

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF PARKLAND, FLORIDA
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2004

CITY OF PARKLAND, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 TABLE OF CONTENTS
 September 30, 2004

PAGES

INTRODUCTORY SECTION:

Letter of Transmittal	i-v
Government Finance Officers Association Certificate of Achievement	vi
City Governmental Structure	vii
List of Principal Officials	viii

FINANCIAL SECTION:

Independent Auditors' Report	1-2
Management's Discussion and Analysis (Not Covered by Independent Auditors' Report)	3-9
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet - Governmental Funds	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	16-17
Statement of Fiduciary Net Assets - Pension Trust Fund	18
Statement of Changes in Fiduciary Net Assets - Pension Trust Fund	19
Notes to Financial Statements	20-32

CITY OF PARKLAND, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 TABLE OF CONTENTS
 September 30, 2004
 (continued)

PAGES

Combining Financial Statements:

Combining Balance Sheet - Nonmajor Governmental Funds	33
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	34

OTHER FINANCIAL INFORMATION:

Budgetary Schedules:

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Park Improvements Special Revenue Fund	35
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Law Enforcement Special Revenue Fund	36
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget and Actual - Capital Projects Fund	37
Capital Assets Used in the Operation of Governmental Funds	
Schedule of Capital Assets - by Function and Activity	38
Schedule of Changes in Capital Assets - by Function and Activity	39

STATISTICAL SECTION (NOT COVERED BY INDEPENDENT AUDITORS' REPORT):

Table

1. General Governmental Expenditures by Function	40
2. General Revenues by Source	41
3. Property Tax Levies and Collections	42
4. Assessed Value of Taxable Property	43
5. Property Tax Millage Rates - Direct and Overlapping Governments	44
6. Special Assessment Billings and Collections	45
7. Computation of Direct and Overlapping Debt	46
8. Construction, Population and Taxable Values	47
9. Principal Taxpayers	48
10. Insurance in Force	49
11. Demographic and Miscellaneous Statistics	50

CITY OF PARKLAND, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
September 30, 2004
(continued)

PAGES

OTHER REPORTS OF INDEPENDENT AUDITORS:

Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	51-52
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	53-54
Independent Auditors' Report to City Management	55-56
Schedule of Expenditures of Federal Awards	57
Schedule of Findings and Questioned Costs	58

INTRODUCTORY SECTION

April 12, 2005

Honorable Mayor and
Members of the City Commission
Residents of the City of Parkland, Florida

In accordance with Section 218.32, Florida Statutes, the Comprehensive Annual Financial Report of the City of Parkland, Florida for the fiscal year ended September 30, 2004, is hereby submitted. The report has been prepared by the City's Finance Department, with the assistance of the independent auditors, Keefe, McCullough & Co., LLP, Certified Public Accountants. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial statements of the governmental activities and various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report (CAFR) is composed of four (4) sections: Introductory, Financial, Statistical and Other Reports of Independent Auditors. The Introductory Section includes this transmittal letter, the Government Finance Officers Association Certificate of Achievement, the organizational chart of the City, and a list of principal officials. The Financial Section consists of the Independent Auditors' Report, Management's Discussion and Analysis (not audited), and the Basic Financial Statements. The Statistical Section provides selected financial and demographic information on a multi-year basis. The last section includes the Auditors' Reports to management and on compliance and internal control.

REPORTING ENTITY

The City of Parkland, Florida (the City) is located in northwest Broward County adjacent to the cities of Coral Springs and Coconut Creek and the Broward/Palm Beach County border. The City has been developed slowly and deliberately, reflecting the deep commitment of the residents, elected officials, management, and developers to the preservation of the pristine state of the region which includes the significant natural habitat of plants and wildlife.

The report includes all governmental activities and funds of the City, and in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards, "Defining the Reporting Entity," includes only those legally separated entities for which the City is financially accountable. While the Broward County Board of County Commissioners, Broward County School Board, South Florida Water Management District, Florida Inland Navigation District, Children's Services Council of Broward County, and North Broward Hospital District levy and collect taxes on property located within the corporate limits of the City, the City is not financially accountable for these entities. Therefore, financial information on these taxing authorities is not included in this report. Annual financial reports on these entities are available on request from each board, district or council.

Honorable Mayor and
Members of the City Commission
Residents of the City of Parkland, Florida

The City is viewed as a prestigious, semi-rural community and is a suburban part of Fort Lauderdale's Standard Metropolitan Statistical Area (SMSA). The City's proximity to the Sawgrass Expressway and Florida's Turnpike, coupled with the natural beauty of the region help make the City of Parkland a highly desirable residential area. Currently, a variety of residential developments are in place including single family and multi-family alternatives. Future development of 200 acres of commercial property will diversify the City's economic base.

ECONOMIC CONDITIONS AND OUTLOOK

The City's future economy will generally reflect that of Broward County. However, the concentration of professional individuals who choose the City as their home indicates a more favorable economic growth picture and lower unemployment rate than those of the State of Florida and the United States.

The "Local Government Comprehensive Planning and Development Regulation Act" as contained in the Florida Statutes, will result in very little change in the development rate of the City over the next four years. Much of the residential, commercial, and office property has been sub-divided and has met the requirements under State law.

Previously, a major developer annexed 1,528 acres into the City on the western tier. Included in this acreage is a large portion of the Heron Bay Golf Course. During 2003/2004, 241 residential units and 26 commercial units were added citywide.

MAJOR INITIATIVES

The Comprehensive Plan. Pursuant to Chapter 163, Florida Statutes, Chapter 9J-5 of the Florida Administrative Code, and ELM's III Bill, the City must engage in comprehensive planning of its development in an effort to preserve, promote, protect and improve the public health, safety, and general welfare; and to anticipate and provide financial resources required to expand transportation, recreation and other facilities concurrent with the City's growth. The Parkland Comprehensive Plan was submitted to the State of Florida, Department of Community Affairs in November, 1990; and provisional certification by the Broward County Planning Council was received in March, 1991. Recertification by the Broward County Planning Council was received in June, 1994. The Evaluation and Appraisal Report was adopted in February, 1998. The City Commission adopted the required amendment of the Evaluation and Appraisal Report and provisional certification by the Broward County Planning Council was received on April 30, 2001. The next submission is scheduled for Spring, 2005.

Development of Parks and Recreational Facilities. The master planning of the Pine Island Park in the western section of the City is complete. The first phase of development is completed and provides ball fields, parking, concession stand and restrooms. The second phase is well underway. There are 80 acres to be developed in the park. The City also completed major renovations to the John Quigley and Terramar Parks.

Administrative and Cultural Center. The new City Hall building, completed and opened in May 2000, is situated on 10 acres. The new Parkland Library construction was completed and the library opened in the spring of 2003. Completing the campus-like setting is the public safety building that will provide space for police, fire and EMS services. This building is nearing completion and scheduled to open in the summer of 2005.

Honorable Mayor and
Members of the City Commission
Residents of the City of Parkland, Florida

FINANCIAL INFORMATION

Internal Accounting Control. Management of the City is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and, (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

Cash Management and Investments. All temporarily idle funds are centrally managed through the use of pooled cash and investment account. The funds available for investment of this nature averaged approximately \$ 2,400,000 for the year and provided interest income totaling approximately \$ 58,000. The City utilizes the Florida State Board of Administration Local Government Investment Pool, which was created under Florida Statute Chapter 218, Part IV to promote the maximization of net interest income on invested surplus funds.

Risk Management. The City of Parkland is a member of the South East Risk Management Association (SERMA) pool, which currently consists of six member cities located in Broward and Palm Beach counties. SERMA provides the opportunity to control risk and tailor services to meet the needs of the individual members. To date, SERMA has been able to obtain broader coverages for all types of liability, property, and workers compensation insurances at significant savings in premium costs.

SERMA is administered by a board of directors which is composed of one representative from each member city. The board utilizes the services of a third-party administrator who performs all general administrative work, recordkeeping and claims administration services, procures insurance coverages and provides loss control and safety training programs at the direction of the board of directors.

The purpose of the pool is to improve availability of coverages; to provide budgetary predictability and stability through insulation from the changing cycles of the commercial insurance market; and to share in investment income and surplus.

Budgetary Controls. The City maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Commission. Activities of the General Fund, Capital Projects Fund and the Special Revenue Funds are included in the annual appropriated budget. The resources of the Law Enforcement Trust Fund are appropriated by the City Commission upon request for approval to purchase goods and services by the Public Safety Department in accordance with Section 932, Florida Statutes. The level of budgetary control is maintained by the City Manager at the departmental level within an individual fund. The City also maintains an encumbrance accounting system, which provides an accounting record for purchase orders and other obligations. Encumbrances lapse at year end and are treated as an automatic budget amendment in the succeeding fiscal year.

Honorable Mayor and
Members of the City Commission
Residents of the City of Parkland, Florida

Employee Retirement Programs. The City Commission previously passed an ordinance which established a plan and trust for a defined contribution plan to provide retirement benefits for the City's employees. Separate accounts are maintained by the ICMA Retirement Corporation for each employee. Each employee is vested in the City's contributions based upon the length of service at the rate of 20% per year and is fully vested upon completion of five (5) years of service to the City.

The City Commission, recognizing the need for a supplement to the defined contribution plan, provided a deferred compensation plan with the ICMA Retirement Corporation. This served to encourage employees to voluntarily defer a portion of their salary to future years. Contributions to this program are maintained in separate employee accounts. Employees have taken full advantage of this program, with 80% of the full-time employees contributing to the plan.

Debt Administration. The City is empowered under Florida Statute, Chapter 166, to consider, act upon, authorize, issue and sell debt obligations. The total debt outstanding at September 30, 2004 was \$ 5,554,708. This balance is the result of a refinancing that consolidated two notes into one with a more favorable interest rate. The purpose of the notes was to acquire and improve land for parks and recreation. The City will repay this obligation with non-ad valorem tax revenues.

OTHER INFORMATION

Independent Audit. In accordance with Section 218.32, Florida Statutes, the City engaged the services of the firm, Keefe, McCullough & Co., LLP, Certified Public Accountants, to perform the independent audit of the City's accounts and records. The independent auditors' report is included in the Financial Section.

Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to City of Parkland, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 2003. 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. Such Comprehensive Annual Financial 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. The City has received a Certificate of Achievement for the last thirteen consecutive years including the fiscal year ended September 30, 2003. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

Acknowledgments. The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the Department has our sincere appreciation for the contributions made in the preparation of this report.

Louie Alfano, III, Assistant Librarian at the Parkland Library, captured the rural flavor of the community in spite of its urban surroundings. This bronze statue stands in a beautifully landscaped area at one entrance to the City. The City Commission has acquired other bronze artwork to display throughout the City.

