.8	10,232	8,840,944	99.9
1999	1998	9,249,130	9,221,530	99.7	8,782	9,230,312	99.8
2000	1999	9,780,043	9,745,229	99.6	28,927	9,774,156	99.9
2001	2000	12,314,534	12,291,841	99.8	1,647	12,293,488	99.8
2002	2001	13,163,739	13,067,937	99.3	-	13,067,937	99.3
2003	2002	14,387,861	14,300,405	99.4	7,190	14,307,595	99.4
2004	2003	15,697,943	15,550,505	99.1	20,868	15,571,373	99.2
2005	2004	17,388,420	17,234,629	99.1	7,220	17,241,849	99.2

Notes:

(1) Tax levy, net of discount.

City of Tamarac, Florida
ASSESSED VALUE OF TAXABLE PROPERTY⁽¹⁾
 Last Ten Fiscal Years
 (unaudited)

TABLE 9

Fiscal Year	Tax Roll ⁽²⁾	Real Property	Personal Property	Exemptions	Total Assessed Value of Property ⁽³⁾
1996	1995	1,845,327,960	121,626,740	-	1,966,954,700
1997	1996	1,942,711,350	115,059,146	-	2,057,770,496
1998	1997	2,022,643,510	116,188,330	-	2,138,831,840
1999	1998	2,119,383,260	125,406,712	-	2,244,789,972
2000	1999	2,215,928,800	133,322,829	-	2,349,251,629
2001	2000	2,297,544,290	154,834,249	-	2,452,378,539
2002	2001	2,520,850,130	140,438,182	-	2,661,288,312
2003	2002	2,892,790,820	167,385,308	-	3,060,176,128
2004	2003	3,358,345,130	159,587,573	-	3,517,932,703
2005	2004	3,875,849,010	186,698,301	-	4,062,547,311

Notes:

(1) Information furnished by Broward County Property Appraiser.

(2) Assessed values as of January 1.

(3) Florida Statutes require assessments at just valuation.

City of Tamarac, Florida
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUE)
Last Ten Fiscal Years
(unaudited)

TABLE 10

Fiscal Year	Tax Roll	City of Tamarac			Broward County	Broward District Schools	Children's Services	South Florida Water Management District	North Broward Hospital District	Florida Inland Navigation District	Total
		Operating Millage	Debt Service Millage	Total City Millage							
1996	1995	5.2366	0.5662	5.8028	8.1165	10.0366	-	0.6470	2.4327	0.0400	27.0756
1997	1996	4.9999	0.5223	5.5222	7.7524	9.9400	-	0.6720	2.4200	0.0380	26.3446
1998	1997	4.9999	0.5100	5.5099	7.8380	9.9745	-	0.6970	2.4087	0.0500	26.4781
1999	1998	4.9999	0.4856	5.4855	7.5710	9.2390	-	0.6970	2.5000	0.0470	25.5395
2000	1999	4.9999	0.4901	5.4900	7.5710	9.1283	-	0.6970	2.4895	0.0440	25.4198
2001	2000	5.9999	0.5435	6.5434	7.4005	8.9553	0.3055	0.6970	2.4803	0.0385	26.4205
2002	2001	5.9999	0.5435	6.5434	7.4005	8.7541	0.3055	0.6970	2.4803	0.0385	26.2193
2003	2002	5.9999	0.4550	6.4549	7.1880	8.8825	0.3920	0.6970	2.5000	0.0385	26.1529
2004	2003	5.9999	0.4097	6.4096	7.0230	8.4176	0.4231	0.6970	2.5000	0.0385	25.3410
2005	2004	5.9999	0.4097	6.4096	7.1880	8.4176	0.3920	0.6970	2.5000	0.0385	25.6427

Taxes Due November 1st
Discounts Allowed 4% in November
3% in December
2% in January
1% in February
Taxes Delinquent April 1st
Tax Sale On or before June 1st
Tax Rate Article VII, Section 9, Constitution of State of Florida provides ad valorem taxes shall not be levied in excess of ten mills except for payment of bonds, and only after vote of electorate.

