NOTES TO FINANCIAL STATEMENTS - CONTENTS

September 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Broward County, Florida (County) is a political subdivision of the State of Florida. It is guided by an elected Board of County Commissioners, which is governed by the Florida Statutes and a local County Charter. In addition there are four elected Constitutional Officers: the Clerk of the Circuit and County Courts (Clerk); Property Appraiser; Sheriff; and Supervisor of Elections. The Board of County Commissioners (BOCC) and the Constitutional Officers comprise the Broward County primary government.

The accompanying financial statements present the County (the primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the County.

Blended Component Units

Water Control Districts are special taxing districts created to maintain and improve water resource and drainage programs in the County and are governed by a board comprised of the BOCC. The financial results of the five individual Water Control Districts (District No. 2, District No. 3, District No. 4, Cocomar, Ravenswood, and Twin Lakes) are combined into one Special Revenue Fund to facilitate presentation.

The legal authority by which each of the following Water Districts was created and the financial statement requirements for them are as follows:

Broward County Water Control District No. 2 - Section 298.01, F.S.; County Ord. No. 79-93. The governing body is the Board of County Commissioners. Separate financial statements are not required or prepared.

Broward County Water Control District No. 3 - Section 298.01, F.S.; County Ref. 4/15/69. The governing body is elected by the electors in the district. Separate financial statements are not required or prepared.

Broward County Water Control District No. 4 - Section 298.01, F.S.; County Ref. 3/29/66. The governing body is the Board of County Commissioners. Separate financial statements are not required or prepared.

Cocomar Water Control District - Section 125.01(5)(a), F.S.; County Ord. No. 80-17. The governing body is the Board of County Commissioners. Separate financial statements are not required or prepared.

Ravenswood Water Control District - Section 298.01, F.S.; County Ord. No. 80-18. The governing body is the Board of County Commissioners. The district conducted no financial transactions during the year and has no assets, liabilities or fund balance.

Twin Lakes Water Control District - Section 298.01; County Ord. 79-83. The governing body is the Board of County Commissioners. Separate financial statements are not required or prepared.

The following organizations are also shown as blended component units:

The **Broward Economic Development Board** (BEDB) provides financial support to the Broward Economic Development Council, Inc. a not-for-profit corporation (dba the Broward Alliance), which was formed to promote economic development within the County. It was established by Florida Statute Section 63-1190, County Ord. No. 76-7. The governing body is the Board of County Commissioners. Separate financial statements are not required or prepared. The BEDB is reported within the Special Revenue Fund Type and is a blended component unit because the members of the Board of County Commissioners and the BEDB are the same.

The **Broward County Community Redevelopment Agency** (CRA) acts in an advisory capacity to the County to establish and carry out redevelopment objectives in economically deprived areas of the County. It was established by Florida Statute Section 163.356 and County Ordinance No. 80-110. The governing body is the Board of County Commissioners. The agency conducted no financial transactions during the year and has no assets, liabilities or fund balance.

The **Broward County Educational Facilities Authority** (EFA) acts in an advisory capacity to the County in alleviating the shortage of educational facilities and projects in the County. It was established by Florida Statute Section 243.021 and County Ordinance No. 86-15. The Board of County Commissioners appoints the governing body. The authority conducted no financial transactions during the year and has no assets, liabilities or fund balance.

The **Broward County Governmental Leasing Corporation** (the Corporation) has entered into master lease-purchase agreements with the County to finance the acquisition, construction or equipping of certain facilities and is governed by the BOCC. The Corporation was formed by the County solely for the purpose of acting as lessor of the facilities. The Corporation has no financial activity to report.

Discretely Presented Component Units

The Broward County Health Facilities Authority (HeFA) was created to assist in the acquisition, construction, financing and refinancing of health facilities in the County. It was established by Florida Statute Section 154.207 and County Ordinance No. 77-35. The HeFA is governed by a Board appointed by the BOCC and is financially accountable to the County. The HeFA is authorized to issue bonds which are not deemed to constitute a debt of HeFA, the County, or any political sub-division thereof (see Note 4).

The Broward County Housing Finance Authority (HFA) was established in 1979 by County Ordinance No. 79-41 for the purpose of encouraging the investment of private capital and stimulating the construction of residential housing for low and moderate income families through the use of public financing. The HFA is governed by a Board appointed by the BOCC, and the County must also approve HFA's contracts and bond issues. The HFA is authorized to issue revenue bonds that are not deemed to constitute a debt of

HFA, the County, or any political sub-division thereof (see Note 4).

The HFA has an outstanding note payable to the County which is secured by an office building. The principal balance of the note was $1,340,000 on September 30, 2002. The note is due in full on or before July 1, 2015 and bears interest at 4.0 to 5.7 percent.

Complete financial statements for each of the individual component units that issue them may be obtained at the entity's administrative offices as follows. Financial statements are not required for other component units.

Broward County Health Facilities Authority
Accounting Division
P. O. Box 14740
Fort Lauderdale, FL 33302

Broward County Housing Finance Authority
Accounting Division
P. O. Box 14740
Fort Lauderdale, FL 33302

B. Basis of Presentation

Government-wide Statements

The government-wide financial statements (i.e. the statement of net assets and the changes in net assets) report information on all of the nonfiduciary activities of the primary government (the County) and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Fund Financial Statements

Separate financial statements are provided for the County's funds, including governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Separate statements for each fund category are presented. The emphasis of the fund financial statements is on major governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

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

Sheriff Operations Fund – This is the County Sheriff's primary operating fund. It accounts for all financial resources of the Sheriff's Office, except those required to be accounted for in another fund.

County Transportation Trust Fund – This is used to account for funds received for the construction and maintenance of roads, bridges, and traffic engineering.

Capital Outlay Reserve Fund – This is used to account for special capital outlay projects not routine in nature and not considered ordinary operating expenditures.

The County reports the following major enterprise funds:

Aviation Fund – This fund accounts for the operations of the Fort Lauderdale-Hollywood International and North Perry Airports.

Port Everglades Fund – This fund accounts for the operation, maintenance, and construction of the County's seaport system.

Water and Wastewater Fund – This fund accounts for water and sewerage treatment services provided to certain incorporated and unincorporated areas of the County.

Resource Recovery Fund – This fund accounts for the operations of the County's Resource Recovery System and other solid waste activities.

Mass Transit Fund – This fund accounts for the planning, construction, operation and maintenance of the County's mass transit system.

The County also reports the following fund types:

Internal Service Funds – These funds account for self-insurance coverage for workers' compensation claims, public liability, medical malpractice, and County-owned vehicle accidents, for consolidated vehicle management services, and for printing services, all of which are provided to other County functions on a cost-reimbursement basis.

Agency Funds – These funds account for taxes and licenses collected on behalf of the County and other taxing entities; funds received and disbursed by the Clerk's Office in a fiduciary capacity; funds received and disbursed by the Sheriff's Office in a fiduciary capacity; and various other funds and fees received and disbursed in a fiduciary capacity.

C. Measurement Focus, Basis of Accounting

New Accounting Pronouncements – Effective October 1, 2001, the County adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34), GASB Statement No. 37, *Basic Financial Statements – and Managements' Discussion and Analysis – for State and Local Governments: Omnibus* (GASB 37), and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* (GASB 38). The effect of adopting GASB 34 and GASB 37 is a change in the presentation of the financial statements. GASB 38, modifies, rescinds and establishes certain financial statement disclosure requirements The implementation of GASB 34, 37 and 38 had no effect on financial statement amounts.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements – The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Intergovernmental revenues and interest are significant revenue sources considered to be susceptible to accrual. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. While governments have the option of following subsequent private-sector guidance for their business-type activities, the County has elected not to follow subsequent private-sector guidance.