Honorable Mayor and
Members of the City Commission
Residents of the City of Parkland, Florida

The gathering of data that comprises much of the statistical section of this report was a joint effort by all City departments. We, therefore, extend our thanks to all departments of the City for their valuable contributions and assistance. We wish to thank the Mayor and The City Commission of the City of Parkland for their continuing support and interest in conducting the City's financial matters in a responsible and progressive way.

Respectfully submitted,

Judith C. Kilgore
Finance Director

Mark Lauzier
City Manager

CITY OF PARKLAND, FLORIDA
LIST OF PRINCIPAL OFFICIALS
September 30, 2004

MAYOR	ROBERT MARKS
VICE MAYOR	DEBBY BECK
COMMISSIONER	TRACY McGILVRAY
COMMISSIONER	MIMI B. RIBOTSKY
COMMISSIONER	MICHAEL UDINE
CITY MANAGER	MARK LAUZIER
CITY ATTORNEY	ANDREW MAURODIS
CITY CLERK	SANDRA COUZZO
CITY ENGINEER	CHARLES DaBRUSCO
DIRECTOR, FINANCE	JUDITH C. KILGORE
DIRECTOR, LIBRARY	SUZI HAYES
DIRECTOR, BUILDING	MARGARET BERTOLAMI
DIRECTOR, PLANNING	SCOTT SCHRADER
DIRECTOR, PUBLIC SAFETY	STEVEN LIST
DIRECTOR, PERSONNEL	GRACE GROMLEY
DIRECTOR, PUBLIC WORKS	JONATHAN MATTLIN
DIRECTOR, PARKS AND RECREATION	JAMES COWEN
DIRECTOR, ENVIRONMENTAL RESOURCES	BRIAN ARCHER

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Commission and City Manager
City of Parkland, Florida
Parkland, Florida

We have audited the accompanying financial statements of governmental activities, business-type activities, each major fund and the aggregate remaining fund information of City of Parkland, Florida (the City), as of and for the year ended September 30, 2004, 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 an opinion on these financial statements based on our audit.

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 basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above, present fairly, in all material respects, the respective financial positions of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of City of Parkland, Florida at September 30, 2004, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund, 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 14, 2005, on our consideration of City of Parkland's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by GASB. We applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

City of Parkland, Florida

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of City of Parkland, Florida taken as a whole. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by the 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. The combining and individual fund statements and schedules and other financial information, as listed in the table of contents, are also presented for purposes of additional analysis and are not a required part of the basic financial statements. All such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
January 14, 2005

BASIC FINANCIAL STATEMENTS

Management's Discussion & Analysis
(Not covered by Independent Auditor's Report)

January 14, 2005

Honorable Mayor and
Members of the City Commission
Residents of the City of Parkland, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Parkland offers readers of the basic financial statements this new narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2004. Readers are encouraged to consider the information presented here in conjunction with the additional information provided in the transmittal letter on pages i through v at the beginning of this report as well as the financial statements and notes to financial statements that follow.

The City implemented new reporting standards in the last fiscal year which resulted in significant changes in content and structure. Therefore comparisons are now more meaningful than in the prior fiscal year and will go further in explaining the City's financial position and results of operations.

FINANCIAL HIGHLIGHTS

The following are highlights of financial activity for the fiscal year ending September 30, 2004.

- The City's total assets exceeded its liabilities by \$ 21,614,862. The entire amount was derived from governmental fund activities. Of this amount, \$ 1,165,235 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's revenues for governmental activities, excluding transfers, were \$ 16,250,902. Expenditures for these activities were \$ 16,493,886.
- The General Fund had a decrease in fund balance of \$ 538,299 due to the expenditure of funds for disaster clean-up from hurricanes.
- The total fair value of the City's cash and investments at September 30, 2004 was approximately \$ 3,840,000. Interest rates remained low throughout the fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

This is the second fiscal year for which the City is reporting under the GASB 34 reporting model which enables the City to present comparative information for the first time. Management's Discussion and Analysis is one new area that is required in the new model. In addition, the reader will find the new government-wide financial statements, refocused fund statements, expanded notes to the financial statements, and expanded supplemental information.

Honorable Mayor and
Members of the City Commission
Residents of the City of Parkland, Florida

The basic financial statements consist of government-wide statements that offer a summary of financial activity and specific fund statements that present more detailed information.

The government-wide statements on pages 10 and 11 include the statement of net assets and the statement of activities. They are new to governmental reporting and designed to provide a broad overview of the City's financial position as a whole, similar to private sector financial statements. The statement of net assets shows the total assets and liabilities for the City, the difference represents the net assets. The change in net assets over time may be an indicator of the City's financial health.

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. A good example of this is uncollected taxes and earned but unused compensated absences (annual leave).

Both of the government-wide financial statements distinguish functions of the City of Parkland that are principally supported by taxes and intergovernmental revenues. The governmental activities of the City include general government, public safety, physical environment and culture and recreation. The City of Parkland is the primary government and has no component units to report (see pages 10 and 11) for the government-wide financial statements. These statements do not include the fiduciary funds such as the Employee Pension Plan because those resources cannot be used for the City's activities.

The fund financial statements have appeared in previous financial reports but have been expanded under the new reporting model. The City of Parkland uses fund accounting to track the sources and uses of resources for specific purposes. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The City of Parkland categorizes funds as governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements are distinguishable from the government-wide statements by its focus on near-term inflows and outflows of spendable resources and balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the government's near-term financing requirements.

The narrower focus is useful in comparing information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers gain a better understanding of the long-term impact of the near-term financing decisions. The governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balance provides a reconciliation to facilitate this comparison.

The City of Parkland maintains three funds of the governmental type. All nonmajor funds are combined into a single presentation. Individual fund data is presented in the combining statements (pages 33-34).

The Fiduciary Fund (pages 18 and 19), that is not included in the government-wide statements, is presented in this section, and presents the City's employee retirement system.

Honorable Mayor and
 Members of the City Commission
 Residents of the City of Parkland, Florida

Each year the City adopts an annual appropriated budget for its General Fund, Capital Improvements Fund, Park Improvements Fund, and Law Enforcement Trust Fund. This report includes a budgetary comparison statement for each of the funds to demonstrate compliance with the budget.

The governmental fund financial statements are found on pages 12 through 19 of this report.

Notes to financial statements. The notes provide additional information that is necessary to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 20 through 32 of this report.

Other information. This report also presents certain required supplementary information (RSI). The combining statements in connection with nonmajor governmental funds are presented before the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of City of Parkland, assets exceeded liabilities by \$ 21,614,862 at the close of the fiscal year. The table below summarizes Parkland's net assets for the fiscal year ended September 30, 2004.

The largest portion of the City's net assets (93.0%) reflects its investment in capital assets (land, buildings, improvements other than buildings, machinery and equipment and infrastructure) less any related outstanding debt used to acquire those assets (approximately \$ 5.5 million). The City of Parkland uses the capital assets to provide services to the residents; therefore, these assets are not available for future spending. However, since these capital assets cannot be used to liquidate the liabilities, the City must provide other sources for repayment of debt.

City of Parkland, Florida
 Net Assets
 September 30

	<u>2004</u>	<u>2003</u>
Current and other assets	\$ 13,689,694	\$ 12,528,059
Capital assets	<u>25,648,946</u>	<u>24,948,834</u>
Total assets	<u>39,338,640</u>	<u>37,476,893</u>
Long-term liabilities outstanding	5,693,072	6,008,731
Other liabilities	<u>12,030,706</u>	<u>10,563,478</u>
Total liabilities	<u>17,723,778</u>	<u>16,572,209</u>
Net assets:		
Invested in capital assets, net of related debt	20,094,238	19,209,398
Restricted	355,389	374,033
Unrestricted	<u>1,165,235</u>	<u>1,321,253</u>
Total net assets	\$ <u>21,614,862</u>	\$ <u>20,904,684</u>

Honorable Mayor and
 Members of the City Commission
 Residents of the City of Parkland, Florida

Ad valorem taxes are reported in current assets as accounts receivable. The taxes constitute 97.5% of the accounts receivable and 20.9% of total assets. Equity in pooled cash and investments make up 9.8% of the total assets.

Approximately 2.0% of the current liabilities are attributable to current debt. A portion of net assets, approximately 2.0%, represents resources that are subject to external restrictions. Net long-term liabilities comprise 32.12% of total liabilities. The remaining balance of unrestricted net assets \$ 1,165,235, may be used to meet the City's ongoing obligations to citizens and creditors which is a decrease from the prior year of \$ 156,018.

At the end of the current fiscal year, the City of Parkland reports positive balances in both categories of net assets; in government as a whole as well as for its governmental activities.

Governmental activities:

Governmental activities increased the City of Parkland's net assets by \$ 710,178. The activity accounted for all the total growth in the net assets of the City. Key elements of the change are described below:

City of Parkland, Florida		
Change in Net Assets		
September 30		
	<u>2004</u>	<u>2003</u>
REVENUES:		
Program revenues:		
Charges for services	\$ 3,597,427	\$ 2,900,967
Operating grants and contributions	755	125
Capital grants and contributions	2,821,408	2,144,058
General revenues:		
Ad valorem taxes	7,426,920	5,959,299
Other taxes	2,080,182	2,019,257
Investment earnings	58,761	88,947
Other	<u>265,449</u>	<u>199,952</u>
Total revenues	<u>16,250,902</u>	<u>13,312,605</u>
EXPENSES:		
General government	2,240,710	2,070,912
Public safety	8,323,321	5,142,680
Physical environment	1,157,329	1,034,411
Culture and recreation	3,574,551	2,871,117
Debt service	<u>244,813</u>	<u>359,016</u>
Total expenses	<u>15,540,724</u>	<u>11,478,136</u>
Change in net assets	710,178	1,834,469
NET ASSETS AT BEGINNING OF YEAR	<u>20,904,684</u>	<u>19,070,215</u>
NET ASSETS AT END OF YEAR	<u>\$ 21,614,862</u>	<u>\$ 20,904,684</u>

Honorable Mayor and
Members of the City Commission
Residents of the City of Parkland, Florida

Net assets:

Property taxes increased by approximately \$ 1,467,600 during the year. This increase is the result of the addition of new property through construction, and the addition of previously exempt property to the tax roles and ever increasing assessed taxable values. The City has maintained the 4.10 millage rate for the fourteenth consecutive year. This is well within the 10-mill maximum established by the State of Florida.

The most significant increase in expenditures was in the public safety category, reflecting the City's commitment to providing additional services concurrent with growth as well as the impact of disaster clean-up expenditures from two hurricanes. The new Public Safety building will be opened in Summer, 2005 and will be fully furnished for police and fire services.

ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Parkland utilizes fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. The information presented, particularly the unreserved fund balance, may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At the end of fiscal year 2004, the City of Parkland's governmental funds reported combined ending fund balances of \$ 1,938,037. Approximately 88% of the fund balance constitutes unreserved fund balance, or \$ 1,697,215 that is available for spending at the City's discretion. The remainder is reserved indicating it is not available for new spending because it is already committed and liquidate contracts and purchase orders of the period.

The General Fund is the chief operating fund of the City of Parkland. At the end of the fiscal year, unreserved and undesignated fund balance of the General Fund was \$ 1,109,964. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund expenditures. Unreserved and undesignated fund balance represents 7.6% of the total General Fund expenditures, while total fund balance represents 8.1% of the same amount.

The key factors responsible for the decrease in the fund balance of the City of Parkland are:

- The funding of capital projects including the completion of construction of the Pine Trails Park outstripped the increases the City would have expected from revenues driven by growth, such as ad valorem taxes, intergovernmental revenue, and charges for services.
- The transition from a volunteer fire department to a contracted full time department resulted in additional start up costs that exceeded the original budget.
- Interest earned on investments continues at a disappointingly low rate.
- Added costs for hurricane preparedness and cleanup exceeded the budget and further reduced the fund balance.

Honorable Mayor and
 Members of the City Commission
 Residents of the City of Parkland, Florida

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no amendments to the City's original budget. During the year, revenues did not meet the budgetary estimates and expenditures in some activities exceeded the budgeted estimates as follows:

City Commission	\$	102,078
Public Safety - Police and Fire Rescue	\$	1,647,813

This combination of events resulted in the need to draw upon existing fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City of Parkland's investment in capital assets for its governmental activities as of September 30, 2004 amounts to \$ 25,648,946 (net of accumulated depreciation). This investment includes land, buildings, improvements other than buildings, machinery and equipment and infrastructure.

Major capital asset events during the current fiscal year included the following:

- Construction was completed on the Pine Trails Park Phase I, at a cost of approximately \$ 5.8 million.
- Expansion of another section of the City's trail system was completed.
- Purchase and installation of the audio/visual system for the City Commission Chambers was finished.

CAPITAL ASSETS

Capital assets for the year ended September 30 consisted of the following:

	<u>2004</u>	<u>2003</u>
Governmental activities:		
Capital assets:		
Land	\$ 10,156,472	\$ 9,265,855
Buildings	6,430,574	5,411,956
Construction in progress	441,273	4,818,006
Improvements other than buildings	5,394,149	3,693,122
Infrastructure	3,419,771	1,275,200
Machinery and equipment	<u>4,073,885</u>	<u>3,828,359</u>
Total capital assets	\$ <u>29,916,124</u>	\$ <u>28,292,498</u>

Further data on the City of Parkland's capital assets can be found in Note 6 on page 27.

Long-term debt. At the end of the fiscal year, the City had total debt outstanding of \$ 5,554,708. The revenues from two specific revenue streams, the utility service taxes on electricity and the half-cent sales tax secured the note.

Honorable Mayor and
 Members of the City Commission
 Residents of the City of Parkland, Florida

	<u>Balance</u> 10/01/03		<u>Additions</u>		<u>Retirements</u>		<u>Balance</u> 09/30/04
Notes	\$ 5,739,436	\$	--	\$	184,728	\$	5,554,708
Compensated absences	<u>508,974</u>		<u>433,326</u>		<u>508,974</u>		<u>433,326</u>
Governmental activity:							
Long-term debt	\$ <u>6,248,410</u>	\$	<u>433,326</u>	\$	<u>693,702</u>	\$	<u>5,988,034</u>

Additional information on the City of Parkland's long-term debt can be found in Note 7 on page 28.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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 rely on property tax, and a limited variety of permitted other taxes such as utility taxes, sales and gasoline, and fees such as occupational license and franchise fees to support their governmental activities.

- Inflationary trends compare favorably to national rates.
- A 17% increase in taxable property valuation is indicated for the fiscal year 2004/2005.
- Since a large percentage of the City's residents are professionals, the outlook has always been optimistic with respect to unemployment statistics in the City compared to the state and the nation.
- The City of Parkland's General Fund operating budget for the fiscal year 2004 was approximately 10.6% higher than the fiscal year 2003 budget. The millage rate remained unchanged at 4.1000 mills per \$ 1,000.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Parkland's finances for all those with an interest in the City's finances. Questions concerning any of the information provided herein or requests for additional financial information should be addressed to the Office of the Director of Finance, City of Parkland, 6600 University Drive, Parkland, Florida 33067.

CITY OF PARKLAND, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2004

	<u>Governmental Activities</u>
ASSETS:	
Equity in pooled cash and investments	\$ 3,842,214
Cash	32,637
Accounts receivable	8,446,411
Prepaid expenses	59,513
Due from other governments	1,307,394
Deposits	1,525
Capital assets, depreciable (net)	15,051,201
Capital assets, nondepreciable	<u>10,597,745</u>
Total assets	<u>39,338,640</u>
LIABILITIES:	
Accounts payable	2,186,473
Accrued expenses	143,514
Unearned revenues	8,269,858
Accrued interest payable	27,474
Customer deposits	1,108,485
Due within one year:	
Compensated absences payable	97,968
Current portion of debt	196,934
Due in more than one year:	
Compensated absences	335,298
Long-term debt	<u>5,357,774</u>
Total liabilities	<u>17,723,778</u>
NET ASSETS:	
Invested in capital assets (net of related debt)	20,094,238
Restricted for:	
Special purposes	355,389
Unrestricted	<u>1,165,235</u>
Total net assets	\$ <u><u>21,614,862</u></u>

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

CITY OF PARKLAND, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2004

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
FUNCTIONS/PROGRAMS:					
Governmental activities:					
General government	\$ 2,240,710	\$ 1,532,377	\$ --	\$ 2,372,611	\$ 1,664,278
Public safety	8,323,321	1,502,325	--	41,222	(6,779,774)
Physical environment	1,157,329	119,504	--	--	(1,037,825)
Culture and recreation	3,574,551	443,221	755	407,575	(2,723,000)
Interest and other financing costs	244,813	--	--	--	(244,813)
Total governmental activities	\$ 15,540,724	\$ 3,597,427	\$ 755	\$ 2,821,408	\$ (9,121,134)

General revenues:

Taxes:

Ad valorem taxes	7,426,920
Franchise fees	460,466
Utility service taxes	1,619,716
Interest income	58,761
Miscellaneous	265,449

Total general revenues 9,831,312

Change in net assets 710,178

Net assets at beginning of year 20,904,684

Net assets at end of year \$ 21,614,862

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

CITY OF PARKLAND, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2004

	<u>Major Governmental Funds</u>		<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>		
ASSETS:				
Equity in pooled cash and investments	\$ 3,131,047	\$ 463,904	\$ 247,263	\$ 3,842,214
Cash	32,637	--	--	32,637
Receivables:				
Ad valorem taxes	8,233,416	--	--	8,233,416
Accounts	86,123	109,129	--	195,252
Assessments	17,743	--	--	17,743
Due from other governments	849,499	394,595	63,300	1,307,394
Prepaid items	59,513	--	--	59,513
Deposits	<u>1,375</u>	<u>150</u>	<u>--</u>	<u>1,525</u>
Total assets	\$ <u>12,411,353</u>	\$ <u>967,778</u>	\$ <u>310,563</u>	\$ <u>13,689,694</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 1,669,949	\$ 511,350	\$ 5,174	\$ 2,186,473
Accrued payroll and related taxes	143,514	--	--	143,514
Compensated absences payable	43,327	--	--	43,327
Customer deposits	1,108,485	--	--	1,108,485
Unearned revenues	<u>8,269,858</u>	<u>--</u>	<u>--</u>	<u>8,269,858</u>
Total liabilities	<u>11,235,133</u>	<u>511,350</u>	<u>5,174</u>	<u>11,751,657</u>
Fund balances:				
Reserved for:				
Encumbrances	6,743	174,566	--	181,309
Prepaid items	59,513	--	--	59,513
Unreserved:				
Designated for subsequent years' expenditures				
Special revenue	--	--	305,389	305,389
Capital	--	50,000	--	50,000
Undesignated (deficit)	<u>1,109,964</u>	<u>231,862</u>	<u>--</u>	<u>1,341,826</u>
Total fund balances	<u>1,176,220</u>	<u>456,428</u>	<u>305,389</u>	<u>1,938,037</u>
Total liabilities and fund balances	\$ <u>12,411,353</u>	\$ <u>967,778</u>	\$ <u>310,563</u>	\$ <u>13,689,694</u>

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

CITY OF PARKLAND, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
September 30, 2004

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE:

Total fund balance of governmental funds in the balance sheet, Page 12		\$ 1,938,037
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds:		
The cost of capital assets is	\$ 29,916,124	
Accumulated depreciation is	<u>(4,267,178)</u>	25,648,946
Long-term liabilities, including note payable, are not due and payable in the current period and therefore are not reported in the funds.		<u>(5,972,121)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 10		\$ <u>21,614,862</u>

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

CITY OF PARKLAND, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2004

	Major Governmental Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Capital Projects Fund		
REVENUES:				
Ad valorem taxes	\$ 7,426,920	\$ --	\$ --	\$ 7,426,920
Franchise fees	311,988	148,478	--	460,466
Licenses and permits	2,934,485	--	--	2,934,485
Intergovernmental	1,547,332	1,210,776	63,300	2,821,408
Charges for services	543,235	--	26,250	569,485
Fines and forfeitures	93,457	--	--	93,457
Interest income	56,495	1,210	1,056	58,761
Miscellaneous	262,636	--	2,813	265,449
Utility service taxes	824,451	795,265	--	1,619,716
Contributions	755	--	--	755
Total revenues	14,001,754	2,155,729	93,419	16,250,902
EXPENDITURES:				
Current:				
General government	2,016,025	--	--	2,016,025
Public safety	8,201,321	--	391	8,201,712
Physical environment	1,107,865	--	--	1,107,865
Culture and recreation	3,003,965	--	--	3,003,965
Capital outlay	210,877	1,362,043	161,672	1,734,592
Debt service:				
Principal retirement	--	184,728	--	184,728
Interest	--	244,999	--	244,999
Total expenditures	14,540,053	1,791,770	162,063	16,493,886
Excess (deficiency) of revenues over expenditures	(538,299)	363,959	(68,644)	(242,984)
Net change in fund balances	(538,299)	363,959	(68,644)	(242,984)
FUND BALANCES AT BEGINNING OF YEAR	1,714,519	92,469	374,033	2,181,021
FUND BALANCES AT END OF YEAR	\$ 1,176,220	\$ 456,428	\$ 305,389	\$ 1,938,037

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

CITY OF PARKLAND, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2004

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS, PAGE 14 \$ (242,984)

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

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 assets	\$ 1,623,626	
Less current year depreciation expense	<u>(923,514)</u>	700,112

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which debt proceeds exceed repayments.