City of Tamarac, Florida
RATIO OF NET GENERAL BONDED DEBT
TO TAXABLE ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
Last Ten Fiscal Years
(unaudited)

TABLE 11

Fiscal Year	Population (2)	Total Assessed Value	Gross Bonded Debt (1)	Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Taxable Assessed Value	Net Bonded Debt Per Capita
1996	50,051	1,966,954,700	6,040,000	(472,298)	6,512,298	0.436	130.11
1997	50,792	2,057,770,496	5,575,000	(470,614)	6,045,614	0.388	119.03
1998	51,488	2,138,831,840	5,090,000	(442,727)	5,532,727	0.342	107.46
1999	52,413	2,244,789,972	7,835,000	(575,363)	8,410,363	0.495	160.46
2000	55,684	2,349,251,629	7,181,370	(757,257)	7,938,627	0.440	142.57
2001	56,047	2,452,378,539	6,492,461	(753,457)	7,245,918	0.383	129.28
2002	56,444	2,661,288,312	5,907,461	(754,572)	6,662,033	0.331	118.03
2003	56,881	3,060,176,128	5,153,050	(754,683)	5,907,733	0.264	103.86
2004	57,726	3,517,932,703	4,352,901	5,517	4,347,384	0.124	75.31
2005	58,711	4,062,547,311	3,506,769	29,407	3,477,362	0.086	59.23

Notes:

(1) Includes General Obligation Bonds payable from general revenues. Does not include Revenue Bonds payable from revenues.

(2) Furnished by the Bureau of Economic and Business Research (University of Florida)

City of Tamarac, Florida
COMPUTATION OF LEGAL DEBT MARGIN
September 30, 2005

TABLE 12

The Charter of the City of Tamarac imposes no bonded debt limit.

City of Tamarac, Florida
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
September 30, 2005
(unaudited)

TABLE 13

<u>Name of Government</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City Of Tamarac</u>	<u>Amount Applicable to City of Tamarac</u>
City of Tamarac	<u>\$ 3,506,769</u>	100.00%	<u>\$ 3,506,769</u>
Total Direct Debt	<u>3,506,769</u>	100.00	<u>3,506,769</u>
Broward County	607,815,000	2.56	15,560,064
Broward County School District	<u>79,088,000</u>	2.56	<u>2,024,653</u>
Total Overlapping Debt	<u>686,903,000</u>	2.56	<u>17,584,717</u>
Total Direct and Overlapping Debt	<u><u>\$ 690,409,769</u></u>		<u><u>\$ 21,091,486</u></u>

City of Tamarac, Florida
PERCENTAGE OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
 Last Ten Fiscal Years
 (unaudited)

TABLE 14

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures ⁽¹⁾	Percentage of Debt Service to Total General Expenditures
1996	445,000	351,110	796,110	21,853,773	3.64
1997	465,000	330,640	795,640	25,300,117	3.14
1998	485,000	308,320	793,320	28,323,055	2.80
1999	505,000	396,220	901,220	31,439,771	2.87
2000	653,630	397,058	1,050,688	39,255,673	2.68
2001	688,908	363,690	1,052,598	34,594,862	3.04
2002	719,411	327,947	1,047,358	36,589,335	2.86
2003	760,149	290,034	1,050,183	49,169,492	2.14
2004	806,132	249,331	1,055,463	55,861,717	1.89
2005	852,371	205,472	1,057,843	48,859,129	2.17

Notes:

(1) See Table 4 - includes all Governmental Fund Types.

CITY OF TAMARAC, FLORIDA
UTILITIES REVENUE BOND COVERAGE⁽¹⁾
 Last Ten Fiscal Years
 (unaudited)