Proprietary Fund Financial Statements – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds and of the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, Liabilities and Net Assets or Equity

1. *Deposits and Investments*

The County maintains an investment pool for substantially all cash and cash equivalents and investments of all funds. All money market investments and participating interest-earning investment contracts with a remaining maturity at time of purchase of one year or less are recorded at amortized cost plus accrued interest. All other investments are carried at fair value as determined from quoted market prices. Each fund's portion of the pool are presented as "cash and cash equivalents" or "restricted assets." Earnings are allocated daily to each fund based on average daily balances of cash and investments.

The County considers cash and cash equivalents to be cash on hand, demand deposits, investments with original maturities at time of purchase of three months or less, and equity in the County's cash management pool.

The County is authorized to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, commercial paper, repurchase agreements, certificates of deposit, the Local Government Surplus Funds Trust Fund (LGSF Trust Fund) - an SEC Rule 2a-7 like fund which has the characteristics of a Money Market Fund, the Florida Tax Collectors Service Corporation, and the Florida Local Government Investment Trust. All cash deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act," and are collateralized with eligible securities having a market value equal or greater than the average daily or monthly balance of all public deposits. The County's investment practices are governed by Chapters 125 and 218.415 of the Florida Statutes, County Ordinance 87-82, and the requirements of outstanding bond issues.

2. *Receivables and Payables*

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible accounts of $7,687,000. Additionally, the accounts receivable total includes $7,329,000 that was unbilled as of September 30, 2002. Revenues of the Port Everglades fund are reported net of estimated uncollectible amounts of $500,000 for the current period.

3. *Property Tax Calendar*

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied and are due and payable on November 1 of each year, and may be paid upon receipt of the notice at declining discounts through the month of February. All unpaid taxes on real and personal property become delinquent on April 1 of the year following the year in which the taxes were levied. Delinquent real property taxes bear interest at the rate of one and one-half percent per month, and interest continues to accrue until a certificate is sold at auction, from which time the interest rate shall be as bid by the buyer of the certificate. Personal property taxes bear interest at one and one-half percent per month from April 1 until paid. After May 1 of each year and following proper procedures, a court order may be issued to seize and sell the property.

4. *Inventories*

Inventories consist principally of materials and supplies held for consumption and are recorded at cost for Governmental Funds and lower of average cost or market for Proprietary Funds. In the Governmental Funds the cost of inventories are recorded as expenditures at the time of purchase, while in the other funds, the cost of inventories are recorded as expenditures when consumed. In the Governmental Funds, reported inventories are offset by a fund balance reserve which indicates that they do not constitute available spendable resources.

5. *Restricted Assets*

Restricted assets and reserves of the Enterprise Funds at September 30, 2002 represent amounts restricted for construction, debt service, maintenance and improvements under the terms of outstanding bond agreements or some other legal outside party requirements. These requirements establish a restriction on net assets in an amount equal to the restricted assets less any related liabilities.

Assets were restricted for the following purposes (in thousands):

Bond sinking and reserve accounts	$118,853
Construction accounts	406,602
Landfill closure escrow accounts	14,322
Other restricted accounts	32,797
	$572,574

Amounts payable from restricted assets at September 30, 2002 consist of the following (in thousands):

Accounts payable	$19,586
Revenue bonds and interest payable	65,898
Customers' deposits	7,170
Deferred revenue	12,507
Accrued closure costs	374
	$105,535

6. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the business-type activities during Fiscal 2002 was $69,377,000. Of this amount, $21,438,000 was included as part of the cost of capital assets under construction in connection with various construction projects.

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

Buildings, structures and improvements	20-65 years
Runways, aprons, taxiways and aviation easements	5-40 years
Furniture, fixtures and equipment	3-15 years
Roads and streets	40 years
Bridges	50 years
Sidewalks and traffic signals	30 years
Lakes, waterways and water control structures	50-75 years

7. *Compensated Absences*

It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave and related fringe benefits. The cost of earned but unused vacation pay is accrued when earned in the government-wide and proprietary financial statements. A liability for earned but unused sick leave is accrued only to the extent that the leave will result in cash payments at termination. A liability for these amounts is reported in governmental funds only if they have matured, due to employee retirement or resignation.

8. *Long-term Obligations*

In the government-wide and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, deferral amounts on refunding as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount and deferral amounts on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, deferral amounts on refunding, as well as bond issuance costs, during the current period. The face amount of the debt issues are reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances and deferral amounts on refunding are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

10. *Passenger Facility Charges*

The Federal Aviation Administration (FAA) authorized the Aviation Department to impose a Passenger Facility Charge (PFC) of $3 per departing passenger commencing January 1, 1995.

Through initial and subsequent FAA approvals, the Aviation Department is authorized to collect PFC's up to $298,600,000, including interest, of which $150,677,000 has been collected as of September 30, 2002. The net receipts from PFC's are non-refundable and restricted to be used on FAA "approved capital projects" and debt service on revenue bonds that fund approved PFC eligible projects. As of September 30, 2002, $97,907,000 of the collected PFCs had been spent on approved projects or debt service, and the remaining $52,770,000 was reflected as a restricted asset and a restriction of net assets.

11. *Reclassifications*

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

E. Stewardship, Compliance, and Accountability
Budgetary Information

State Statutes require that all county governments establish budgetary systems and approve balanced annual budgets for such funds as may be required by law or by sound financial practices and accounting principles generally accepted in the United States. The BOCC, after review of the tentative budgets, holds public hearings and then adopts the annual budget for the General, Special Revenue and Debt Service Funds. The Constitutional Officers prepare annual operating budgets for their general funds which are reflected as Special Revenue Funds in the fund financial statements. No budget is established for the Sheriff's Special Revenue Fund since all costs incurred are budgeted in the Sheriff's General Fund and are reimbursed by the Sheriff's Special Revenue Fund. All governmental fund appropriations lapse at year end except capital outlay items.

The appropriated budget is prepared by fund, department and division on the same basis of accounting as required for governmental fund types. By local budget policy, the County's department directors may make transfers of appropriations within their departments. However, transfers of appropriations between departments and over expenditure of appropriations at the department level require the approval of the Board. The State legal level of budgetary control, the level at which expenditures may not legally exceed appropriations, is at the individual fund level.

The BOCC made several supplemental budgetary appropriations throughout the year. In the General Fund, supplemental appropriations during fiscal 2002 were $ 24,779,000 and in the Special Revenue Funds were $33,927,000. These appropriations were primarily to recognize unanticipated revenues, including the award of federal and state grants, and to provide funding for unanticipated program requirements.

Deficit Fund Equity

At September 30, 2002, the Supervisor of Elections Operations Fund had a fund deficit of $936,000 due to expenditures in excess of the fiscal year 2002 budget. State statutes require each county constitutional officer to establish an annual balanced budget for his/her office.

