



Finance and Administrative Services Department

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December 17, 1999

To the Citizens, Chair and
Members of the Board of
County Commissioners
of Broward County, Florida

Ladies and Gentlemen:

We are pleased to present Broward County's Comprehensive Annual Financial Report for the fiscal year ended September 30, 1999. The financial statements included in this report, which have earned an unqualified audit opinion, conform with generally accepted accounting principles established by the Governmental Accounting Standards Board. The County is responsible for the accuracy and fairness of the presentation of the financial statements and other information as presented herein. Included within this report are the funds and account groups of all agencies, boards, commissions, and authorities that have been identified as the primary government or a component unit (more fully described in the subsection "Reporting Entity"). The data presented in this report is believed to be accurate in all material respects and all statements and disclosures necessary for the reader to obtain a thorough understanding of the County's financial activities have been included.

This report (and particularly this transmittal letter) is intended to provide informative and relevant financial information for the citizens of the County, Board Members, investors, creditors and other concerned readers. All are encouraged to contact the Department of Finance and Administrative Services with any comments or questions concerning this report. This report may also be accessed via the internet at <http://www.broward.org/finance>.

This report is divided into three sections:

- The **Introductory Section** includes this letter of transmittal (providing an overview of the County's economy, achievements and its financial condition), and an organizational overview of the County government.
- The **Financial Section** contains the independent auditors' report and the general purpose financial statements, the combining and individual fund statements, and the account group statements and schedules for all the organizations, activities and functions of the County as the primary government and its component units.
- The **Statistical Section** includes a number of tables of unaudited data depicting the financial history of the County for the past ten years, as well as demographic trends and other information.

The remainder of this letter provides an overview of local economic conditions and prospects for the future, a report on some of the County's current and future initiatives and highlights of the County's financial results.

REPORTING ENTITY

For financial reporting purposes, the County's reporting entity consists of (1) the County as primary government, (2) other entities, though legally separate, which are in substance, part of the primary government's operations and for which the primary government is financially accountable (blended component units), and (3) other organizations which are financially accountable to the primary government, or whose relationship with the primary government is such that an exclusion would cause the reporting entity's financial statements to be misleading or incomplete (discretely presented component units). Discretely presented component units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the primary government and to differentiate their financial position, results of operations, and cash flows from those of the primary government. The entities incorporated into the financial statements as components units are:

Blended Component Units

Broward County Commission Governmental Leasing Corporation

Broward County Community Redevelopment Agency

Broward County Educational Facilities Authority

Broward County Water Control District #2

Broward County Water Control District #4

Broward Economic Development Board

Cocomar Water Control District

Ravenswood Water Control District

Twin Lakes Water Control District

Discretely Presented Component Units

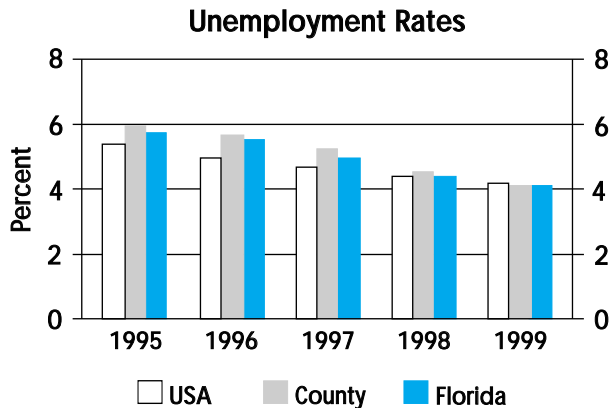
Broward County Housing Finance Authority

Broward County Health Facilities Authority

The School Board of Broward County, and the North and South Broward Hospital Districts have not met the established criteria for inclusion in the reporting entity, and accordingly are excluded from this report.

THE BROWARD COUNTY ECONOMY IN 1999

The County enjoys a diverse and growing economy with a balance among high technology, manufacturing, financial, international and domestic tourism, residential and commercial construction, and retail trade sectors. There are approximately 84,000 businesses established in Broward County. Although many of these are classified as small businesses, 100 of these businesses are Fortune 500 companies or divisions thereof.