Principal payments		184,728
--------------------	--	---------

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.

Change in interest payable	186	
Change in long-term compensated absences payable	<u>68,136</u>	<u>68,322</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 11 \$ 710,178

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

CITY OF PARKLAND, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended September 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance</u>
	<u>Original and Final Budget</u>			
REVENUES:				
Ad valorem taxes	\$ 7,648,589		\$ 7,426,920	\$ (221,669)
Franchise fees	272,596		311,988	39,392
Licenses and permits	2,313,550		2,934,485	620,935
Intergovernmental	745,036		1,547,332	802,296
Charges for services	444,500		543,235	98,735
Fines and forfeitures	101,000		93,457	(7,543)
Interest income	77,000		56,495	(20,505)
Miscellaneous	116,400		263,391	146,991
Prior year surplus	1,658,328		--	(1,658,328)
Utility service taxes	<u>983,315</u>		<u>824,451</u>	<u>(158,864)</u>
Total revenues	<u>14,360,314</u>		<u>14,001,754</u>	<u>(358,560)</u>
EXPENDITURES:				
General government:				
City Commission	281,865		383,943	(102,078)
City Manager	387,882		350,201	37,681
Finance	571,503		446,034	125,469
Legal services	204,957		151,663	53,294
Planning	194,298		168,101	26,197
Engineering services	269,771		196,717	73,054
City Clerk	178,823		157,388	21,435
Personnel	206,466		167,904	38,562
Computer support	23,698		12,284	11,414
Reserve for nondepartmental capital improvements	<u>801,084</u>		<u>32,877</u>	<u>768,207</u>
Total general government	<u>3,120,347</u>		<u>2,067,112</u>	<u>1,053,235</u>
Public Safety:				
Police	3,227,546		4,830,242	(1,602,696)
Fire rescue	1,831,860		1,876,977	(45,117)
Building	<u>1,554,224</u>		<u>1,498,980</u>	<u>55,244</u>
Total public safety	<u>6,613,630</u>		<u>8,206,199</u>	<u>(1,592,569)</u>
Physical environment:				
Public works	1,016,972		922,733	94,239
Environmental resources	<u>240,566</u>		<u>224,910</u>	<u>15,656</u>
Total physical environment	<u>1,257,538</u>		<u>1,147,643</u>	<u>109,895</u>

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

CITY OF PARKLAND, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

(continued)

For the Year Ended September 30, 2004

	<u>Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance</u>
	<u>Original and Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance</u>
Culture and recreation:			
Parks and recreation	2,867,121	2,646,505	220,616
Library	<u>501,678</u>	<u>476,033</u>	<u>25,645</u>
Total culture and recreation	<u>3,368,799</u>	<u>3,122,538</u>	<u>246,261</u>
Total expenditures	<u>14,360,314</u>	<u>14,543,492</u>	<u>(183,178)</u>
Excess (deficiency) of revenues over expenditures	<u> --</u>	<u> (541,738)</u>	<u> (541,738)</u>
 FUND BALANCE AT BEGINNING OF YEAR	 <u> --</u>	 <u> 1,711,215</u>	 <u> 1,711,215</u>
FUND BALANCE AT END OF YEAR	\$ <u><u> --</u></u>	\$ <u><u> 1,169,477</u></u>	\$ <u><u> 1,169,477</u></u>

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

CITY OF PARKLAND, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUND
September 30, 2004

ASSETS:	
Investment in mutual funds	\$ 2,099,579
Due from participants	<u>48,689</u>
Total assets	2,148,268
LIABILITIES	<u>--</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ <u><u>2,148,268</u></u>

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

CITY OF PARKLAND, FLORIDA
STATEMENT OF CHANGES
IN FIDUCIARY NET ASSETS
PENSION TRUST FUND
For the Year Ended September 30, 2004

ADDITIONS:	
City contributions	\$ 327,779
Employee contributions	<u>93,345</u>
Total additions	421,124
INVESTMENT INCOME:	
Interest, dividends and investment value changes	<u>145,335</u>
Net change	<u>566,459</u>
DEDUCTIONS:	
Participant distributions	478,704
Service fees	<u>439</u>
Total deductions	<u>479,143</u>
Net increase	87,316
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of year	<u>2,060,952</u>
End of year	\$ <u><u>2,148,268</u></u>

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

CITY OF PARKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The financial statements of the City of Parkland, Florida (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Reporting entity:

The financial reporting entity consists of the City including all funds, agencies and departments, and those component units for which the City is financially accountable. The City is financially accountable if it appoints a voting majority of an organization's governing body 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. The City may also be financially accountable if an organization is fiscally dependent on the City regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the City is financially accountable which would require inclusion in the City's financial statements.

Basis of presentation:

Government-wide financial statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for the fiduciary fund. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. As of September 30, 2004, the City had no business-type activities.

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.

Fund financial statements

The accounts of the City are organized on the basis of funds, each of which is considered and accounted for as a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary and fiduciary. As of September 30, 2004, the City had no proprietary funds. An emphasis is placed on major funds within the governmental category.

The City reports the following major governmental funds:

General Fund - the General Fund is the principal operating fund of the City and is used to account for all financial transactions except those that are required to be accounted for in another fund.

CITY OF PARKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Projects Fund - the Capital Projects Fund is used to account for the acquisition and construction of major capital facilities as well as to account for financial resources to be used for the purchase of equipment and the construction of major improvements to City facilities.

Additionally, the City reports the following fund types:

Park Improvements Fund - this Special Revenue Fund is used to account for revenues and expenditures for capital improvements to and the acquisition of City parks.

Law Enforcement Fund - this Special Revenue Fund is used to account for revenues derived from the enforcement of the Florida Contraband Act. Expenditures are restricted to the purchase of law enforcement equipment.

Fiduciary Trust Fund - the Fiduciary Trust Fund is used to account for assets held by the City as trustee for others. The Pension Trust Fund, reported as a Fiduciary Trust Fund, is used to account for the activities of the City-sponsored pension plan.

Measurement focus and basis of accounting:

Government-wide 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 nonfiduciary activities of the government. Fiduciary funds are excluded from the government-wide financial statements. The effect of interfund activity has been removed from these statements.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fund financial statements

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The accrual basis of accounting is followed in the Pension Trust Fund. Under this method of accounting, additions are recognized in the accounting period in which they are earned and deductions are recognized in the period in which they are incurred. The Pension Trust Fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the statement of fiduciary net assets.

CITY OF PARKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All governmental fund types use the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within sixty days after year end. Other taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items such as fines and forfeitures and licenses and permits are considered to be measurable and available only when cash is received by the City.

Expenditures are generally recognized when the related fund liability is incurred except for principal and interest on long-term debt which are recognized as expenditures on the due date.

Use of estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents:

Cash and cash equivalents include cash on hand, demand deposits and highly liquid investments with a maturity of three months or less when purchased.

Investments:

All City investments are stated at fair value. Interest income from pooled cash and investments is allocated on the basis of each individual fund's proportionate share of the investment pool.

Capital assets:

Capital assets, which include land, buildings, improvements other than buildings, machinery and equipment and infrastructure are reported in the governmental activities column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$ 1,000 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 at 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 projects are constructed. Capital assets of the government are depreciated using the straight-line method over their estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Improvements other than buildings	5-25
Machinery and equipment	5-20
Infrastructure	10-50

CITY OF PARKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GASB No. 34 required the City to report and depreciate new infrastructure assets effective as of September 30, 2003. Infrastructure assets include roads, bridges, underground pipe, traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2006. The City elected to implement the general provisions of GASB No. 34 in the prior fiscal year and because of its classification as a small government is not required to implement the retroactive infrastructure provisions by the fiscal year ending September 30, 2007.

Encumbrances:

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds for which an annual budget is adopted. Encumbrances outstanding at year end are reported as reservations of fund balance since they do not constitute expenditures or liabilities. At September 30, 2004, encumbrances outstanding are as follows:

General Fund	\$	6,743
Capital Projects Fund	\$	174,566

Prepaid expenses/expenditures:

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

Compensated absences:

City employees are granted vacation, sick and compensatory leave in varying amounts based on length of service. Upon separation in good standing, employees receive full reimbursement for accumulated vacation and compensatory hours as well as reimbursement for sick hours at a rate of one hour of pay for every two hours accumulated.

The liability due beyond one year for these compensated absences is recorded as long-term debt in the government-wide statement of net assets. The current portion of this obligation is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Unearned revenue:

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Unearned revenues at the government-wide level arise only when the City receives resources before it has a legal claim to them.

Long-term obligations:

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. The long-term debt consists primarily of notes and accrued compensated absences payable.

CITY OF PARKLAND, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the fund financial statements, debt proceeds are reported as an other financing source. Issue costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Equity classifications:

Government-wide statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets - consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund statements

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including note payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$ 5,972,121 difference are as follows:

Note payable	\$ 5,554,708
Compensated absences payable	389,939
Accrued interest payable	<u>27,474</u>
 Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	 \$ <u>5,972,121</u>

CITY OF PARKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and budgetary data:

The City adopts an annual operating budget, which is employed as a management control device, for the general governmental activities of the General Fund, Park Improvements Special Revenue Fund, Law Enforcement Special Revenue Fund and Capital Projects Fund. These budgets, as adopted or amended during the year by the City Commission, were prepared on the same basis of accounting utilized to prepare the financial statements, except that encumbrances are treated as expenditures for budgetary purposes. During the year, all legal requirements with regard to budget adoption were met.

Process of adoption:

1. On or about August 1, the City Manager submits a proposed operating budget for the coming fiscal year to the City Commission.
2. During August, the City Commission holds workshops, which are open to the public, to review the proposed budget and determine the tentative budget.
3. During September, two public hearings are held for the purpose of presenting to and receiving input from citizens on the tentative budget and the proposed millage rate. At the second hearing, the annual budget is adopted and the taxes are levied.

Period of appropriation:

Unless encumbered by a purchase order, budgeted appropriations lapse at the end of each fiscal year. For budgetary control purposes, encumbrances are added to the current year expenditures and are treated as a use of current year appropriations.

Level of control:

The adoption of the budget by the City Commission constitutes the legal appropriation of the amounts specified therein as expenditures from the appropriate governmental fund. The amount of the appropriation cannot be exceeded unless the City Commission has approved a supplemental appropriation. Budgetary control of expenditures is maintained at the departmental level. A departmental budget cannot be exceeded without the approval, by motion, of the City Commission at a public meeting. The City Manager may authorize a budget adjustment among the various line items within a department, as long as the total budget for the department does not change.