TABLE 15

Fiscal Year	Operating		Net Revenue Available for		Interest	Total	Coverage
	Revenues ⁽²⁾	Expenses ⁽³⁾	Debt Service	Principal ⁽⁴⁾			
1996	12,982,236	8,846,020	4,136,216	615,000	1,119,585	1,734,585	2.38
1997	13,580,516	9,959,934	3,620,582	1,615,000	1,230,186	2,845,186	1.27
1998	13,857,147	10,545,509	3,311,638	1,045,000	1,178,811	2,223,811	1.49
1999	13,749,334	10,719,816	3,029,518	1,100,000	1,123,536	2,223,536	1.36
2000	14,866,267	12,014,729	2,851,538	1,170,000	1,063,161	2,233,161	1.28
2001	14,402,910	10,658,948	3,743,962	1,235,000	997,345	2,232,345	1.68
2002	14,619,599	11,642,916	2,976,683	1,300,000	926,495	2,226,495	1.34
2003	14,946,465	12,307,862	2,638,603	1,380,000	850,595	2,230,595	1.18
2004	16,845,538	12,852,785	3,992,753	1,459,680	855,127	2,314,807	1.72
2005	17,199,830	13,569,636	3,630,194	1,470,000	679,258	2,149,258	1.69

Notes:

- (1) In 1997, the Utilities East system was combined with the Utilities West system.
- (2) Includes water and sewer service charges, and meter installations.
- (3) Does not include depreciation and amortization expenses.
- (4) Principal payments for FY 2003 thru 2005 were made on October 1st.

CITY OF TAMARAC, FLORIDA
INSURANCE COVERAGE
September 30, 2005
(unaudited)

TABLE 16

Type of Policy	Type of Coverage	Insurer/Policy No.	Policy Period		Liability Limits
			From	To	
BLANKET COVERAGE BOILER & MACHINERY	Full replacement coverage on City buildings and contents and actual cash value coverage on City vehicles parked on City property. Includes boiler & machinery- Full replacement coverage for City property damaged by explosions of boilers or pressure.	Florida Municipal Insurance Trust Policy# FMIT 584	10/01/04 to 10/01/05		\$52,297,992 real property \$4,649,831 personal property \$952,403 inland marine (\$25,000 per occurrence deductible) 2% windstorm, hail \$5,000,000 terrorism
AUTO LIABILITY PHYSICAL DAMAGE	Bodily injury & property damage liability arising out of automobile use.	Florida Municipal Insurance Trust Policy # FMIT 584	10/01/04 to 10/01/05		\$2,000,000 per occurrence (\$25,000 per occurrence settlement/ judgment deductible) (\$10,000 physical loss deductible)
FLOOD INSURANCE	Actual cash value coverage on City buildings & contents for flood damage.	American Bankers Policy # ARF0337444- ARF0337458	11/02/04 to 11/02/05		Up to \$500,000 per location-buildings Up to \$500,000 per location-contents (\$500 per location deductible)
CRIME INSURANCE	Dishonest acts of commissioners or employees and loss of money or securities.	Hartford Insurance Co. Policy #21BPEBS9275	06/22/05 to 06/22/06		\$1,000,000 per fidelity loss; depositors forgery or alteration; theft, disappearance and destruction; computer & funds fraud. (\$10,000 deductible)
GENERAL LIABILITY, PUBLIC OFFICIALS ERRORS & OMISSIONS	Bodily injury & property damage liability for City premises and operations, including EMT liability and public officials errors & omissions.	Florida Municipal Insurance Trust Policy # FMIT 584	10/01/04 to 10/01/05		\$2,000,000 per occurrence (\$25,000 per occurrence settlement/ judgment deductible)
WORKERS' COMPENSATION	Workers' compensation & employer's liability.	Florida Municipal Insurance Trust Policy # FMIT 584	10/01/04 to 10/01/05		Statutory limits \$1,000,000 per occurrence (\$25,000 per loss deductible)
ACCIDENTAL DEATH & DISMEMBERMENT	Statutory death benefits for firefighters in the line of duty.	American Insurance Group Policy # SRG0009053013	10/01/04 to 10/01/07		\$100,000 line of duty for fulltime firefighters \$157,500 unlawful and intentional acts \$52,000 fresh pursuit
UNDERGROUND STORAGE TANKS	Above and underground storage tank liability (i.e., spills, leaks).	Best Dorsey Insurance Policy # FPL7509689	03/18/05 to 03/18/06		\$1,000,000 per occurrence \$1,000,000 annual aggregate (\$5,000 deductible per claim)
PUBLIC OFFICIALS BOND	Public officials bond on Director of Financial Services.	Hartford Insurance Co. Bond # 21BSBDC5839	07/15/05 to 07/15/06		\$100,000 public officials bond (Excess up to \$900,000 per occurrence through crime insurance)
POLLUTION AND REMEDATION LEGAL LIABILITY	Pollution & remedial legal liability coverage supplement- sudden & gradual pollution and onsite cleanup for scheduled operations of the member	American Int'l Specialty Lines Insurance Co. Policy #PLC 1959199	10/01/04 to 10/01/05		\$1,000,000 each loss, remediation expense; \$1,000,000 total all losses remediation expense; \$10,000 retention each loss, remediation expense. Terrorist Acts Included
MISCELLANEOUS PROFESSIONAL LIABILITY	CGL and professional liability covering various instructors hired for Tamarac Community Center, Parks & Recreation Bldg., Multi-Purpose Center, BSO Training Room, City Hall and Satellite City Hall contracted by City of Tamarac.	Western World Ins. Co. Policy # NPP821558	12/5/2004 to 12/5/2005		\$1,000,000 per occurrence \$1,000,000 aggregate & products \$1,000,000 personal & advertising limit \$50,000 damage to premises rented to you \$1,000,000 each professional incident (\$250 Deductible per Occurrence)
ACCIDENT DEATH & SPECIFIC LOSS	Tamarac fire cadet program volunteer	Special Markets Insurance Consultants Mutual of Omaha Policy# 09-055674-005	3/10/2005 to 3/10/2006		\$25,000 maximum benefit-excess \$10,000 AD & Specific Loss as defined