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Summary of Deposit and Investment Balances

The following is a reconciliation of the County's deposit and investment balances as of September 30, 2002 (in thousands):

	Pooled Cash And Investments	Other	Total
Investments	$889,311		$889,311
Accrued interest	3,195		3,195
Total	**$892,506**		**$892,506**

	Government-wide Statement of Net Assets	*Component Units Statement of Net Assets*	*Fiduciary Funds Statement of Assets and Liabilities*	*Total*
Cash and cash Equivalents	$1,013,713	$4,578	$62,771	$1,081,062
Investments	47,414			47,414
Restricted assets	566,722	34,692		661,414
Total	**$1,627,849**	**$39,270**	**$62,771**	**$1,729,890**

B. Cash Deposits

The County maintains a pool for substantially all cash and cash equivalents and investments. These balances are reflected in the financial statements as cash and cash equivalents or restricted assets as appropriate. Earnings are allocated daily to each fund based on average daily balances of cash and investments.

At September 30, 2002, the carrying amount of the County's bank deposits was $14,677,000 and the respective bank balances were $63,769,000. All cash deposits are held in qualified public depositories pursuant to State Statutes. Under the Statutes, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depositories collateral pledging level. The pledging level may range from 50% to 125% depending upon the depositories financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any potential losses to pubic depositors are covered by applicable deposit insurance, sale of securities pledged as collateral, and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

C. Investments

Under State Statutes and County Ordinances, the County is authorized to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, commercial paper, repurchase agreements, certificates of deposit, the Local Government Surplus Funds Trust Fund (LGSF Trust Fund), an SEC Rule 2a-7 like fund which has the characteristics of a Money Market Fund, the Florida Tax Collectors Service Corporation, and the Florida Local Government Investment Trust. County policy requires that securities underlying repurchase agreements must have a market value of at least 101 percent of the cost of the repurchase agreements. There were no losses during the period due to default by counter parties to investment transactions, and no types of investments during the period other than those permitted enumerated above.

The Countys investments have been classified into the following three categories of credit risk:

(1) Insured or registered, or securities held by the County or its agent in the Countys name.

(2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Countys name.

(3) Uninsured and unregistered, with securities held by the counter partys', or by the counterparty's trust department or agent, but not in the Countys name.

The following table classifies the investments of the County as of September 30, 2002 into the above noted categories. Amounts included below as Investments not Subject to Categorization are denoted as such because they are not evidenced by securities that exist in physical or book-entry form (in thousands).

Description	Carrying Amount	Fair Value
Category 1:		
U.S. Government and Agency Securities	$1,116,997	$1,122,343
Category 2:		
Repurchase Agreements with the State Board State Board of Administration	408,594	408,594
Investments held by First Florida Financing Commission	2,371	2,371
Category 3:		
Repurchase Agreements	30,112	30,112
	1,558,074	1,563,420
Investments not Subject to Categorization:		
Local Government Surplus Funds Trust Fund	13,080	13,080
Florida Tax Collectors Service Corporation	10,000	10,000
Florida Local Government Investment Trust	10,459	10,459
Commercial Paper	9,491	9,491
Certificates of Deposit	5,500	5,500
Money Market Funds	6,568	6,568
Total Investments	$1,613,172	$1,618,518

Under Florida Statutes, investments with the State Board of Administration are entirely collateralized and insured by the State.

Amounts held by the First Florida Governmental Financing Commission (the Commission) are in accordance with the County s loan agreement with the Commission and are insured or registered in the name of the Commission. The investments are carried at fair value as determined by quoted market prices. Deposits of the Commission are collateralized as public funds in accordance with Florida Statutes. The Commission is a separate legal government entity established under Chapter 163 of the Florida Statutes, is regulated by the States Division of Banking and Finance, and is not registered with the Securities and Exchange Commission.

The LGSF Trust Fund pools investments, is not registered with the Securities and Exchange Commission, and is administered by the Florida State Board of Administration, an agency of the State of Florida with regulatory oversight exercised by the State. These investments are valued using the pooled share price.

Investments with the Florida Tax Collectors Service Corporation (a Florida service corporation for profit organized under the laws of Florida) are not registered with the Securities and Exchange Commission. The net asset value is equal to one dollar per share.

The Florida Local Government Investment Trust (FLGIT) is a public entity investment trust organized under the laws of the State of Florida. The FLGIT reports all share information at Net Asset Value and reflects fair value accounting in accordance with GASB Statement No. 31. The fair value of these investments increased by $606,000 over the prior year's value.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2002 is as follows (In thousands):

Governmental Activities:	*Beginning Balances*	*Increases*	*Decreases*	*Ending Balances*
Capital assets not being depreciated:				
Land	$310,182	$ 7,839		$ 318,021
Construction in progress	168,991	91,958	$ 111,728	149,221
Total assets not being depreciated	479,173	99,797	111,728	467,242
Capital assets being depreciated:				
Buildings	552,001	106,125		658,126
Improvements	495,707	43,681		539,388
Equipment	340,471	54,668	16,104	379,035
Total capital assets being depreciated	1,388,179	204,474	16,104	1,576,549
Less accumulated depreciation for:				
Buildings	101,324	15,560	9	116,875
Improvements	124,889	13,856		138,745
Equipment	229,252	30,282	12,143	247,391
Total accumulated depreciation	455,465	59,698	12,152	503,011
Total capital assets being depreciated, net	932,714	144,776	3,952	1,073,538
Governmental activities capital assets, net	**$1,411,887**	**$244,573**	**$115,680**	**$1,540,780**

Business-type Activities:	*Beginning Balances*	*Increases*	*Decreases*	*Ending Balances*
Capital assets not being depreciated:				
Land	$ 347,984	$ 92		$ 348,076
Construction in progress	416,319	164,013	$246,378	333,954
Total capital assets not being Depreciated	764,303	164,105	246,378	682,030
Capital assets being depreciated:				
Land	36,216			36,216
Property held for leasing	340,838	9,171		350,009
Buildings	422,226	161,975	647	583,554
Improvements	233,555	30,393		263,948
Equipment	597,497	72,567	13,241	656,823
Total capital assets being depreciated	1,630,332	274,106	13,888	1,890,550
Less accumulated depreciation for:				
Land	7,016	152		7,168
Property held for leasing	82,484	6,317		88,801
Buildings	140,207	15,525	467	155,265
Improvements	94,971	10,390		105,361
Equipment	192,857	26,417	12,657	206,617
Total accumulated depreciation	517,535	58,801	13,124	563,212
Total capital assets being Depreciated, net	1,112,797	215,305	764	1,327,338
Business-type activities capital assets, net	**$1,877,100**	**$379,410**	**$247,142**	**$2,009,368**

Depreciation expense was charged to functions/programs of the primary government as follows (In thousands):

Governmental Activities:	
General government	$ 9,928
Public safety	3,831
Transportation	10,597
Human Services	601
Culture and recreation	6,977
Physical environment	1,073
Economic environment	110
Sheriff	12,215
Clerk of the Court	497
Property Appraiser	1,608
Supervisor of Elections	109
Total depreciation expense - governmental activities	**$47,546**
Business-type Activities:	
Aviation	$15,033
Port Everglades	15,851
Water and Wastewater	19,923
Resource Recovery System	1,421
Mass Transit	6,423
Other	150
Total depreciation expense - business-type activities	**$58,801**

Construction Commitments

At September 30, 2002, the County had in process various uncompleted construction projects with remaining balances totaling approximately $221,647,000 . The retainage payable on these contracts totaled $32,062,000. Funding for these projects is to be made primarily through the proceeds of related bond issues, loans and future taxes.

Property Held for Leasing

Property held for leasing consists of land and buildings leased under operating leases to commercial enterprises by the Aviation and Port Everglades Funds. Lease terms vary from one to ninety-nine years and require, in some cases, the construction of leasehold improvements that will be contributed to the County at lease termination.