During fiscal year 1999, the Civil Labor Force within the County grew by approximately 5,200 or .7% over the last year. The County's unemployment rate at September 30, 1999 was 4.1% compared to 4.4% at September 30, 1998. In comparison, the unemployment rates for Florida and the United States were 4.1% and 4.2% respectively.

Tourism is an important economic factor in the County. The combination of favorable climate (an average year-round temperature of 75.9 degrees Fahrenheit), together with diverse recreational opportunities, including theaters, parks, public beaches, yacht basins, fishing, golf, tennis, restaurants, thoroughbred racing, jai alai, and water recreational facilities, have made Broward County a major tourist center. Tourists now visit the County over the entire year instead of merely during winter months and come from around the world. In calendar year 1999, approximately 6.6 million visitors spent approximately \$3.7 billion.

Building permits for residential construction, a measure of future construction activity, decreased from 8,811 units in 1998 to 8,033 in 1999. However, the County's population and tax base have increased.

MAJOR INITIATIVES

During fiscal year 1999, the County achieved many significant accomplishments in furtherance of the goals established by the Board of County Commissioners. Those goals are to: promote job growth and business development; protect our environment; strengthen the connections between the Airport and Seaport; improve our transportation system; and develop a new organizational culture that emphasizes quality service and fiscal conservatism. The accomplishments included:

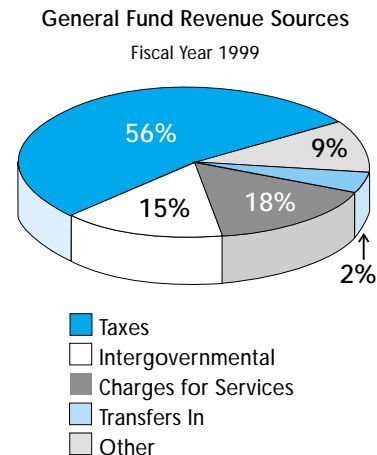
- Creating 6,200 new jobs and saving 7,655 "at risk" jobs

- through efforts of the Office of Economic Development.
- Planting almost 1,600 trees, awarding 40 grants to promote planting of trees and shrubs, and initiating an ordinance to protect the County's tree canopy.
- Developing a seamless baggage and passenger transfer system between the Airport and Seaport for cruise passengers.
- Increasing service at Port Everglades, the second busiest cruise port in the world and 12th busiest container port in the country.
- Serving a record 13.5 million passengers at the Airport, ten percent more than last year, and opened a new parking garage ahead of schedule and under budget.
- Issuing \$190 million in airport revenue bonds in a creative and innovative fashion, and receiving the "Award of Excellence" from the Government Finance Officer's Association for this financing.
- Welcoming 6.3 percent more tourism visitors, resulting in record-breaking hotel occupancy and room rates, and the related tourist tax collections.
- Increasing the local option gas tax to improve service levels and increase public transportation ridership.
- Passing a new bond issue to fund nine new libraries, expand five libraries, and enhance services throughout the system.
- Continuing the privatization of auto tag agencies to increase budget savings and increase public access.
- Establishing a comprehensive data base to track clients of the Human Services Department and interface with the Broward Information Network.

Broward County Government must reexamine how it does business and transition from an urban service provider to a regional service provider. Core regional services include libraries, parks, environmental protection, and planning. In order to be able to respond to these changes, the cost of government must be minimized. Tax rates must be maintained or reduced, and services must be delivered more efficiently. The County is meeting these challenges while emphasizing quality customer service and examining alternative service delivery methods.

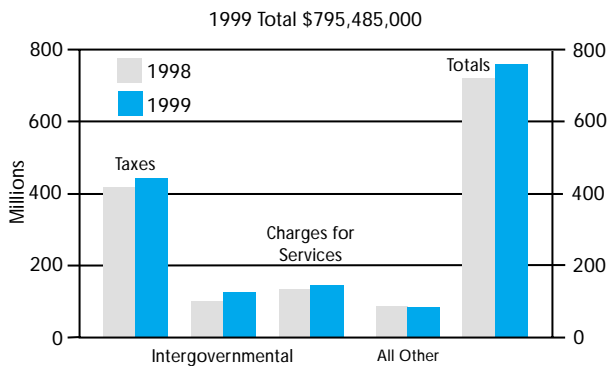
GENERAL FUND SUMMARY

The following is a summary of the General Fund operations for the years ended September 30, 1999 and 1998 (in thousands):