City of Tamarac, Florida
PRINCIPAL TAXPAYERS
September 30, 2005
(unaudited)

TABLE 17

<u>Taxpayer (Local Exposure Recognition)</u>	<u>Type of Business</u>	<u>Taxable Valuation</u>	<u>Percent of Total Taxable Valuation</u>
Florida Power & Light, Co.	Electric Utility	\$ 46,612,381	1.15%
University Hospital, Ltd.	Hospital, Health Care	43,153,434	1.06
Advance Business Assoc.	Furniture	40,371,490	0.99
Samson Mgmt Inc (Hidden Harbour)	Rental Apartments	27,510,268	0.68
Monadnock Property Trust LLC	Rental Apartments	26,267,652	0.65
Inland Southeast Midway LLC	Shopping Center	25,303,010	0.62
T T of Commercial Inc.	Auto Management Svc	23,862,910	0.59
Tamarac Apartments LLC	Rental Apartments	19,708,098	0.49
Ramco-Gershenson Properties	Shopping Center	18,239,980	0.45
Jasmine at Tamarac LLC	Rental Apartments	16,929,736	0.42
Centex Homes	Builder	<u>15,350,380</u>	<u>0.37</u>
	Total	<u>\$ 303,309,339</u>	<u>7.47%</u>

City of Tamarac, Florida
DEMOGRAPHIC STATISTICS AND INFORMATION
 Last Ten Fiscal Years
 (unaudited)

TABLE 18

Fiscal Year	Population		Total Assessed Valuations ⁽³⁾	Construction Valuations ⁽⁴⁾	Per Capita Income Broward County ⁽⁵⁾
	City ⁽¹⁾	Broward County ⁽²⁾			
1996	50,051	1,417,920	2,057,770,496	44,641,228	27,129
1997	50,792	1,419,709	2,138,831,840	59,783,764	27,661
1998	51,488	1,459,416	2,244,789,972	134,970,175 *	28,546
1999	52,413	1,488,615	2,349,251,629	225,058,147 *	28,281
2000	55,684	1,632,951	2,452,378,539	217,630,971 *	29,629
2001	56,047	1,673,176	2,661,288,312	57,743,285 *	30,702
2002	56,444	1,709,118	3,060,176,128	110,497,645 *	27,569
2003	56,881	1,723,360	3,517,932,703	78,128,589 *	29,537
2004	57,726	1,734,734	4,062,547,311	82,318,899 *	N/A
2005	58,711	1,765,855	4,803,472,470	84,839,599 *	N/A

Notes:

- (1) Furnished by the Bureau of Economic and Business Research (University of Florida)
- (2) Furnished by Broward County Office of Planning
- (3) Furnished by Broward County Property Appraiser
- (4) Furnished by City of Tamarac Building Department
- (5) Furnished by Broward County Economic Development Board

* Per City Resolution (R-2002-138), the construction valuations are based on the cost of \$60 per square foot for residential construction and \$40 per square foot for commercial construction. In prior years, the construction valuations were based on estimates provided by the developers or builders.