During the year, departmental expenditures exceeded the legally authorized budget as follows:

General Fund

General government -	
City Commission	\$ 102,078
Public Safety - Police	1,602,696
Public Safety - Fire Rescue	45,117

General government - City Commission - Cost incurred for consultant and actuarial services to assist with preparation and implementation of fire assessment fees were not budgeted and therefore exceeded projected costs.

CITY OF PARKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Public Safety - Police - This activity includes the budget for disaster preparedness and disaster cleanup. The City incurred expenses for Hurricanes Frances and Jeanne in excess of approximately \$ 1.3 million.

Public Safety - Fire - The City transitioned from a City operated volunteer fire department to a full time contracted fire department. This change resulted in start-up expenditures that were not originally anticipated.

Supplemental appropriations:

If during the fiscal year revenues in excess of the original budgeted amounts become available, the City Commission may make supplemental appropriations.

NOTE 4 - DEPOSITS AND INVESTMENTS

Deposits:

As required by Chapter 280.03 of the Florida Statutes, all deposits of the City during the year ended September 30, 2004 including time deposit accounts and demand deposit accounts, were held in the institutions designated by the Treasurer of the State of Florida as "qualified depositories" and were accordingly covered by a collateral pool pledged to the State Treasurer of Florida by such institutions. At year end, the City's deposit balance and carrying amount was \$ 247,172. The City's financial institution balance at year end was \$ 837,111. In accordance with Chapter 280.08 of the Florida Statutes, if any member institution fails, the entire collateral pool becomes available to satisfy the claims of government entities. If the value of the pools collateral is inadequate to cover a loss, additional amounts would be assessed on a prorata basis to the members of the pool. This ensures that there will be no loss of public funds. Accordingly, all deposits are considered insured at September 30, 2004.

Investments:

Florida Statutes authorize City officials to invest pooled funds in United States bonds and obligations, guaranteed United States agency and other issues, Florida State Investment Pool, Florida bank certificates of deposit, bankers acceptances and reverse repurchase agreements.

The City's investments are categorized as either (1) insured or registered or for which the securities are held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by a counter-party's trust department or agent in the City's name, or (3) uninsured and unregistered for which the securities are held by a counterparty, or by its trust department or agent, but not in the City's name.

The City has investments in a collective pool managed by the State of Florida Board of Administration (a 2a7-like pool) and are stated at amortized cost which approximates fair value of the pool shares. These had a carrying amount and fair value of \$ 3,506,208. Because these investments are not evidenced by securities, they are not categorized for risk.

The City has \$ 2,099,580 in investment pools with the International City Management Association Retirement Corporation (ICMA) representing the investments of the Pension Plan. The City has no direct fiduciary responsibility for the selection of the investments within the ICMA plans and accordingly, such investments are not categorized for risk disclosure purposes. Pension investments are managed by the ICMA Retirement Corporation and are invested in the ICMA Retirement Trust, a trust established by public employers for the collective investment of funds.

CITY OF PARKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 5 - PROPERTY TAXES

Property taxes levied by the City are billed and collected by Broward County and remitted to the City. Taxes for the fiscal year beginning October 1 are levied prior to October 1 and become a lien on real property on October 1 of each year based upon the assessed value as of January 1. These taxes are billed in the month of November and are due no later than March 31. On April 1, unpaid amounts become delinquent, subject to penalties and interest, and become subject to the issuance of tax sale certificates on June 1. Generally the City collects nearly all of the current year property taxes during the year in which they are due. Property tax revenues for fiscal year 2004 have been recognized when levied as a unearned revenue since they are a budgeted revenue of the subsequent year.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2004, was as follows:

	Balance October 1, 2003	Additions	Disposals	Balance September 30, 2004
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 9,265,855	\$ 890,617	\$ --	\$ 10,156,472
Construction in progress	4,818,006	441,273	4,818,006	441,273
Total capital assets, not being depreciated	14,083,861	1,331,890	4,818,006	10,597,745
Capital assets, being depreciated:				
Buildings	5,411,956	1,018,618	--	6,430,574
Improvements other than buildings	3,693,122	1,701,027	--	5,394,149
Machinery and equipment	3,828,359	245,526	--	4,073,885
Infrastructure	1,275,200	2,144,571	--	3,419,771
Total capital assets being depreciated	14,208,637	5,109,742	--	19,318,379
Less accumulated depreciation for:				
Buildings	396,771	123,298	--	520,069
Improvements other than buildings	1,251,368	295,046	--	1,546,414
Machinery and equipment	1,495,564	425,657	--	1,921,221
Infrastructure	199,961	79,513	--	279,474
Total accumulated depreciation	3,343,664	923,514	--	4,267,178
Total capital assets, being depreciated, net	10,864,973	4,186,228	--	15,051,201
Governmental activities, capital assets, net	\$ 24,948,834	\$ 5,518,118	\$ 4,818,006	\$ 25,648,946

CITY OF PARKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 6 - CAPITAL ASSETS (continued)

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

Governmental activities:	
General government	\$ 216,839
Public safety	121,609
Physical environment	73,312
Culture and recreation	<u>511,754</u>
Total depreciation expense - governmental activities	\$ <u>923,514</u>

NOTE 7 - LONG-TERM DEBT

The following is a summary of the changes in the long-term debt of the City for the year ended September 30, 2004:

	Balance, October 1, <u>2003</u>	<u>Additions</u>	<u>Retirements</u>	Balance, September 30, <u>2004</u>	Due Within <u>One Year</u>
Notes	\$ 5,739,436	\$ --	\$ 184,728	\$ 5,554,708	\$ 196,934
Compensated absences payable	<u>508,974</u>	<u>433,326</u>	<u>508,974</u>	<u>433,266</u>	<u>97,968</u>
Governmental activity long-term debt	\$ <u>6,248,410</u>	\$ <u>433,326</u>	\$ <u>693,702</u>	\$ <u>5,987,974</u>	\$ <u>294,902</u>

During the year, the City refinanced existing debt which was utilized to fund certain capital improvements. The new note requires quarterly payments of approximately \$ 107,400 including principal and interest, amortized over a twenty year term, at 4.25% payable through November 2010 at which time the remaining principal balance is due. Interest and principal are to be paid principally from a pledge of certain utility service taxes and half-cent sales tax revenues, and on a secondary basis, from the Capital Projects Fund.

Future debt service requirements to amortize the debt of the City are as follows:

Fiscal Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 196,934	\$ 232,792	\$ 429,726
2006	205,438	224,288	429,726
2007	214,310	215,416	429,726
2008	223,564	206,162	429,726
2009	233,218	196,508	429,726
Thereafter, through November, 2010	<u>4,481,244</u>	<u>231,422</u>	<u>4,712,666</u>
	\$ <u>5,554,708</u>	\$ <u>1,306,588</u>	\$ <u>6,861,296</u>

CITY OF PARKLAND, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2004

NOTE 8 - ACCOUNTS PAYABLE

Accounts payable at September 30, 2004 were as follows:

	<u>Vendors</u>	<u>Sub Contractor</u>	<u>Total Payables</u>
Governmental activities:			
General Fund	\$ 1,669,949	\$ --	\$ 1,669,949
Capital Projects Fund	--	511,350	511,350
Special Revenue Funds	<u>5,174</u>	<u>--</u>	<u>5,174</u>
Total governmental activities	\$ <u>1,675,123</u>	\$ <u>511,350</u>	\$ <u>2,186,473</u>

NOTE 9 - SPECIAL ASSESSMENTS

At September 30, 2004:

1. Special assessments were levied in prior years on a drainage swale project in the City's North Pinetree Estates section. These special assessments were fully due and payable on September 30, 2004.
2. The City previously levied a special assessment on all lots in the Ranches area for providing major drainage improvements. Assessments were calculated at approximately \$ 319 per acre, payable in full, or in five equal semiannual payments of principal and interest, at 8%.

Delinquent balances outstanding on the above assessments at September 30, 2004 were \$ 7,887. Interest and penalties on these delinquent balances at September 30, 2004 were \$ 9,857.

NOTE 10 - PENSION PLAN

The City has a pension plan and trust for the sole benefit of the employees of the City. The City contributes to the ICMA 401 Money Purchase Plan, which is a defined contribution pension plan.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be reallocated to such participant's account. Substantially all permanent, full-time employees participate in this Plan.

CITY OF PARKLAND, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2004

NOTE 10 - PENSION PLAN (continued)

City contributions and related earnings are 20% vested after one year of service and the remaining City contributions vest at 20% each year until fully vested after five years. Contributions made by an employee vest immediately. Employees must complete ICMA forms within 90 days of termination to elect the method by which they will receive their distribution of funds held in trust. In the case of a death, the beneficiaries must complete forms for the distribution of funds held in trust. Upon death or retirement due to disability, the employee is immediately vested at 100%.

During the year, the City was required to contribute 10% of each eligible general employee's gross earnings and 10% of management employees gross earnings with a mandatory employee contribution of 8%. The City is also required to contribute 12% of the City Manager's salary with a mandatory employee contribution of 5%.

The contribution requirements of covered payroll and actual contributions made for fiscal year 2004 and the two preceding years were as follows:

	<u>FY 2004</u>	<u>FY 2003</u>	<u>FY 2002</u>
Contributions requirements	\$ 327,779	\$ 412,674	\$ 337,053
Contributions made (100%)	\$ 327,779	\$ 412,674	\$ 337,053
Total approximate covered payroll	\$ 4,300,000	\$ 4,833,785	\$ 3,900,000
Percent of contributions to total covered payroll	7.62%	8.54%	8.64%

The Plan investments are held and accounted for in the Trust Fund at their fair value.

A summary of Plan investments at September 30, 2004 is as follows:

Vantagepoint Mutual Funds:

PLUS Fund	\$ 681,143
Growth Fund	331,598
Aggressive Growth Fund	251,684
Growth Portfolio	147,695
Long-Term Growth	113,162
Twenty-five other mutual funds each at less than 5% of total investments	<u>574,297</u>
Total investments	\$ <u>2,099,579</u>

CITY OF PARKLAND, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2004

NOTE 10 - PENSION PLAN (continued)

Plan membership at September 30, 2004 consisted of the following:

	<u>General</u>	<u>Public Safety</u>	<u>Management</u>
Retirees and beneficiaries			
currently receiving benefits	2	--	2
Terminated members entitled to, but not yet receiving benefits	12	39	3
Current employees:			
Fully vested but not receiving benefits	9	--	16
Partially vested	30	--	4
Nonvested	4	--	--
	<u>43</u>	<u>39</u>	<u>20</u>
Total membership			
	<u>57</u>	<u>--</u>	<u>25</u>
Total current employees			

Deferred compensation plan:

The City also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The Plan is available to all full-time employees and permits them to defer a portion of their salary until future years. Such deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

Under the provisions of IRC Section 457, the City modified its Plan documents and transferred all 457 Plan assets to custodial accounts. In the opinion of City management, this custodial account structure removes any presumption of fiduciary responsibility. Accordingly, because City management has little administrative involvement with the Plan and does not perform any investing functions for the Plan, the 457 Plan assets are not reflected in the City's financial statements as of September 30, 2004.