The following is a schedule by years of minimum future rentals on non-cancelable operating leases as of September 30, 2002 (in thousands):

Years ending September 30:	
2003	47,549
2004	46,150
2005	44,614
2006	37,814
2007	34,979
2008-2012	164,105
2013-2017	123,445
2018-2022	62,704
2023-2027	32,757
2028-2032	31,913
2033-2037	8,575
2038-2042	8,198
2043-2047	8,198
2048-2052	8,198
2053-2057	8,198
2058-2062	8,198
2063-2067	8,198
2068-2072	8,198
2073-2077	8,198
2078-2082	8,198
2083-2087	8,198
2088-2092	8,198
2093-2097	136
Total	724,919

Total minimum future rentals do not include contingent rentals that may be received under certain concession leases on the basis of a percentage of the tenant's gross revenue in excess of stipulated minimums. Contingent rentals for the fiscal year ended September 30, 2002 amounted to $32,075,000.

The County has a 25-year lease and use agreements with its major airline tenants (the signatory airline agreements). The agreements require that landing fees and terminal rentals be reviewed annually and adjusted as necessary so that the total revenue is sufficient to meet the Aviation Fund's requirements as determined by the rate and charges model of the signatory airline agreements. At the end of the fiscal year, after all required deposits have been made, any remaining excess funds are used to meet the requirements in the following fiscal year. There excess funds have been recorded as deferred revenue by the Aviation Fund at September 30, 2002 and have been included in current liabilities payable from restricted assets. For the year ended September 30, 2002 these funds amounted to $12,507,000.

Discretely Presented Component Units

Capital asset activity for the year ended September 30, 2002 is as follows (In thousands):

Governmental Activities:	*Beginning Balances*	*Increases*	*Decreases*	*Ending Balances*
Capital assets not being depreciated:				
Land	$2,222	$ 27		$2,249
Construction in progress	16	13		29
Total assets not being depreciated	2,238	40		2,278
Capital assets being depreciated:				
Buildings	2,478			2,478
Equipment	143	4		147
Total capital assets being depreciated	2,621	4		2,625
Less accumulated depreciation for:				
Buildings	259	62		321
Equipment	81	9		90
Total accumulated depreciation	340	71		411
Total capital assets being depreciated, net	2,281	(67)		2,214
Governmental activities capital assets, net	$4,519	$(27)		$4,492

NOTE 4 - LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended September 30, 2002 are as follows (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 405,175	$146,620	$ (183,595)	$ 368,200	$ 34,105
Special Obligation Bonds	281,985		(10,610)	271,375	11,100
Loans Payable and Other Obligations	164,488	85,609	(62,734)	187,363	60,452
Unamortized Bond Premiums,					
Discount and Deferred Amount on Refunding		3,042	(293)	2,749	
Claims and Judgments	44,337	18,101	(14,560)	47,878	
Compensated Absences	47,384	47,809	(46,930)	48,263	18,668
Total	**$ 943,369**	**$301,181**	**$(318,722)**	**$ 925,828**	**$124,325**
Business-type Activities:					
Revenue Bonds Payable	$1,275,813		$ (36,696)	$1,239,117	$ 40,883
Loans Payable and Other Obligations	15,000	10,500		25,500	10,500
Unamortized Bond Premiums,					
Discount and Deferred Amount on Refunding	(18,786)		881	(17,905)	
Compensated Absences	4,335	5,400	(4,957)	4,778	4,254
Other	12,743	2,754	150	15,647	374
Total	**$1,289,105**	**$ 18,654**	**$ (40,622)**	**$1,267,137**	**$ 56,011**

For the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund. For the business-type activities, other long-term liabilities at September 30, 2002 included: landfill closure and postclosure costs of $13,301,000; arbitrage rebate liabilities of $4,309,000; unamortized bond discount of ($2,437,000); and compensated absences of $474,000.

The debt service requirements for all bonds and loans outstanding as of September 30, 2002 are as follows (in thousands):

	GOVERNMENTAL ACTIVITIES								BUSINESS-TYPE ACTIVITIES	
	General Obligation Bonds		Special Obligation Bonds		Loans Payable and Other Obligations				Revenue Bonds Payable	
Year Ending September 30	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Principal	Interest
2003	$ 34,105	$ 19,551	$ 11,100	$ 15,600	$ 60,452	$ 6,772	$105,657	$ 41,923	$ 40,883	$ 45,260
2004	28,945	17,502	11,640	15,058	11,956	6,263	52,541	38,823	41,523	43,907
2005	26,920	15,508	12,200	14,480	12,045	5,746	51,165	35,734	42,269	46,068
2006	27,260	13,500	12,800	13,875	12,585	5,199	52,645	32,574	45,053	58,056
2007	29,325	11,690	13,415	13,241	13,255	4,620	55,995	29,551	49,276	56,184
2008-2012	133,130	37,075	66,900	55,159	51,580	14,412	251,610	106,646	273,593	244,299
2013-2017	43,990	17,704	35,440	40,536	16,720	5,204	96,150	63,444	284,905	160,834
2018-2022	44,525	4,829	40,140	29,534	5,775	2,013	90,440	36,376	240,010	93,454
2023-2027			54,640	15,047	2,395	844	57,035	15,891	221,605	30,552
2028			13,100	837	600	48	13,700	885		
Total	**$368,200**	**$137,359**	**$271,375**	**$213,367**	**$187,363**	**$51,121**	**$826,938**	**$401,847**	**$1,239,117**	**$778,614**

Governmental loans payable and other obligations above includes: capital leases amounting to $596,000 of principal and $17,000 of interest; First Florida loans amounting to $83,705,000 of principal and $34,537,000 of interest; Certificates of Participation amounting to $53,735,000 of principal and $16,559,000 of interest; the Clerk's loan payable amounting to $133,000 of principal and $8,000 of interest; commercial paper amounting to $48,870,000 and arbitrage liability of $324,000.

Certain bond indentures contain provisions as to annual debt service, sinking fund, and minimum net revenue requirements. In addition, certain indentures require maintenance of various accounts and specify the deposits to be made to such accounts. At September 30, 2002, the County was in compliance with significant debt covenants.

Business-type loans payable and other obligations above includes an interest-free State Infrastructure Bank Loan amounting to $15,000,000 and commercial paper amounting to $10,500,000.