Revenue and Other Sources	1999	1998	Increase (Decrease)
Taxes	\$442,526	\$413,508	7.0 %
Special Assessments	25,673	24,204	6.1
Licenses and Permits	13,171	11,556	14.0
Intergovernmental Revenues	121,206	115,559	4.9
Charges for Services	140,363	128,977	8.8
Fines and Forfeitures	6,261	6,687	(6.4)
Interest Income	14,537	14,711	(1.2)
Other	13,889	15,929	(12.8)
Transfers	17,859	16,928	5.5
Total	\$795,485	\$748,059	6.3%

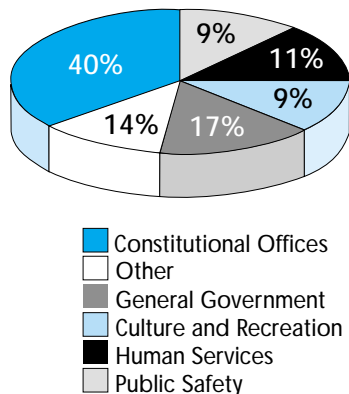
General Fund Revenue Trends



Expenditures and Other Uses	1999	1998	Increase (Decrease)
General Government	\$127,804	\$128,386	(0.5)%
Public Safety	66,632	62,490	6.6
Human Services	88,280	79,880	10.5
Culture and Recreation	69,853	64,915	7.6
Other	28,674	31,389	(8.6)
Transfers:			
To Debt Service Funds	31,342	31,616	(0.9)
To Constitutional Offices	303,986	280,229	8.5
To Other Funds	51,658	49,544	4.3
Total	\$768,229	\$728,449	5.5%

General Fund Expenditures

Fiscal Year 1999



Revenue and Other Sources increased by 6.3%, reflecting increases in ad valorem taxes and charges for services of \$26,416,000 and \$11,386,000 respectively. Ad valorem taxes increased 6.6% primarily due to the continued development of the western portion of the County, and charges for services increased 8.8% mainly due to higher revenue from the Broward Sheriff's Office for contractual services with cities.

Expenditures and Other Uses increased \$39,780,000 or 5.5%, slightly lower than the rate of revenue increase. The principal reason for the increase was that transfers to the Broward Sheriff's Office rose \$25,301,000 for expanded police services including the addition of the City of Pompano Beach and the opening of the new 1,024 bed Conte Facility.

The unreserved fund balance represents the uncommitted resources available for reappropriation to meet General Fund operational costs in ensuing fiscal years. The unreserved fund balance at September 30, 1999 was \$132,916,000 or approximately 17.3% of 1999 expenditures and other uses.

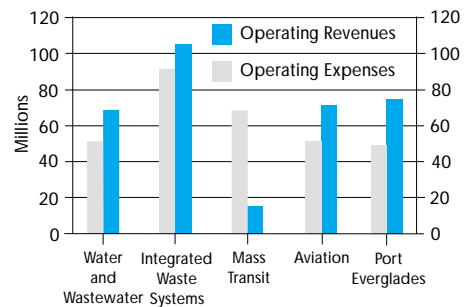
ENTERPRISE FUNDS

The County maintains seven Enterprise Funds: Water and Wastewater, Solid Waste, Resource Recovery System, Unincorporated Area Waste Collection, Mass Transit, Aviation and Port Everglades. Enterprise Funds are established to finance and account for the acquisition, operation and maintenance of facilities and services which are intended to be entirely or predominantly self-supported by charges collected from the users served.