COMPLIANCE SECTION

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor, City Commissioners
and City Manager
City of Tamarac, Florida

We have audited the financial statements of City of Tamarac, Florida (the City), as of and for the year ended September 30, 2005, and have issued our report thereon dated January 31, 2006. We did not audit the financial statements of the Pension Trust Funds, which together represent 100% of the assets, revenues and deductions of the fiduciary fund totals, which are included in the fund financial statements. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Pension Trust Funds, are based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Mayor, City Commission, City management and the applicable regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.



January 31, 2006

**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Honorable Mayor, City Commissioners
and City Manager
City of Tamarac, Florida

We have audited the financial statements of the City of Tamarac, Florida (the City) as of and for the year ended September 30, 2005, and have issued our report thereon dated January 31, 2006. We did not audit the financial statements of the Pension Trust Funds, which together represent 100% of the assets, revenues and deductions of the fiduciary fund totals, which are included in the fund financial statements. Those financial statements were audited by other independent auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Pension Trust Funds, are based solely on the report of other auditors.

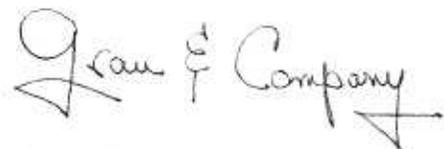
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance, Independent Auditor's Report on Compliance and on Internal Control over Compliance Applicable to each Major Federal Program in Accordance with OMB Circular A-133, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated January 31, 2006, should be considered in conjunction with this management letter.

The purpose of this letter is to comment on those matters described in Rule 10.554(1)(h) as required by the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the basic financial statements of the City of Tamarac, Florida, as described in the first paragraph, we report the following:

- I. **Current year findings and recommendations.**
- II. **Status of prior year findings and recommendations.**
- III. **Compliance with the Provisions of the Auditor General of the State of Florida.**

This report is intended for the information of the City of Tamarac, Florida's management and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the City of Tamarac, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.



January 31, 2006

LETTER TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

1. There were no significant findings and recommendations made in the preceding annual financial audit report.
2. The City of Tamarac complied with Section 218.415, Florida Statutes, regarding the investment of public funds.
3. There were no significant findings and recommendations to improve the City's financial management, accounting procedures, and internal control for the fiscal year ended September 30, 2005.
4. There were no matters that are not clearly inconsequential, considering both quantitative and qualitative factors, including the following:
 - a. Violations of laws, rules, regulations, and contractual provisions or abuse, that were not clearly inconsequential, that have occurred, or were likely to have occurred, that were discovered within the scope of the audit.
 - b. Improper or illegal expenditures discovered within the scope of the audit that may not materially affect the financial statements.
 - c. There were no deficiencies in internal control that are not reportable conditions, including, but not limited to, improper or inadequate accounting procedures, failure to properly record financial transactions or other inaccuracies, shortages, defalcations, or instances of fraud discovered by, or that came to the attention of, the auditor.
5. The City of Tamarac, Florida was established pursuant to the laws of the State of Florida 59-1487, as a municipal corporation in 1959. The City operates under a Commission / City Manager form of government. The City is financially independent as evidenced by the authority to make and approve its own budget, the power to tax, the authority to buy and sell property, and the authority to incur debt. There are no component units.
6. The City of Tamarac has not met one or more of the conditions described in Section 218.503(1), Florida Statutes.
7. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2005 financial audit report.
8. We applied financial condition assessment procedures pursuant to Rule 10.556 (8) and no deteriorating financial conditions were noted. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor, City Commissioners
and City Manager
City of Tamarac, Florida

Compliance

We have audited the compliance of the City of Tamarac, Florida (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2005. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Tamarac, Florida complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2005.