The Following is a summary of the major povisions and significant debt service requirements for the outstanding bonds at September 30, 2002 (dollars in thousands):

	Primary Purpose	Type	Interest Payment Rate (%)	Interest Payment Dates
Governmental Activities				
General Obligation Bonds (GOB):				
1986 Public Improvement Refunding	Refunding Issue	serial	12.5	1-1 7-1
1993 GOB Refunding	Refunding Issue	serial	4.4-5.0	1-1 7-1
2001 GOB A	Library Project	serial	4.0-5.25	1-1 7-1
2001 GOB B	Refunding Issue	serial	4.0-5.0	1-1 7-1
Total General Obligation Bonds				
Special Obligation Bonds:				
1994 Tourist Development Tax	Refunding Issue	serial	4.9-5.6	4-1 10-1
1994 Tourist Development Tax	Refunding Issue	term	5.625	4-1 10-1
1995 Special Obligation Refunding	Refunding Issue	serial	4.875-5.5	1-1 7-1
1995 Special Obligation Refunding	Refunding Issue	term	5.0	1-1 7-1
1996 Professional Sports Facilities	Civic Arena	serial	4.8-7.69	3-1 9-1
1996 Professional Sports Facilities	Civic Arena	term	5.62-8.11	3-1 9-1
1998 Gas Tax Refunding	Refunding Issue	serial	4.0-5.25	3-1 9-1
Total Special Obligation Bonds				
Business-type Activities				
Revenue Bonds:				
Aviation Fund				
1993 C Airport System Revenue	Improvements and Refunding Issue	serial	4.1-5.25	4-1 10-1
1998 E Airport System Revenue	Refunding Issue	serial	4.8-5.1	4-1 10-1
1998 F Airport System Revenue	Construction and Improvement	serial	4.0-4.74	4-1 10-1
1998 G Airport System Revenues	Improvements	serial	3.70-5.125	4-1 10-1
1998 G Airport System Revenues	Improvements	term	5.0	4-1 10-1
1998 H-1 Passenger Facility Charge	Improvements	serial	3.10-5.25	4-1 10-1
1998 H-2 Passenger Facility Charge	Improvements	serial	4.70-5.125	4-1 10-1
1998 H-2 Passenger Facility Charge	Improvements	term	4.75	4-1 10-1
2001 I Passenger Facility Charge	Improvements	term	4.0-5.75	4-1 10-1
2001 J-1 Airport System Revenues	Improvements	term	5.25-5.75	4-1 10-1
2001 J-2 Airport System Revenues	Improvements	term	5.8-6.9	4-1 10-1
Total Aviation Bonds				
Port Everglades Fund				
1989 A Port Facilities Refunding	Refunding Issue	capital appreciation	7.4-7.45	3-1 9-1
1989 A Port Facilities Refunding	Refunding Issue	term	5.0-7.5	3-1 9-1
1998 A Port Facilities Revenue Bonds	Refunding issue	serial	4.4-4.8	3-1 9-1
1998 B Port Facilities Revenue Bonds	Refunding Issue	serial	4.25-4.5	3-1 9-1
1998 B Port Facilities Revenue Bonds	Refunding Issue	term	5.0	3-1 9-1
1998 C Port Facilities Revenue Bonds	Capital Improvements	serial	5.375	3-1 9-1
1998 C Port Facilities Revenue Bonds	Capital Improvements	term	5.0	3-1 9-1
1998 Subordinate Port Facilities Bonds	Refunding Issue	serial	5.003	Monthly
Total Port Everglades Bonds				
Water and Wastewater Fund				
1988 Water and Sewer Utility	Construction and Refunding Issue	capital appreciation	7.0-7.5	4-1 10-1
1988 Water and Sewer Utility	Construction and Refunding Issue	term	6.5	4-1 10-1
1991 Water and Sewer Utility	Construction and Refunding Issue	term	6.0	4-1 10-1
1993 Water and Sewer Utility	Refunding Issue	serial	2.75-5.375	4-1 10-1
1993 Water and Sewer Utility	Refunding Issue	term	5.0-5.125	4-1 10-1
Total Water and Wastewater Bonds				
Resource Recovery Fund				
1993 A, B & C Solid Waste System	Refunding Issue	serial	5.1-5.875	1-1 7-1
1993 A & B Solid Waste System	Refunding Issue	term	5.75-6.0	1-1 7-1
Total Resource Recovery Bonds				
Total Revenue Bonds				

Optional Redemption Year	Optional Redemption Premium	Final Maturity Date	Original Amount Issued	Retired/Refunded	Accretion	Outstanding September 30
N/A	N/A	7-1-2006	$174,385	$(137,885)		$ 36,500
2004	1%	1-1-2010	92,440	(32,830)		59,610
2011	1%	1-1-2021	135,135	(5,655)		129,480
N/A	N/A	1-1-2012	146,620	(4,010)		142,610
						$368,200
2004	2%	10-1-2009	25,565	(9,905)		$ 15,660
2004	2%	10-1-2013	10,690			10,690
2006	1%	1-1-2010	37,605	(13,145)		24,460
2006	1%	1-1-2012	7,790			7,790
2006	1-2%	9-1-2010	36,815	(8,045)		28,770
2006	1-2%	9-1-2028	147,285			147,285
N/A	N/A	9-1-2010	51,760	(15,040)		36,720
						$271,375
2003	2%	10-1-2009	150,865	(36,225)		$114,640
2008	1%	10-1-2013	75,560			75,560
2008	1%	10-1-2009	10,530	(2,100)		8,430
2008	1%	10-1-2018	44,635	(1,415)		43,220
2019	N/A	10-1-2023	18,880			18,880
2008	1%	10-1-2015	66,620	(8,490)		58,130
2008	1%	10-1-2018	20,270			20,270
2019	N/A	10-1-2023	39,780			39,780
2011	1%	10-1-2026	41,855	(160)		41,695
2011	1%	10-1-2026	135,970			135,970
2016	N/A	10-1-2021	149,185			149,185
						$705,760
N/A	N/A	9-1-2010	37,875	(20,536)	$27,641	$ 44,980
N/A	N/A	9-1-2016	79,580	(26,395)		53,185
2008	1%	9-1-2012	13,195			13,195
N/A	N/A	9-1-2006	615	(185)		430
2008	1%	9-1-2027	79,825			79,825
2008	N/A	9-1-2012	43,795			43,795
2008	N/A	9-1-2027	28,645			28,645
2008	2%	9-1-2027	49,000			49,000
						$313,055
N/A	N/A	10-1-2008	8,466	(3,335)	$8,971	$ 14,102
N/A	N/A	10-1-2018	51,665	(40,800)		10,865
2001	1%	10-1-2020	32,155			32,155
2003	2%	10-1-2011	82,175	(22,455)		59,720
2003	2%	10-1-2018	52,720			52,720
						$169,562
2003	2%	7-1-2008	48,960	(25,180)		23,780
2003	2%	7-1-2013	26,960			26,960
						50,740
						$1,239,117

General Obligation Bonds

In fiscal year 2002, the County issued $146,620,000 Series 2001B Bonds to refund, on a current basis, a portion of the County's General Obligation Bonds, Series 1992A, General Obligation Refunding Bonds, Series 1992B and Series 1992C. The reacquisition price of refunding debt exceeded the net carry amount of the old debt by $5,157,000. This amount is being netted against the new debt and amortized over the new debt's life, which equals to the life of the old debt. As a result of the refunding, the County reduced its total debt service requirements by $14,944,000, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $12,648,000.

Special Obligation Bonds

The Operating Agreement of the Professional Sports Facilities Civic Arena provides for the "County's Preferred Revenue Allocation" which is paid to the County by the Operator from Facilities Operating Revenues prior to paying Facility Operating Expenses or making any other payments. The "County's Preferred Revenue Allocation" is the annual amount equal to the difference between (a) the actual amount of the County's debt service on the Series 1996 Bonds and (b) $10,000,000. During fiscal year 2002, the "County's Preferred Revenue Allocation" totaled $3,938,000 and is reflected in miscellaneous revenue in 1996 Professional Sports Facilities and Civic Arena Bonds Debt Service Fund.

Revenue Bonds

The County has entered into an interest rate swap agreement for $49,000,000 of its variable rate 1998 Series Subordinate Port Facilities Bonds for the outstanding period of the bonds. Based on the swap agreement, the County pays a synthetic fixed rate of 5.003% to the counter party to the swap. In return, the counter party owes the County interest based on a variable rate that matches the rate required by the bonds. Only the net difference in interest payments is actually exchanged with the counter party. The $49 million in bond principal is not exchanged; it is the initial notional amount upon which the interest payments are calculated.