A combined summary of Enterprise Funds operations is as follows (dollars in thousands):

Enterprise Funds

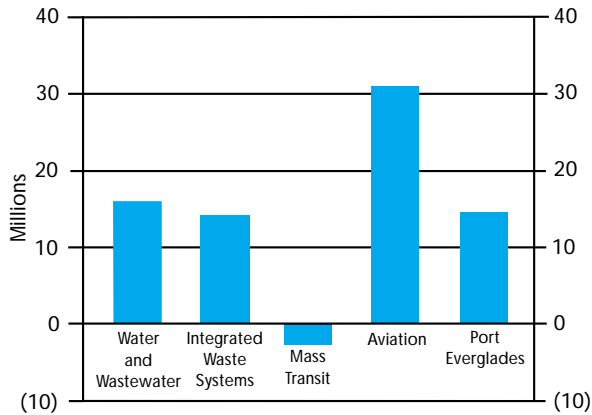
Fiscal Year 1999



	1999	1998	Change
Operating Revenue	\$338,438	\$320,045	5.7%
Operating Expenses	269,957	263,544	2.4
Depreciation Expense	42,965	41,197	4.3
Operating Income	25,516	15,304	66.7
Net Non-Operating Income (Expenses)	12,974	(6,047)	(314.6)
Operating Transfers In	36,686	34,877	5.2
Operating Transfers Out	(1,231)	(1,097)	12.2
Net Income	\$ 73,945	\$ 43,037	71.8%
Extraordinary Item		(3,654)	
Net Income After Extraordinary Item	\$ 73,945	\$ 39,383	87.8%

Enterprise Funds

Net Income
Fiscal Year 1999



The following is a brief discussion of the operating results of the various Enterprise Funds:

Water and Wastewater Fund: This Fund accounts for the revenue and expenses of the County's Water and Wastewater Facilities. Operating revenue increased 5.1% due to a rate increase, while operating expenses decreased 2.9%. The Fund reported a net income of \$16,706,000 in fiscal year 1999, compared to a net income of \$6,340,000 in fiscal year 1998.

Integrated Waste Funds: The Solid Waste, Resource Recovery System and Unincorporated Area Waste Collection Funds, collectively referred to as the Integrated Waste Management System, posted net income of \$14,020,000 in 1999 against \$10,978,000 in 1998.

The Solid Waste Fund accounts for the cost of the County's closed landfill and recycling programs. The Fund's net income was \$181,000 in 1999 compared to \$46,000 in 1998.

The Resource Recovery System Fund reflects the activities of the County's Waste to Energy System. Operating revenue increased 5.6% due in part to an increase in tonnage. Operating expenses increased 2.8%. As a result, the Fund realized a net income of \$13,386,000 compared to net income of \$11,399,000 in 1998.

The Unincorporated Area Waste Collection Fund accounts for the trash collections in the unincorporated areas of the County. Operating revenue in 1999 decreased .4%. Operating expenses decreased 2.8%, resulting in net income for 1999 of \$453,000 compared to a net loss of \$467,000 in 1998.

Mass Transit: Mass Transit ridership increased 2.3% to approximately 25.9 million passenger trips. The operating loss before operating grants and the County subsidy was \$53,895,000 in 1999 and \$53,442,000 in 1998.

Aviation Fund: The Aviation Department serves the air travel needs of the citizens of Broward County and the surrounding area. This Department operates Fort Lauderdale/Hollywood

International and North Perry Airports. Aviation Fund revenue increased from \$70,461,000 to \$72,706,000 or 3.2% primarily due to an increase in parking revenues. Operating expenses increased by \$3.35 million or 6.9%. The number of passengers served increased by more than 10% to 13.5 million during 1999.

The County collected Passenger Facility Charges (PFC) totaling \$19.3 million in 1999 and \$17.2 million in 1998. During Fiscal 1999, the County changed its method of recognizing PFC revenues from when payments for approved projects were made to when PFC collections are received. As a result, the Fund posted net income of \$31,940,000 in 1999 as compared with \$18,378,000 in 1998.

Port Everglades Fund: The Port Everglades Department serves the seaport needs of the citizens of Broward County and the surrounding area. Economic activity supported at the Port include import/export cargo, including fuel, and passenger cruise operations. Revenues at the Port increased 11.5% from \$66,524,000 to \$74,190,000, while operating expenses increased by 5.3%. The Fund posted net income of \$14,684,000 in 1999 compared to net income before extraordinary item of \$11,191,000 in 1998, an increase of 3.1%.

FIDUCIARY FUNDS

The County maintains six expendable trust funds and four agency funds. Trust and Agency Funds are established to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units or other funds.