NOTE 11 - CONTINGENCIES AND COMMITMENTS

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of City management, the resolution of these matters will not have a materially adverse effect on the financial condition of the City.

The City has entered into a contract for the construction of park facilities. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Expended to-Date</u>	<u>Remaining Contract Commitment</u>
Park Trails	\$ 441,327	\$ 418,273

The City provides no post-retirement benefits to retired employees.

CITY OF PARKLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE 11 - CONTINGENCIES AND COMMITMENTS

On March 2, 2004, the City entered into an interlocal agreement with the City of Coral Springs, Florida to provide emergency medical and fire protection services for an annual initial annual cost of approximately \$ 1,267,000. On or before June 30th of each year, the City of Coral Springs will provide the City with the budgetary costs of providing emergency medical and fire protection services, which the City will be obligated to pay in monthly installments, through September 30, 2010, with an option to renew for an additional five years. After April 30, 2006, either party may terminate this agreement with twelve months written notice.

On March 1, 2004, the City entered into an agreement with the Broward County Sheriff's Office to provide law enforcement services for an annual cost of approximately \$ 3,682,000 plus annual increases not to exceed 5.0% of budgetary costs through September 30, 2009, with an option to renew for an additional five years. The City may terminate this agreement with one hundred eighty (180) days written notice. For the fiscal year ended September 30, 2004, the City had expenditures of approximately \$ 2,136,000 related to this agreement.

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 City participates in the South East Risk Management Association (SERMA), a public entity risk pool with six municipal members in Broward and Palm Beach Counties, Florida. SERMA provides the City with automobile liability, general liability, property, and workers compensation coverages at the following self-insured retentions: \$ 100,000/\$ 200,000 on all liability coverages and \$ 1,000,000 on employment practices liability. Additionally, SERMA provides excess insurance of up to \$ 1 million per event for liability coverages, statutorily required coverages for workers' compensation, and up to \$ 176 million in excess property coverage on a blanket basis. Risk is transferred to SERMA but members are subject to supplementary assessments in the event that pool assets become inadequate to meet obligations. Settlements have not exceeded coverages for each of the past three years. As of September 30, 2004, the City has not provided for any estimated future assessments due to insufficient pool assets.

The municipalities included in SERMA are also covered by Florida Statute under the Doctrine of Sovereign Immunity which limits the liability amount for municipalities to individual claims of \$ 100,000, or \$ 200,000 for all claims relating to the same incident.

NOTE 13 - RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

The following is a reconciliation of budgetary basis to GAAP basis for the results of operations of the General Fund for the year ended September 30, 2004:

		Excess (Deficiency) of Revenues over <u>Expenditures</u>
Statement of revenues, expenditures and changes in fund balances - page 14	\$	(538,299)
Net change in encumbrances		<u>(3,439)</u>
Statement of revenues, expenditures and changes in fund balances - budget and actual - page 17	\$	<u>(541,738)</u>

NONMAJOR
SPECIAL REVENUE FUNDS

Park Improvements Fund

This fund is used to account for revenues and expenditures for capital improvements to and the acquisition of City parks.

Law Enforcement Fund

This fund is used to account for revenues derived from the enforcement of the Florida Contraband Act. Expenditures are restricted to the purchase of law enforcement equipment.

CITY OF PARKLAND, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2004

	Special Revenue		Total
	Park Improvements	Law Enforcement	Nonmajor Governmental Funds
ASSETS:			
Equity in pooled cash and investments	\$ 235,150	\$ 12,113	\$ 247,263
Due from other governments	63,300	--	63,300
Total assets	\$ 298,450	\$ 12,113	\$ 310,563
LIABILITIES	\$ 5,074	\$ 100	\$ 5,174
FUND BALANCES:			
Unreserved:			
Designated for special purposes	293,376	12,013	305,389
Total liabilities and fund balances	\$ 298,450	\$ 12,113	\$ 310,563

CITY OF PARKLAND, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2004

	Special Revenue		Total
	Park Improvements	Law Enforcement	Nonmajor Governmental Funds
REVENUES:			
Intergovernmental	\$ 63,300	\$ --	\$ 63,300
Charges for services	26,250	--	26,250
Interest income	1,025	31	1,056
Miscellaneous	--	2,813	2,813
Total revenues	90,575	2,844	93,419
EXPENDITURES:			
Public safety:			
Police - capital outlay	--	391	391
Culture and recreation:			
Capital outlay	161,672	--	161,672
Total expenditures	161,672	391	162,063
Net change in fund balances	(71,097)	2,453	(68,644)
FUND BALANCES AT BEGINNING OF YEAR	364,473	9,560	374,033
FUND BALANCES AT END OF YEAR	\$ <u><u>293,376</u></u>	\$ <u><u>12,013</u></u>	\$ <u><u>305,389</u></u>

CITY OF PARKLAND, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 PARK IMPROVEMENTS SPECIAL REVENUE FUND
 For the Year Ended September 30, 2004

	<u>Original and Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance</u>
REVENUES:			
Charges for services - park fees	\$ 12,000	\$ 26,250	\$ 14,250
Intergovernmental	--	63,300	63,300
Interest income	3,600	1,025	(2,575)
Contributions	1,000	--	(1,000)
Prior year surplus	<u>437,332</u>	<u>--</u>	<u>(437,332)</u>
Total revenues	453,932	90,575	(363,357)
EXPENDITURES:			
Culture and recreation:			
Capital outlay	<u>453,932</u>	<u>161,672</u>	<u>292,260</u>
Net change in fund balance	--	(71,097)	(71,097)
FUND BALANCE AT BEGINNING OF YEAR	<u>--</u>	<u>364,473</u>	<u>364,473</u>
FUND BALANCE AT END OF YEAR	\$ <u><u>--</u></u>	\$ <u><u>293,376</u></u>	\$ <u><u>293,376</u></u>

CITY OF PARKLAND, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 LAW ENFORCEMENT SPECIAL REVENUE FUND
 For the Year Ended September 30, 2004

	<u>Original and Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance</u>
REVENUES:			
Interest income	\$ 125	\$ 31	\$ (94)
Miscellaneous	--	2,813	2,813
Prior year surplus	<u>9,732</u>	<u>--</u>	<u>(9,732)</u>
Total revenues	<u>9,857</u>	<u>2,844</u>	<u>(7,013)</u>
EXPENDITURES:			
Public safety:			
Police - capital outlay	<u>9,857</u>	<u>391</u>	<u>9,466</u>
Net change in fund balance	--	2,453	2,453
FUND BALANCE AT BEGINNING OF YEAR	<u>--</u>	<u>9,560</u>	<u>9,560</u>
FUND BALANCE AT END OF YEAR	\$ <u><u>--</u></u>	\$ <u><u>12,013</u></u>	\$ <u><u>12,013</u></u>

CITY OF PARKLAND, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
For the Year Ended September 30, 2004

	<u>Original and Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance</u>
REVENUES:			
Franchise fees	\$ 136,000	\$ 148,478	\$ 12,478
Intergovernmental	1,690,000	1,210,776	(479,224)
Interest income	2,000	1,210	(790)
Miscellaneous	--	--	--
Utility service taxes	697,504	795,265	97,761
Contributions	<u>--</u>	<u>--</u>	<u>--</u>
Total revenues	<u>2,525,504</u>	<u>2,155,729</u>	<u>(369,775)</u>
EXPENDITURES AND ENCUMBRANCES:			
Current:			
Culture and recreation	2,080,504	954,036	1,126,468
Debt service:			
Principal	190,000	184,728	5,272
Interest	<u>255,000</u>	<u>244,999</u>	<u>10,001</u>
Total expenditures and encumbrances	<u>2,525,504</u>	<u>1,383,763</u>	<u>1,141,741</u>
Net change in fund balances	--	771,966	771,966
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR			
	<u>--</u>	<u>(490,104)</u>	<u>(490,104)</u>
FUND BALANCE (DEFICIT) AT END OF YEAR			
	\$ <u><u>--</u></u>	\$ <u><u>281,862</u></u>	\$ <u><u>281,862</u></u>

CITY OF PARKLAND, FLORIDA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CAPITAL ASSETS -
 BY FUNCTION AND ACTIVITY
 September 30, 2004

	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
GENERAL GOVERNMENT	\$ 461,465	\$ 2,112,925	\$ 413,414	\$ 957,560	\$ 287,214	\$ 4,232,578
PUBLIC SAFETY	--	34,891	3,496	1,058,866	24,700	1,121,953
PHYSICAL ENVIRONMENT	--	38,000	28,939	540,454	186,799	794,192
CULTURE AND RECREATION	<u>9,695,007</u>	<u>4,244,758</u>	<u>4,948,300</u>	<u>1,517,005</u>	<u>2,921,058</u>	<u>23,326,128</u>
Total capital assets allocated to functions	\$ <u>10,156,472</u>	\$ <u>6,430,574</u>	\$ <u>5,394,149</u>	\$ <u>4,073,885</u>	\$ <u>3,419,771</u>	29,474,851
CONSTRUCTION IN PROGRESS						<u>441,273</u>
Total capital assets						\$ <u>29,916,124</u>

CITY OF PARKLAND, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN CAPITAL ASSETS -
BY FUNCTION AND ACTIVITY
For the Year Ended September 30, 2004

	Capital Assets October 1, 2003	<u>Additions</u>	<u>Deletions</u>	Capital Assets September 30, 2004
GENERAL GOVERNMENT	\$ 4,112,329	\$ 120,249	\$ --	\$ 4,232,578
PUBLIC SAFETY	1,112,845	9,108	--	1,121,953
PHYSICAL ENVIRONMENT	792,973	1,219	--	794,192
CULTURE AND RECREATION	17,456,345	5,869,783	--	23,326,128
CONSTRUCTION IN PROGRESS	<u>4,818,006</u>	<u>441,273</u>	<u>4,818,006</u>	<u>441,273</u>
Total capital assets	\$ <u>28,292,498</u>	\$ <u>6,441,632</u>	\$ <u>4,818,006</u>	\$ <u>29,916,124</u>

STATISTICAL SECTION

**(NOT COVERED BY INDEPENDENT AUDITOR'S
REPORT)**

CITY OF PARKLAND, FLORIDA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
Last Ten Fiscal Years.