The interest rate swap agreement does not affect the obligation of the County under the Indenture to pay the principal of, and variable interest on, the Series 1998 Bonds. However, during the term of the swap agreement, the County effectively pays a fixed rate on the debt. The debt service requirements to maturity for these bonds (presented in this note) are based on that fixed rate. The County will be exposed to variable rates if the counter party to the swap defaults or if the swap agreement is terminated. A termination or default of the swap agreement may also result in the County making or receiving a termination or default payment, generally equal to the fair value of the swap agreement at the time of termination.

First Florida Governmental Financing Commission Loans Payable

The First Florida Governmental Financing Commission (the "Commission") was created pursuant to the Florida Interlocal Cooperation Act of 1969, Section 163.01, Florida Statutes, as amended. The current members of the Commission are: Broward County, Florida; City of Hollywood, Florida; City of Boca Raton, Florida; City of Gainesville, Florida; City of Clearwater, Florida; City of Sarasota, Florida and the City of St. Petersburg, Florida.

The Commission is a separate legal entity and public body permitted to authorize, issue and sell bonds for the purpose of financing or refinancing any capital projects for its members. The Commission's stated purpose is to enable its participating members to benefit from the economies of scale associated with large financings.

The proceeds of the Commission's bonds are used to fund loans to the participating members. The repayment terms of the loan agreements are designed to provide for the payment of principal and interest on the bonds when due.

It is the Bond Counsel's opinion that each member of the Commission is liable only to the extent of the payments on its loan agreement.

At September 30, 2002, the County had loans payable to the Commission totaling $83,705,000.

The total of loans outstanding increased in fiscal year 2002 by $33, 915,000. Proceeds of these loans were used to finance the new voting system and a portion of the cost of completing the Women's Detention Facility and to currently refund certain outstanding loans issued in 1992. The reacquisition price of refunding debt exceeded the net carry amount of the old debt by $805,000. This amount is being netted against the new debt and amortized over the new debt's life, which equals to the life of the old debt. As a result of the refinancing, the County reduced its total debt service requirements by $4,521,000, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $802,000.

The loans are included in Loans Payable and Other Obligations of Governmental Activities in the Long-Term Obligations and are due in annual installments through 2028. Interest on these loans is at fixed rates ranging from 3.5% to 8.0% payable semi-annually.

Sales Tax Revenue Commercial Paper Program

The County utilizes a multi-purpose commercial paper program (the "Program") for financing a variety of public projects. The Program is supported by a $125,000,000 credit facility agreement and a pledge of the County's share of the Local Government Half Cent Sales Tax. Under the Program, maturing commercial paper will either be refunded with new commercial paper or retired from general or project related revenues, proceeds from new bond issues or proceeds from State or Federal grants.

As of September 30, 2002, the County had Sales Tax Revenue Commercial Paper Notes outstanding of $59,370,000 of which $48,870,000 is included in Loans Payable and Other Obligations of Governmental Activities in the Long-Term Obligations; and $10,500,000 is included in Loans Payable and Other Obligations of Business Activities in the Long-Term Obligations. Interest rates on outstanding notes during fiscal year 2002 ranged from 1.35% to 1.50%.

Obligation under Lease Purchase Agreements - Certificates of Participation

The County has entered into Master Lease-Purchase Agreements (the "Lease Agreements") with the Broward County Commission Governmental Leasing Corporation (the "Corporation"), a single purpose not-for-profit Florida Corporation, to finance the acquisition, construction and or equipping of certain facilities. The Corporation was formed by the County solely for the purpose of acting as lessor of the facilities, with the County as lessee. The County Commissioners serve as the Board of Directors of the Corporation. The Corporation has title to the facilities subject to the rights of the County under the terms of the Lease Agreements. A Trustee has been appointed to collect and disburse all amounts due under the Lease Agreements.

Simultaneously with the Lease Agreements, the Corporation issued Certificates of Participation Series 1994 and Series 1998 (the "Certificates"), to third parties, evidencing undivided proportionate interest in basic lease payments to be made by the County, as lessee.

The Lease Agreements further provide for successive one year renewal lease terms unless earlier termination following an event of default or a non-appropriation of funds to make the lease payments. Failure to appropriate funds to pay the lease payments will result in termination of the Lease Agreements and the return of certain of the leased property to the Trustee.

The basic rent payments and, consequently, the principal and interest components payable to the owners of Certificates are payable solely from revenue appropriated by the County for that purpose. The County is not legally required to appropriate sums for the purpose of making the lease payments and the Certificates are not general obligations or a pledge of the faith and credit of the County. Payments of principal and interest on the Series 1994 and Series 1998 Certificates are insured by Municipal Bond Investor Assurance Corporation (MBIA) and AMBAC Indemnity Corporation, respectively, under municipal bond insurance policies.

Basic lease payments represented by the Certificates are payable to the owners of the Certificates on each December 1 and June 1, and will be reflected as debt service expenditures when remitted to the Trustee.

The obligation through maturity to the holders of the Certificates, which will be serviced by the annual lease payments, is as follows (in thousands):

Year ended September 30	*Total Payments*
2003	$ 6,910
2004	6,910
2005	6,906
2006	6,894
2007	6,919
2008-2012	31,725
2013	4,030
Total	70,294
Less Interest	16,559
Principal Outstanding	**$53,735**

Interest on the Certificates ranges from 3.75% to 5.70%. The principal amount of the Certificates has been included in Loans Payable and Other Obligations of Governmental Activities in the Long-Term Obligations at September 30, 2002.

Defeased Bonds

The County has entered into refunding transactions whereby refunding bonds have been issued to facilitate the retirement of the Countys obligation with respect to certain bond issues already outstanding. The proceeds of the refunding issues have been placed in irrevocable escrow accounts and invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for future payments of interest and principal on the bond issues being refunded. Refunded bonds are not included in the Countys outstanding long-term debt since the County has legally satisfied its obligations through the refunding transactions.

The following is a summary of the Countys defeasance transactions (in thousands):

Year of Defeasance	*Bond Issue(s) Defeased*	*Principal Outstanding Sept. 30, 2002*
1978	Water and Sewer Revenue Bonds Series 1963, 1965, 1968, 1971, 1975 & 1977	$ 4,337
1986	Port Refunding and Improvement Revenue Bonds Series 1966	2,715
1989	Water & Sewer Revenue 1978 Series A	26,785
1989	Port Facilities Revenue Bonds Series 1986	76,605
1994	Tourist Development Tax Special Revenue Bonds Series 1988	4,518
1998	Port Facilities Refunding Bonds Series 1989A (Partial)	17,739

Conduit Debt

The two component units of the County, Broward County Health Facilities Authority (HeFA) and Broward County Housing Finance Authority (HFA) are authorized to issue bonds to fulfill their corporate purposes. Bonds issued by HeFA and HFA shall not be deemed to constitute a debt of the HeFA, HFA, the County, or any political sub-division thereof. As of September 30, 2002, the total revenue bonds outstanding of HeFA and HFA is $708,675,000.