The largest agency funds of the County are the Revenue Collection Fund and the Clerk's Agency Fund. The Revenue Collection Fund, which has assets of \$22,293,000 accounts for the collection and distribution of taxes and licenses for the County and other taxing bodies. The Clerk's Agency Fund, which has assets of \$14,201,000, accounts for funds collected and held in a fiduciary capacity for governmental units and others. The total assets for all the Trust and Agency Funds was \$74,980,000 as of September 30, 1999.

CASH MANAGEMENT

The Finance Department strives to keep abreast of current trends in cash and investment management in order to achieve maximum financial return on available cash resources. Idle cash balances are invested on a daily basis within the constraints imposed by Florida Statutes and the County's investment policy. The primary objective of the County's policy is preservation of capital.

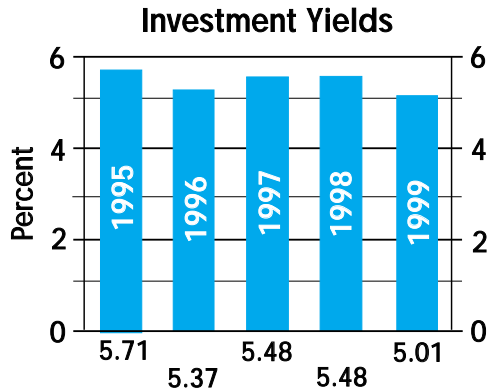
Substantially all of the County's investments are either insured, registered or physically held in the County's name. The significance of this is that the County has prudently safeguarded its investments to mitigate potential losses which could occur upon the bankruptcy or failure of an investment house/broker.

For purposes of maximizing interest earnings, substantially all the County's cash and investments are pooled, except where separate cash and investment accounts are maintained in accordance with legal requirements. The County has consistently

invested more than 96% of its available cash.

A summary and comparison of the County's Investment Portfolio Performance is as follows:

	1999	1998
Average Portfolio Balance (in thousands)	\$1,225,000	\$1,100,582
Average Investment Yield	5.01%	5.48%
Total Investment Earnings (in thousands)	\$62,659	\$57,691



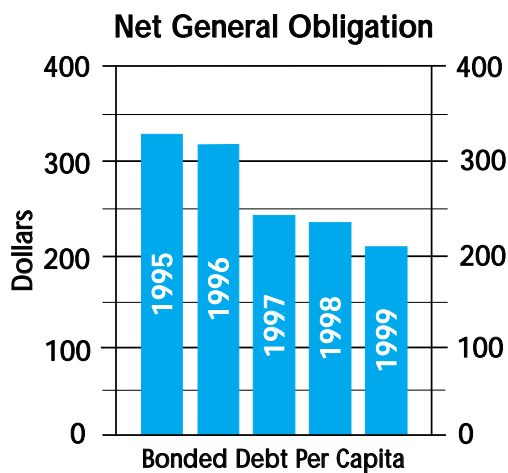
During 1999 the County's interest yield consistently exceeded the 90 and 180 day U.S. Treasury bill rates which the County uses as a performance benchmark.

DEBT MANAGEMENT

The County continues to meet its financial needs through prudent use of its revenues and creative debt financing programs.

At September 30, 1999, the County had \$1,790,077,000 of long-term obligations outstanding consisting of:

General Obligation Bonds	\$314,655,000
Special Obligation Bonds	301,840,000
Revenue Bonds	1,000,634,000
Loans Payable	76,340,000
Commercial Paper and Other Obligations	96,608,000



The following table provides information relative to the County's general obligation debt:

	1999	1998
Net Taxable Assessed Property Valuation		
January 1 (in thousands)	\$65,586,763	\$60,356,423
Net Direct General Obligation Debt		
September 30 (in thousands)	\$311,644	\$332,976
Net Direct General Obligation Debt as a Percent of Net Taxable Assessed Property Valuation	.48%	.55%
Population (in thousands)	1,474	1,451
Net Direct General Obligation Debt per Capita	\$211.43	\$229.48

The County's continued financial strength and sound financial management practices are reflected in its investment ratings, which represent the highest levels attained by Florida counties:

- Aa2 Moody's Investor Services (during 1997)
- AA Standard & Poor's Corporation (during 1997)
- AA Fitch IBCA, Inc.