To the Honorable Mayor, City Commissioners
and City Manager

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Internal Control Over Compliance

The management of the City of Tamarac, Florida is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of law, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Mayor, City Commission, City management and grantor agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Grant & Company". The signature is written in black ink and is positioned above the date.

January 31, 2006

**CITY OF TAMARAC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

Federal Agency, Pass-through Entity <u>Federal Program</u>	Federal CFDA <u>Numbers</u>	<u>Expenditures</u>
<i>U.S. Department of Homeland Security</i>		
<i>Federal Emergency Management Agency</i>		
Firefighter Equipment Assistance	97.044	\$ 45,727
Training Assistance Grant	97.044	25,832
CERT Grant	97.054	15,262
Public Assistance Grants - Hurricanes	97.036	248,035
<i>Total Federal Emergency Management Agency</i>		<u>334,856</u>
<i>U.S. Department of Housing and Urban Development</i>		
Community Development Block Grant	14.218	<u>145,001</u>
<i>Total U.S. Department of Housing and Urban Development</i>		<u>145,001</u>
<i>U.S. Department of Transportation</i>		
Child Safety Seat Program	20.600	<u>8,650</u>
<i>Total U.S. Department of Transportation</i>		<u>8,650</u>
<i>U.S. Department of Justice</i>		
Local Law Enforcement Block Grant-2003	16.592	8,662
Local Law Enforcement Block Grant-2004	16.592	<u>5,070</u>
<i>Total U.S. Department of Justice</i>		<u>13,732</u>
 <i>TOTAL EXPENDITURES OF FEDERAL AWARDS</i>		 <u>\$ 502,239</u>

The accompanying notes are an integral part of this schedule.

CITY OF TAMARAC, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

NOTE A - SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133

Federal Awards Programs

All Federal grant operations of the City of Tamarac, 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 2005, 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 awards 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 49 percent of total cash and noncash Federal program expenditures.

<u>Major Federal Program Description</u>	<u>Federal CFDA Number</u>	<u>Fiscal 2005 Expenditures</u>
Public Assistance Grant	97.036	\$ 248,035

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grants to the City of Tamarac, Florida that had activity during the fiscal year ended September 30, 2005. The basis of accounting is described in Note 1 to the City of Tamarac, Florida's basic financial statements.

NOTE C - FINDINGS OF NONCOMPLIANCE

There were no findings of noncompliance identified in connection with the 2005 Federal Single Audit.

NOTE D - AUDITS PERFORMED BY OTHER ORGANIZATIONS

U.S. Department of Housing and Urban Development conducted an audit of the Community Development Block Grant for program years from 2001 through 2004 during the fiscal year 2005. The report dated November 28, 2005 disclosed three (3) findings, one (1) concern and one (1) comment, none of which have material impact to the financial statement. All findings were subsequently cleared on recent communication received dated January 25, 2005.

CITY OF TAMARAC, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS
FOR THE 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 Tamarac, Florida.
2. No reportable conditions relating to the audit of the basic financial statements 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 reportable conditions relating to the audit of the major federal award programs are reported in the independent auditors' report on compliance and internal control over compliance applicable to each major federal awards program.
4. The auditors' report on compliance for the major federal programs for the City of Tamarac, Florida expresses an unqualified opinion.
5. Audit findings relative to the major federal programs for the City of Tamarac, Florida are reported in Parts C. and D. of this Schedule.
7. The program tested as major program includes:

<u>Federal Program</u>	<u>Federal CFDA #</u>
Public Assistance Grant	97.036
Dollar threshold to distinguish Type A and Type B Programs	\$300,000

8. The City of Tamarac, Florida was determined to be a low-risk audit pursuant to OMB Circular A-133.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

CITY OF TAMARAC, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005
(Continued)

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

None

D. OTHER ISSUES

1. No summary schedule of prior audit findings is required because there were no prior audit findings related to Federal programs.
2. No corrective action plan is required because there were no findings required to be reported under the Federal Single Audit Acts.