TABLE 1

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Physical Environment</u>	<u>Culture and Recreation</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
1994/95	\$ 915,774	\$ 2,072,494	\$ 372,086	\$ 473,579	\$ 2,539,629	\$ 156,667 (2)	\$ 6,530,229
1995/96	1,093,484	2,520,275	389,714	782,855	428,918	(3) 224,503	5,439,749
1996/97	1,087,122	2,383,897	413,936	4,351,052	236,206	290,855	8,763,068
1997/98	1,133,803	2,355,231	516,092	(4)1,947,795	743,064	494,076	7,190,061
1998/99	1,307,488	2,696,472	450,886	1,585,343	225,244	540,758	6,806,191
1999/00	2,011,634	3,209,859	(5) 585,813	1,455,278	1,404,190	526,579	9,193,353
2000/01	1,690,752	3,499,650	743,369	1,568,388	2,793,914	(6) 548,558	10,844,631
2001/02	1,733,029	4,356,108	774,179	1,867,590	2,103,791	813,106	11,647,803
2002/03	1,869,538	5,023,221	939,947	2,487,789	6,031,076	(8)6,339,186	(7) 22,690,757
2003/04	2,016,025	8,201,712	1,107,865	3,003,965	1,734,592	429,727	16,493,886

Notes:

- (1) Includes General, Special Revenue and Capital Projects Funds
- (2) Includes acquisition of 32 acres of land for park site
- (3) Includes acquisition of 10 acres of land for municipal facility
- (4) Includes the refunding of a \$ 119,547 developer contribution for road improvements
- (5) Includes purchase of a fire truck for \$ 376,547
- (6) Includes purchase of 25 acres of land for park site for \$ 1,375,000
- (7) Implementation of GASB 34. Refinanced existing debt of \$ 5,739,435
- (8) Includes initial major construction at Pine Trails Park of approximately \$ 4,800,000.

CITY OF PARKLAND, FLORIDA
GENERAL REVENUES BY SOURCE (1)
 Last Ten Fiscal Years

TABLE 2

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Franchise Fees</u>	<u>Licenses and Permits</u>	<u>Inter-governmental</u>	<u>Fines and Forfeitures</u>	<u>Other Revenues</u>	<u>Total</u>
1994/95	\$ 2,060,068	\$ 391,020	\$ 1,500,123	\$ 673,815	\$ 82,417	\$ (2) 695,213	\$ 5,402,656
1995/96	2,327,751	489,853	847,085	762,740	102,393	(3) 881,447	5,411,269
1996/97	2,778,064	563,100	812,513	775,543	114,293	(4) 1,095,653	6,139,166
1997/98	3,069,466	131,423	(5) 983,704	1,056,603	47,719	(6) 1,501,496	6,790,411
1998/99	3,374,340	145,291	1,561,012	1,068,193	47,368	1,776,006	7,972,210
1999/00	3,695,325	139,440	2,203,632	1,244,828	65,537	1,958,462	9,307,224
2000/01	4,138,758	157,557	2,728,486	1,361,760	109,725	1,959,895	10,456,181
2001/02	4,926,852	146,308	2,592,576	1,393,737	109,036	(7) 2,534,787	11,703,296
2002/03	5,959,299	407,161	2,200,990	2,009,058	90,707	(8) 2,645,389	13,312,604
2003/04	7,426,920	460,466	2,934,485	2,821,408	93,457	(9) 2,514,166	16,250,902

Notes:

- (1) Includes General, Special Revenue and Capital Projects Funds
- (2) Includes \$ 223,358 in utility taxes on electricity
- (3) Includes \$ 303,276 in utility taxes on electricity
- (4) Includes \$ 425,867 in utility taxes on electricity
- (5) Reflects loss of electric franchise fees
- (6) Includes \$ 672,767 in utility taxes on electricity
- (7) Includes \$ 433,028 in communications services tax revenues
- (8) Includes \$ 1,878,448 in communication services tax and utility tax on electricity.
- (9) Includes \$ 824,451 in communication services tax and \$ 1,104,535 in utility tax on electricity.

CITY OF PARKLAND, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS (1)
 Last Ten Fiscal Years

TABLE 3

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>(2) Current Tax Collections</u>	<u>Percentage of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Tax Collections as a Percentage of Tax Levy</u>
1994/95	\$ 2,028,157	\$ 2,058,833	101.5%	\$ 1,235	\$ 2,060,068	101.6%
1995/96	2,492,404	2,321,946	93.2%	5,805	2,327,751	93.4%
1996/97	2,920,822	2,777,390	95.1%	674	2,778,064	95.1%
1997/98	3,178,331	3,094,834	97.4%	1,632	3,096,466	97.4%
1998/99	3,519,535	3,372,214	95.8%	2,126	3,374,340	95.9%
1999/00	3,832,374	3,694,272	96.4%	1,053	3,695,325	96.4%
2000/01	4,231,344	4,128,389	97.6%	10,369	4,138,758	97.8%
2001/02	5,005,564	4,921,568	98.3%	5,284	4,926,852	98.4%
2002/03	6,093,639	5,941,224	97.5%	18,075	5,959,299	97.8%
2003/04	7,715,795	7,421,165	96.2%	5,755	7,426,920	96.3%

Notes:

(1) Source: Broward County, Florida, Department of Revenue Collection

(2) Florida law allows up to a 4% discount for timely payment of property taxes

CITY OF PARKLAND, FLORIDA
 ASSESSED VALUE OF TAXABLE PROPERTY (1)
 Last Ten Fiscal Years

TABLE 4

<u>Fiscal Year</u>	<u>Nonexempt Real Property</u>	<u>Nonexempt Personal Property</u>	<u>Total Taxable Valuations</u>
1994/95	\$ 520,707,801	\$ 6,836,213	\$ 527,544,014
1995/96	588,712,850	6,995,471	595,708,321
1996/97	704,361,760	8,033,937	712,395,697
1997/98	763,716,810	11,485,933	775,202,743
1998/99	846,454,230	11,968,924	858,423,154
1999/00	923,562,050	11,163,347	934,725,397
2000/01	1,020,056,960	11,978,247	1,032,035,207
2001/02	1,205,392,750	15,476,526	1,220,869,276
2002/03	1,470,220,150	16,033,199	1,486,253,349
2003/04	1,862,717,020	19,172,057	1,881,889,077

Notes:

(1) Source: Broward County, Florida, Property Appraiser's Office and Broward County, Florida, Department of Revenue Collection

(2) Florida law requires that all property be assessed at current market value

CITY OF PARKLAND, FLORIDA
PROPERTY TAX MILLAGE RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$ 1,000 OF TAXABLE VALUE)
Last Ten Fiscal Years

TABLE 5

<u>Fiscal Year</u>	<u>City</u>	<u>School</u>	<u>County</u>	<u>Children's Services Council of Broward County</u>	<u>North Broward Hospital District</u>	<u>South Florida Water Management District</u>	<u>Florida Inland Navigation District</u>	<u>Total</u>
1994/95	4.1000	10.0259	8.0343	--	2.4459	.5970	.0490	25.2521
1995/96	4.1000	10.0366	8.1165	--	2.4327	.6470	.0400	25.3728
1996/97	4.1000	9.9400	7.7524	--	2.4200	.6720	.0380	24.9224
1997/98	4.1000	9.9745	7.8380	--	2.4087	.6970	.0500	25.0682
1998/99	4.1000	9.7256	7.5710	--	2.5000	.6970	.0470	24.6406
1999/00	4.1000	9.1283	7.5710	--	2.4895	.6970	.0440	24.0298
2000/01	4.1000	8.9533	7.5250	--	2.4803	.6970	.0410	23.7966
2001/02	4.1000	8.7541	7.3650	.3055	2.4803	.6970	.0385	23.7404
2002/03	4.1000	8.8825	7.1880	.3316	2.4803	.6970	.0385	23.7179
2003/04	4.1000	8.2695	7.0230	.4231	2.4803	.6970	.0385	23.0314

Note:

(1) Source: Broward County, Florida, Property Appraiser's Office and Department of Revenue Collection

CITY OF PARKLAND, FLORIDA
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
Last Ten Fiscal Years

TABLE 6

<u>Fiscal Year</u>	<u>Balance, October 1</u>	<u>Net Assessments Levied During Fiscal Year</u>	<u>Assessments Collected During Fiscal Year</u>	<u>Balance, September 30</u>
1994/95	\$ 158,511	\$ 36,503	\$ (1) 106,179	\$ 88,835
1995/96	88,835	--	35,636	53,199
1996/97	53,199	--	14,455	38,744
1997/98	38,744	--	5,692	33,052
1998/99	33,052	--	14,444	18,608
1999/00	18,608	--	1,541	17,067
2000/01	17,067	(2) 765	--	17,832
2001/02	17,832	(2) 651	291	18,192
2002/03	18,192	(2) 1,506	797	18,901
2003/04	18,901	(2) 341	1,499	17,743

Notes:

- (1) This represents an adjustment to a prior year assessment
- (2) Represents interest and penalties on assessments

CITY OF PARKLAND, FLORIDA
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 September 30, 2004

TABLE 7

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	(1)	<u>Percentage Applicable to Parkland</u>	<u>Amount Applicable to Parkland</u>
Broward County	\$ 307,459,830	(2)	1.85	\$ 5,688,006
Broward District Schools	107,018,220	(3)	1.85	1,979,837
City of Parkland	--		100%	--
Total				\$ <u>7,667,843</u>

Notes:

- (1) Source: Broward County Property Appraiser's Office provided total assessed taxable values to provide a basis for the ratio on assessed taxable values
- (2) Source: Broward County, Florida, Budget Office
- (3) Source: Broward County, Florida, School Board

CITY OF PARKLAND, FLORIDA
CONSTRUCTION, POPULATION AND TAXABLE VALUES
 Last Ten Fiscal Years

TABLE 8

Fiscal Year	Construction (1)						(2) Population	Taxable Values
	Commercial		Residential (4)		NonResidential			
	Number of Units	Estimated Values	Number of Units	Estimated Values	Number of Units	(3) Estimated Values		
1994/95	--	--	436	\$ 60,066,040	278	\$ 2,503,685	10,000	\$ 527,544,014
1995/96	--	--	243	45,791,131	182	1,512,511	10,386	595,708,321
1996/97	--	--	248	51,982,901	158	1,471,940	11,407	712,395,697
1997/98	--	--	306	62,759,826	180	1,991,900	12,500	775,202,743
1998/99	3	414,310	455	87,036,170	188	2,180,885	13,600	858,423,154
1999/00	6	10,985,700	376	99,444,670	311	4,263,069	14,650	934,725,397
2000/01	2	2,167,100	568	135,662,996	392	5,403,206	16,500	1,032,035,207
2001/02	1	56,030	659	131,448,696	311	4,222,160	19,400	1,220,869,276
2002/03	8	6,307,015	550	123,621,245	282	3,739,525	19,913	1,486,253,349
2003/04	26	2,207,340	241	94,732,272	226	3,159,040	21,053	1,881,889,077