SELF-INSURANCE

Broward County is self-insured for general liability, professional, automobile liability, medical malpractice, workers' compensation, and Mass Transit bus liability through its Self-Insurance Fund. This fund also provides centralized procurement of all commercial insurance coverages, including group health and life insurance. Claim settlements and loss expenses are accrued and a liability simultaneously established in the Self-Insurance Fund for the estimated settlement value of claims reported and unreported for incidents during the period as determined by actuarial computation. As of September 30, 1999, the County has fully funded its estimated liability of \$43,018,000 on a discounted basis and has retained earnings of \$5,700,000.

GENERAL FIXED ASSETS

General fixed assets of the County are those fixed assets used in the performance of general government functions and do not include the fixed assets of Enterprise and Internal Service Funds, which are reported in the Balance Sheets of those funds. Depreciation of general fixed assets is not recognized in the County's accounting system. As of September 30, 1999, the cost of General Fixed Assets of the County was \$1,404,322,000 which represented an increase of 6.5% over that of 1999.

YEAR 2000 COMPLIANCE

The County has taken a comprehensive approach to addressing the impact of Year 2000 (Y2K) issues on its operations since 1997. Both an executive level committee for policy and a project management team for implementation have actively addressed the issues. A consulting firm has also assisted in these efforts. Software systems were either upgraded or replaced to achieve compliance by 2000. All critical equipment and systems,

were assessed, upgraded, and tested for compliance. County agencies also assessed the preparedness of major business partners for 2000. As a result of these efforts, it does not appear likely that the County will encounter major problems with its critical business functions in the year 2000.

INTERNAL AND BUDGETARY CONTROLS

The County's management is responsible for the establishment and maintenance of accounting and other internal controls to ensure compliance with applicable laws and County policies, that assets are safeguarded and financial transactions are properly recorded and documented. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits obtained, and the valuation of costs and benefits requires estimates and judgments by management. The County's external auditors performed a study and evaluation of the County's internal control as required by generally accepted auditing standards, in connection with the audit of the accompanying financial statements. The results of their study and evaluation are the subject of a separate report.

Budgetary control by the Board of County Commissioners is maintained at the fund level. The accounting system maintains budgetary control by line item by division and rejects encumbrance or expenditure transactions for which there is insufficient remaining appropriation. Open capital purchase orders are reported as reservations of fund balance at year-end and are subsequently reappropriated in the new year via supplementary budgets.

INDEPENDENT AUDIT

The September 30, 1999 general purpose financial statements were audited by KPMG LLP, and their opinion resulting from the audit is included in this Comprehensive Annual Financial Report. Their audit was performed in accordance with generally accepted auditing standards, Government Auditing Standards, and the rules of the Auditor General of the State of Florida.

GFOA 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 Broward County, Florida for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 1998. 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. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

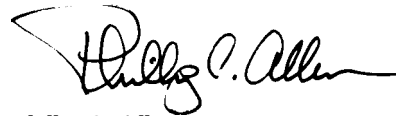
A Certificate of Achievement is valid for a period of one year only. Broward County, Florida has received a Certificate of Achievement for the last fourteen consecutive years (fiscal years ended 1985-1998). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

ACKNOWLEDGEMENTS

The timely preparation and publication of this Comprehensive Annual Financial Report represents a significant effort by many of the accountants throughout the County as well as the excellent cooperation and assistance of other County employees who contributed to its preparation. In particular, we wish to express our appreciation to the entire Accounting Division Staff who were responsible for assimilating and compiling the data comprising this report and to the Public Information/Graphics Office staff whose efforts have greatly enhanced the appearance of this report. We also wish to thank the County's independent auditors, KPMG LLP for their cooperation and assistance in the preparation of this report.

Sincere appreciation is also expressed to the Commissioners, County Administrator and Directors of Divisions, Departments and Offices, for their assistance throughout the year in matters pertaining to the financial affairs of this County.

Respectfully submitted,



Phillip C. Allen
Director
Finance and Administrative Services Department



John T. Pryor, CPA
Director
Accounting Division