The County authorized the issuance of the Resource Recovery Refunding Revenue Bonds, Series 2001A (Wheelabrator North Broward Inc. Project and the Wheelabrator South Broward Inc. Project) in the aggregate principal amount of $150,700,000 and $175,665,000, respectively. The proceeds of the Series 2001 Bonds (North and South Sites) will be used to refund all of the Countys Resource Recovery Revenue Bonds, Series 1984 (Broward Waste Energy Company, L.P. North Project and SES Broward Company, L.P. South Project) which were outstanding and pay certain costs of issuance of the Series 2001 Bonds (North and South Sites).

There are also other industrial development bonds issued by the County which are not deemed to constitute a debt to the County or any political sub-division thereof. The County does not maintain the total outstanding balance of these bonds.

NOTE 5 - RISK MANAGEMENT

The County is exposed to various risks and losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Under the Countys Risk Management Program, the Self-Insurance Fund provides coverage for up to a maximum of $2,000,000 (Self-Insured Retention Limit) for each workers compensation claim. In addition, the County has purchased excess coverage for losses above the self-insured retention limit. Mass transit, auto liability, medical malpractice, and general liability are entirely self-insured, with the County providing coverage up to the statutory limits of $100,000 per person and $200,000 per occurrence. The County (through the Self-Insurance Fund) purchases commercial insurance for life, disability, airport liability, property damage, and numerous smaller policies that are required by lease agreements, union contracts, state statutes, etc. Settled claims have not exceeded this commercial coverage in the past three years.

The Sheriff's Office operates a Self-Insurance Program for general, professional and auto liability risks. The Sheriff provides coverage up to the statutory limits of $100,000 per person and $200,000 per occurrence. Excess coverage for losses up to $4,000,000 per occurrence is provided through commercial coverage. Settled claims have not exceeded this commercial coverage in the past three years.

Funds participating in the Risk Management Program make payments to the Self-Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish reserves for all losses. The actuarial estimates include the effects of specific, incremental claim adjustment expenses, salvage, subrogation and other allocated claim adjustments.

The reserves for the Self-Insurance Fund totalled $47,878,000 at September 30, 2002 and are reported as a liability of the Self-Insurance Fund. Participating funds are indemnified against any losses in a given year in excess of the fees charged. Fees charged are expensed as incurred in all funds. The total claims liability at September 30, 2002 reflects managements loss estimates of $29,954,000 for all reported claims and $24,371,000 for claims incurred but not reported, net of a discount of $6,447,000 computed based on a projected interest rate of 4%. The net assets accumulated in the County's Self-Insurance Fund are designated for future catastrophic losses or for the purchase of additional commercial insurance against such losses when available at advantageous rates.

Changes in the Funds claims liability amount in Fiscal 2001 and 2002 were (in thousands):

Fiscal Year	Liability October 1	Current Year Claims and Changes in Estimates	Liability Claim Payments	September 30
2001	$40,583	$15,675	$11,921	$44,337
2002	$44,337	$18,101	$14,560	$47,878

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS

Interfund receivable and payable balances at September 30, 2002 and the amount of interfund transfers for the fiscal year ended September 30, 2002 are as follows (in thousands):

Fund	Interfund Receivable	Interfund Payable	Transfers In	Transfers Out
Major				
Governmental Funds:				
General	$ 21,348	$ 529	$ 27,881	$536,083
Sheriff Operations	674	10,954	392,238	10,415
County Transportation Tr.	91		5,000	99,289
Capital Outlay Reserve	1		32,720	2,620
	22,114	11,483	457,839	648,407
Proprietary Funds:				
Aviation	11	146		
Port Everglades	86			
Resource Recovery				300
Mass Transit		1,515	48,018	
	97	1,661	48,018	300
Nonmajor				
Governmental Funds:				
Special Revenue	1,021	3,555	58,131	25,785
Debt Service	695		72,055	33,671
Capital Projects			78,949	7,480
	1,716	3,555	209,135	66,936
Proprietary Funds:				
Other Enterprise			575	200
			575	200
Internal Service Funds:				
Self-Insurance	1,064	1,069		
Fleet Services	4		276	
Print Shop	53			
	1,121	1,069	276	
Fiduciary Funds:				
Clerk Agency		2,938		
Sheriff Agency		4,342		
		7,280		
Total	**$25,048**	**$25,048**	**$715,843**	**$715,843**

NOTE 7 - CHANGES IN CONTRIBUTED CAPITAL

Changes in contributed capital for the year ended September 30, 2002 are summarized as follows (in thousands):

Enterprise Funds:	*Aviation*	*Port Everglades*	*Water and Wastewater*	*Mass Transit*	*Solid Waste*	*Total*
Contributed Capital, October 1	$ 201,428	$ 46,327	$ 246,581	$ 67,900	$ 1,583	$ 563,819
Reclassified to Net Assets	(201,428)	(46,327)	(246,581)	(67,900)	(1,583)	(563,819)
Contributed Capital, September 30	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**

Internal Service Funds:	*Fleet Services*	*Print Shop*	*Total*
Contributed Capital, October 1	$ 1,341	$ 80	$ 1,421
Reclassified to Net Assets	(1,341)	(80)	(1,421)
Contributed Capital, September 30	**$ –**	**$ –**	**$ –**

NOTE 8 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State laws and regulations require the County to place a final cover on its landfills when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for up to thirty years after closure. Although closure and postclosure care costs will be paid only near or after the landfill stops accepting waste, the County recognizes a portion of these costs as an operating expense in each period based on landfill capacity utilized.

At September 30, 2002, the County estimates that the cost of permanently capping and maintaining its landfills in accordance with existing regulations will be $33,476,000. Of this amount, the County has accrued a liability of $13,301,000 based on amortizing the total estimated cost over the operational life of the landfills.

Of the total liability, $374,000 is included in current liabilities payable from restricted assets and $12,928,000 is included in other long-term liabilities on the Proprietary Funds - Statement of Net Assets.

The County's three landfills are the Davie landfill, which has been closed, the interim contingency landfill and the resource recovery landfill.

A summary of the landfill accounts is as follows (in thousands):

	Davie Landfill	*Interim Contingency Landfill*	*Resource Recovery Landfill*
Liability 9/30/02	$3,491	$6,102	$3,708
Estimated total closure and postclosure care costs remaining to be recognized		10,410	9,765
Estimated remaining life of landfill (in years)	N/A-closed	22	9
Capacity used to date	100%	42%	34%

The $33,476,000 cost estimate is considered sufficient by County management and the County's consulting engineer. However, existing regulations may change which may require the County to incur additional closure and postclosure costs.

The County is required by state laws and regulations to make annual deposits to finance closure and postclosure care. At September 30, 2002, cash and investments of $14,322,000 are held for these purposes. These are reported as restricted assets on the Proprietary Funds - Statement of Net Assets. The County expects that future inflation costs will be paid from interest earnings on these annual deposits. However, if interest earnings are inadequate or additional closure or postclosure care requirements are determined , these costs may need to be covered by charges to future landfill users.

NOTE 9 - LARGE USER AGREEMENTS

The County has entered into agreements with large (wholesale) users of the North Regional Wastewater System (the System). These agreements provide that the cost of operating the System be charged to each large user on the basis of each users proportionate share of total gallons processed. In addition, each large user is charged a debt service fee for the principal, interest and debt coverage requirements on debt issued to finance the construction of the North Regional Wastewater Treatment Facility. The debt service charge is based on the relative percentage of reserve capacity designated for each user to total reserved capacity.

NOTE 10 - RELATED PARTY TRANSACTIONS

The County allocates certain support department costs which include legal, fiscal, purchasing, personnel, internal audit and communication costs to other County departments. Certain funds are also charged for the cost of services provided by the Self-Insurance, Fleet Services and Print Shop Funds. Costs of approximately $49,814,000 for the above-mentioned services were allocated between funds during the year ended September 30, 2002.