Notes:

- (1) Source: City of Parkland, Building Department
- (2) Source: City of Parkland, Planning Department
- (3) Source: Broward County, Florida, Property Appraiser's Office and Department of Revenue Collection
- (4) Source: City of Parkland Building Department includes multi-family residential

CITY OF PARKLAND, FLORIDA
 PRINCIPAL TAXPAYERS
 2003/04 Fiscal Year

TABLE 9

<u>Company Name</u>	<u>Type of Business</u>	<u>Taxable Value</u>	<u>% of Total Taxable Value</u>
WCI Communities	Developer	\$ 78,634,680	4.18
Aston Gardens at Parkland Common, Ltd.	Assisted Living Facility	32,030,736	1.70
Winners Circle Realty Holding Company	Rental Apartments	30,523,720	1.62
Magnolia Star Parkland, LP	Developer	17,349,580	.92
Florida National Properties, Inc.	Developer	9,805,380	.52
Parkland 2000 Developers, L.L.C.	Developer	6,615,640	.35
Lenar Homes	Developer	6,486,870	.34
Florida Power and Light	Utility	6,420,550	.34
Simon & Douglas Developers, L.L.C.	Developer	6,056,770	.32
Southern Bell Telephone Co.	Utility	<u>3,619,706</u>	<u>.19</u>
		<u>\$ 197,543,632</u>	<u>10.48</u>

CITY OF PARKLAND, FLORIDA
INSURANCE IN FORCE
September 30, 2004

TABLE 10

<u>Type of Coverage</u>	<u>Coverage Amount</u>
General Liability	\$ 100,000/Person \$ 200,000/Per Occurrence
Contractual Liability	\$ 100,000/Person \$ 200,000/Per Occurrence
Automobile Liability	\$ 100,000/Person \$ 200,000/Per Occurrence
Public Officials Errors and Omissions	\$ 100,000/Person \$ 200,000/Per Occurrence
Police Professional Liability	\$ 100,000/Person \$ 200,000/Per Occurrence
Fire and Extended Coverage	Per Scheduled Property; \$ 176,150,180 blanket value per occurrence; special/all risk form; special form replacement cost except automobiles at actual cash value; \$ 1,000 deductible
Boiler and Machinery	\$ 200,000
Accidental Death and Dismemberment (Public Safety Officers)	Statutory limits
Accidental Death (Public Safety Officers)	Statutory limits
Public Employees and Officials Bond	\$ 100,000
Automobile Physical Damage	Per Scheduled Property; \$ 176,150,180 blanket special form replacement cost except automobiles at actual cash value, \$ 1,000 deductible
Workers Compensation	Statutory Limits \$ 1,000,000 Each Accident \$ 1,000,000 Disease Policy Limit \$ 1,000,000 Each Employee
Employment Practices Liability	\$ 1,000,000 Per Occurrence

CITY OF PARKLAND, FLORIDA
DEMOGRAPHIC AND MISCELLANEOUS STATISTICS
September 30, 2004

TABLE 11

Form of Government: City Commission/City Manager

The City Commission is composed of a Mayor and four Commissioners.
The Commissioners elect a Vice-Mayor. The term of office is three years.
The City Manager is appointed by the Commission.

Area: The City covers 11.14 square miles. Total Acres: 7,132

Occupied Households - 12,938

Median Age - 35.5

Current Population: 21,053

PARKS AND RECREATION AREAS

John Quigley Park
The Equestrian Center at Temple Park
Terramar Park
Forman Nature Park
Pine Trails Park
Liberty Park
Covered Bridge Park

Composition of recreation acreage: Developed acres - 80
Undeveloped acres - 82 Preserves - 48

Total acres for recreation - 210

Facilities Available: Recreation buildings, softball and baseball fields, basketball and tennis courts,
soccer fields, picnic areas, playgrounds, equestrian center, trails and nature preserves.

EDUCATIONAL FACILITIES

Public Schools located within the City: Elementary Schools - 2
Middle Schools - 1 High Schools - 2

PERSONNEL INFORMATION

City Employees: Full time - 71 Part time - 21 Total - 92

Public Safety - Contractual Police and Fire Services
City Crossing Guards - Part time - 22

**OTHER REPORTS OF THE
INDEPENDENT AUDITORS**

CITY OF PARKLAND, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
September 30, 2004
(continued)

PAGES

OTHER REPORTS OF INDEPENDENT AUDITORS:

Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	51-52
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	53-54
Independent Auditors' Report to City Management	55-56
Schedule of Expenditures of Federal Awards	57
Schedule of Findings and Questioned Costs	58

OTHER REPORTS OF INDEPENDENT AUDITORS

Independent Auditors' Report on Compliance and on Internal Control
over Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

Independent Auditors' Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control over Compliance in Accordance
with OMB Circular A-133

Independent Auditors' Report to City Management

Schedule of Expenditures of Federal Awards

Schedule of Findings and Questioned Costs

Internal Control Comments and Recommendations

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

To the Honorable Mayor,
Members of the City Commission and City Manager
City of Parkland, Florida

We have audited the basic financial statements of the City of Parkland, Florida, as of and for the year ended September 30, 2004, and have issued our report thereon dated January 14, 2005. 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.

Compliance

As part of obtaining reasonable assurance about whether the City of Parkland, Florida's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of basic 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Parkland, Florida's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance 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 over financial reporting that might be material weaknesses. A material weakness is a 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 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. However, we did note certain immaterial weaknesses involving internal control over financial reporting and have communicated them in a separate letter to management dated January 14, 2005.

City of Parkland, Florida

This report is intended solely for the information of City management, members of the City Commission, Federal awarding agencies, other grantor and pass-through entities 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. However, this report is a matter of public record and its distribution is not limited.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
January 14, 2005

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

To the Honorable Mayor, City Commission and City Manager
City of Parkland, Florida
Parkland, Florida

Compliance

We have audited the compliance of City of Parkland, Florida 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 its major Federal program for the year ended September 30, 2004. City of Parkland, Florida's major Federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs on page 57. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major Federal program is the responsibility of City of Parkland, Florida's management. Our responsibility is to express an opinion on City of Parkland, Florida's compliance based on our audit.

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

In our opinion, City of Parkland, Florida complied, in all material respects, with the requirements referred to above that are applicable to its major Federal program for the year ended September 30, 2004.

City of Parkland, Florida

Internal Control over Compliance

The management of City of Parkland, Florida is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal awards programs. In planning and performing our audit, we considered City of Parkland, Florida's internal control over compliance with requirements that could have a direct and material effect on a major Federal awards program in order 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 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 laws, regulations, contracts and grants that would be material in relation to a major Federal awards program being audited may occur and not be detected within a timely period by management 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 for the information of the City management, members of the City Commission, Federal awarding agencies, other grantor and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
January 14, 2005

INDEPENDENT AUDITORS' REPORT TO CITY MANAGEMENT

To the Honorable Mayor, City Commission and City Manager
City of Parkland, Florida
Parkland, Florida

We have audited the basic financial statements of City of Parkland, Florida as of and for the year ended September 30, 2004, and have issued our report thereon dated January 14, 2005. 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; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. We have issued our Independent Auditor's Report on Compliance and Internal Control over Financial Reporting, Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to its Major Federal Program, and Schedule of Findings and Questioned Costs. Disclosures in that report and schedule, which are dated January 14, 2005, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General. Those rules (Section 10.554(1)(g)1.a.) require that we address in the report to City management, if not already addressed in the auditors' report on compliance and internal controls, whether or not inaccuracies, irregularities, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no inaccuracies, irregularities, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions disclosed in the preceding annual financial audit report.

The Rules of the Auditor General (Section 10.554(1)(g)1.b) require that we address in the report to City management, if not already addressed in the auditors' report on compliance and internal controls, whether or not recommendations made in the preceding annual financial audit report have been followed. The recommendations in the preceding annual financial audit report have been implemented.

As required by the Rules of the Auditor General (Section 10.554(1)(g)2.), the scope of our audit included a review of the provisions of Section 218.415., Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(g)4.) require disclosure in the report to City management of the following matters if not already addressed in the auditors' report on compliance and internal controls: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the basic financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed no matters requiring disclosure in the report to City management or the basic financial statements.

The Rules of the Auditor General (Section 10.554(1)(g)5.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the report to City management, unless disclosed in the notes to the basic financial statements. The City of Parkland, Florida was established under the laws of the State of Florida in Chapter 59-1487, as amended. The City does not have any component units.

As required by the Rules of the Auditor General (Section 10.554(1)(g)6.a.), the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, regarding financial emergencies. In connection with our audit, we determined that the City is not in a state of financial emergency as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(g)6.b.), we determined that the annual financial report for the City for the year ended September 30, 2004, filed with the Department of Banking and Finance pursuant to Section 218.32, Florida Statutes, is in agreement with the annual financial audit report for the year ended September 30, 2004.

As required by the Rules of the Auditor General (Section 10.554(g)(6)c. and 10.556), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

This report to management is intended solely for the information of City management, members of the City Commission 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. However, this report is a matter of public record and its distribution is not limited.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
January 14, 2005

CITY OF PARKLAND, FLORIDA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended September 30, 2004

Federal Agency Federal Program	CFDA Number	Contract/Grant Number	Expenditures	Transfers to Subrecipients
FEDERAL AGENCY NAME:				
Direct Programs:				
United States Department of Homeland Security Public Assistance Grants	* 97.036	--	\$ 735,814	\$ --
United States Department of Justice Community Oriented Policing Services	16.710	1997-UM-WX-1112	<u>26,997</u>	<u>--</u>
Total Federal Agency			<u>762,811</u>	<u>--</u>
Total Expenditures of Federal Awards			\$ <u><u>762,811</u></u>	\$ <u><u>--</u></u>

* Denotes a major program

NOTE: This schedule was prepared on the accrual basis of accounting.

CITY OF PARKLAND, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAM
For the Year Ended September 30, 2004

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements.
2. No reportable conditions relating to the audit of the basic financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the basic financial statements of City of Parkland, Florida, were disclosed during the audit.
4. No reportable conditions relating to the audit of the major Federal award program are reported in the Independent Auditors' Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Awards Program.
5. The auditors' report on compliance for the major Federal awards program for City of Parkland, Florida expresses an unqualified opinion.
6. No audit findings relative to the major Federal awards program for City of Parkland, Florida are reported in Part C of this schedule.
7. The program tested as a major program is as follows:

Federal Program	Federal CFDA No.
United States Department of Homeland Security, Public Assistance Grants Program	97.036

8. The threshold for distinguishing Types A and B programs was \$ 300,000 for the major Federal awards program.
9. City of Parkland, Florida was not determined to be a low-risk auditee pursuant to OMB Circular A-133.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

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

NONE