NOTE 11 - PENSION COSTS

The County participates in the Florida Retirement System (FRS), a cost-sharing, multiple-employer Public Employment Retirement System (PERS), which covers substantially all permanent full and part-time County employees. The FRS is noncontributory and is totally administered by the State of Florida.

Benefits are computed on the basis of age, average final compensation and service credit. Average final compensation is the average of the five highest fiscal years of earnings. The Florida Retirement System provides vesting of benefits after six years of creditable service. Early retirement may be taken any time after vesting; however, there is a 5% benefit reduction for each year prior to normal retirement age or date. The FRS also provides death and disability benefits. A State statute establishes benefits.

FRS issues an annual financial report. A copy can be obtained by sending a written request to:

Division of Retirement
Cedars Executive Center, Bldg. C
2639 North Monroe Street
Tallahassee, FL 32399-1560

The Countys required contribution rate is established by State statute, and ranges from 5.76% to 16.01% of covered payroll, based on employee risk groups. The required contribution by the County to the FRS for the fiscal year ended September 30, 2002 was approximately $55.5 million compared to $58.0 million for the year ended September 30, 2001, and $59.5 million for the year ended September 30, 2000. This represents an average contribution of approximately 10.4% of covered payroll in fiscal year 2002, 12.2% in fiscal year 2001, and 13.6% in fiscal year 2000. The County has met all contribution requirements for the current year and two preceding years.

NOTE 12 - COMMITMENTS AND CONTINGENT LIABILITIES

The County is currently actively engaged in various lawsuits including cases where the redress sought is for other than monetary damages, i.e., mandamus, injunction, declaratory relief and cases for which the County has insurance or is named as a nominal defendant. The County Attorney is of the opinion that the possible exposure resulting from any ultimate resolution of litigation in which the County is a defendant would not have a material effect upon the financial statements of the County.

The Clerk is party to various legal proceedings which normally occur in governmental operations. It is the opinion of the Clerk and the Clerks legal counsel that these legal proceedings are not likely to have a material adverse impact on the Clerks financial statements.

Federal and State of Florida grants are subject to audit by the granting agencies to determine if activities comply with conditions of the grant. Management believes that no material liability will arise from any such audits.

The County leases office facilities and equipment under various leases, most of which have been executed on a year-to-year basis. Rental expenses for equipment leases and office facilities for the year ended September 30, 2002 amounted to $4,882,105. Future commitments under operating leases at September 30, 2002, are not material.

In connection with the financing and construction of two recovery plants, the County and twenty-five municipalities have entered into agreements requiring, among other things, the delivery of a minimum number of tons of processable waste to the plants during each of the next nine years. To the extent that the minimum annual tonnage is not delivered, the County and the contract municipalities are required to make payments sufficient to compensate the operators of the plants for the undelivered tonnage at the then current tipping fees. In addition, the agreement with the operators of the plants provides for an annual adjustment to the base tipping fee.

The County and the contract municipalities have agreed to assess, through the Broward County Solid Waste Disposal District, uniform service fees on all improved real property sufficient to pay any system cost not covered by tipping fees, including the cost of any undelivered tonnage.

During fiscal year 2002, the County was obligated to deliver 1,095,000 tons of processable waste to the plants. Actual deliveries were 1,096,000 tons. As a result, the County exceeded the minimum tonnage commitment.

In connection with the Resource Recovery Refunding Revenue Bonds, Series 2001A (Wheelabrator North Broward Inc. Project and the Wheelabrator South Broward Inc. Project) (see Note 4), the refunding of the outstanding Resource Recovery Bonds will generate a net present value savings of approximately $43.8 million. These savings will be realized over a period of ten years commencing March 1, 2001. Based on a bond refund savings sharing agreement, Waste Management, Inc. will receive approximately $13.1 million with the balance of $30.7 million going to the Solid Waste System (the County and twenty-five municipalities).

NOTE 13 - SPECIAL LOSSES

The Water and Wastewater System cancelled plans for an expansion of a water treatment facility and wrote off $2,850,000 in project design costs that had been capitalized. The Resource Recovery System settled litigation with the Property Appraiser regarding the assessed valuation of certain equipment at the System's two recovery plants. In connection with the settlement, the plant's operator is required to pay taxes for years prior to Fiscal 2002 of $23,417,000 which, under the terms of the operating agreement, will be passed through to the System.

NOTE 14 - SUBSEQUENT EVENTS

On November 7, 2000, the voters of Broward County authorized the issuance of $400 million of Safe Parks and Land Preservation General Obligation Bonds. The County intends to issue a portion of the authorized amount in fiscal year 2003.

In March 2003, the County is scheduled to issue approximately $105 million in Water and Sewer Utility Revenue and Revenue Refunding Bonds. The bonds are being issued to provide funds for certain capital projects, including the planned expansion of the North Regional Wastewater treatment plant. In addition, if municipal bond market conditions remain advantageous to the County, a portion of the bond proceeds will be used to refund a portion of the outstanding Series 1988-A bonds (approximately $10.9 million) and all of the outstanding Series 1991 bonds ($32.2 million) for the purpose of providing economic savings.

Compensated Absences in the Governmental Funds

In prior years, the County has recorded a current liability for compensated absences based on an estimated amount to be paid in the following year. However, GASB Interpretation No. 6 states that the accumulation of financial resources in a governmental fund for the eventual payment of unmatured liabilities does not constitute an outflow of current financial resources. Therefore, the reclassification of previously reported $7,131,000 compensated absences in the governmental funds has been recorded as a restatement of the beginning fund balance as of October 1, 2001.

Reclassification of Trust Funds

With the implementation of GASB Statement No. 34, the Trust Funds were included with the Special Revenue Funds. This resulted in a restatement of the beginning fund balance of $16,849,000 as of October 1, 2001.

The total restatement of the beginning fund balances are as follows (in thousands):

Fund Balance (Deficit)	Beginning October 1	Compensated Absences	Trust Funds	Restated October 1
Major Funds				
General Fund	$171,098	$6,787		$177,885
County Transportation Trust	43,817	296		44,113
Capital Outlay Reserve Fund	115,658	6		115,664
Nonmajor Funds				
Tourist Development Tax	9,246	17		9,263
Sheriff Special Revenue			$10,484	10,484
Other Special Revenue Fund	1,857	16		1,873
Other Trust			6,365	6,365
1988 Tourist Dev. Tax	12,767	1		12,768
2001 GOB Capital Projects	134,005	2		134,007
Safe Parks and Land Pres.	(32,322)	6		(32,316)
Total	**$456,126**	**$7,131**	**$16,849**	**$480,106**

Water and Wastewater Adjustment

A prior period adjustment (correction of an error) has been made to restate Water & Wastewater beginning Net Assets. This adjustment was made due to an overstatement of interest expense in fiscal year 1999, 2000, and 2001. The accreted portion of capital appreciation bonds due was previously classified as interest expense rather than a reduction of revenue bonds payable.

Net Assets	Beginning October 1	Adjustment	Restated October 1
Invested in Capital Assets, net of related debt	$299,083	$3,476	$302,559
Restricted:			
Debt Service	15,939		15,939
Revenue Bonds Renewal & Replacement	3,500		3,500
Unrestricted	13,201		13,201
Total Net Assets:	$331,723	$3,476	$335,199